



Anti-money laundering and terrorist financing policy

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(The French version prevails)

1. Background and scope

ABC arbitrage is firmly committed to combating money laundering and the financing of terrorism. Although certain regulatory obligations are delegated or not applicable due to the nature of its activities, the Group recognizes its responsibility to actively contribute to the prevention of such illicit activities.

At European level, the fight against money laundering and terrorist financing is notably ruled by the "4th AML/CFT Directive", Directive (EU) 2015/849 of the European Parliament and of the Council of May 20, 2015 on the prevention of the use of the financial system for the purpose of money laundering or terrorist financing, revised by the "5th Directive", Directive (EU) n°2018/843 of the European Parliament and of the Council of May 30, 2018.

At national level, the following texts apply:

- Order no. 2020-115 of February 12, 2020 reinforcing the national system for combating money laundering and the financing of terrorism ;
- Decree no. 2020-118 of February 12, 2020 strengthening the national system for combating money laundering and the financing of terrorism;
- Decree no. 2020-119 of February 12, 2020 reinforcing the national system for combating money laundering and the financing of terrorism;
- Chapter 1 "Obligations relating to the fight against money laundering and the financing of terrorism" and Chapter 2 "Provisions relating to the freezing of assets and the

prohibition on making assets available" of Title VI of Book V of the Monetary and Financial Code.

- Articles 320-14 et seq. of the AMF General Regulation for AIF portfolio management companies.

This policy applies to all ABC arbitrage Group companies, as well as to its employees and managers.

2. Internal procedures

The Group has set up a system to combat money laundering and the financing of terrorism, as well as monitoring and complying with international embargoes and sanctions. To ensure that this policy is widely disseminated and understood, the following principles are applied:

- **Accessibility:** This policy is available on the Intranet
- **Accompagnement :** Prevention is included in the company's internal rules, which are reviewed with each new employee, with a reminder of what they are and what the penalty would be. ABC arbitrage has adopted internal written rules, available to all employees, describing these procedures and the steps to be taken. These points are summarized in the Group's internal regulations, which all employees are required to respect:
 - Classification of money laundering and terrorist financing risks;
 - Identification and verification of customer identity, via "Know Your Customer" KYC certifications;
 - Due diligence according to the customer's risk classification;
 - Acceptance of new customers;
 - Vigilance obligations during the business relationship ;
 - Detection and handling of unusual or suspicious transactions;
 - Procedures for reporting suspicious transactions to TRACFIN ;
 - Due diligence for investments made on behalf of third parties;
 - Asset freezes, embargoes and international sanctions.

Failure to comply with these rules may result in sanctions. In accordance with the company's internal rules, any behavior deemed to be misconduct by the employer may, depending on its nature and seriousness, be subject to sanctions.

Employees and managers are made aware of the issues involved in combating money laundering and the financing of terrorism.

- **Reminders and communications:** Periodic reminders may be issued by means of memos or displays on signs reserved for this purpose.
- **Publication:** The policy is also publicly accessible on the Group's website to ensure transparency and foster stakeholder confidence.

3. Activities and risk factors

A proper assessment of exposure to money laundering risks requires that activities and context be taken into account, so that an appropriate risk-based approach can be adopted. In terms of AML-FT, the activities carried out by ABC arbitrage group companies to be taken into

account are "collective management and investment services" activities, as follows:

- Asset management ;
- Portfolio management on behalf of third parties (mandate);
- Investment advisory services.

With regard to risks associated with managing business relationships with customers, all the activities of ABC arbitrage or its subsidiaries are carried out exclusively for professional and similar customers, such as institutional or private investors (asset management companies, corporates, family offices, pension funds, sovereign funds, insurance companies). This type of customer presents specific risks.

With regard to distribution channels, ABC arbitrage Asset Management has been authorized by the *Autorité des Marchés Financiers* (AMF) to market sub-funds in France, and may also market them in Switzerland to professional clients. Apart from these authorizations, the company only responds to requests from professional clients for both sub-funds and management mandates. No distributors are used.

4. Controls

A distinction must be made between the general case, applicable to clients managing portfolios on behalf of third parties (mandate), and collective management.

4.1. Third-party portfolio management clients (mandates)

- **Identification and verification of the investor's identity before entering into a contractual relationship**

ABC arbitrage SA and its subsidiaries make every effort to accept only clients whose sources of income and capital can reasonably be considered legitimate, by applying a rigorous identification and verification procedure before any relationship is entered into (known as the Know Your Customer (KYC) procedure and updated annually), as well as periodic updating of information (depending on the risk associated with the client).

The KYC procedure includes, where applicable, the identification of the beneficial owners of a legal entity, and also addresses the issue of politically exposed persons. This procedure is followed by the provision of a due diligence form to the client, which is completed and examined by ABC arbitrage SA and its subsidiaries.

- **Review of any unusual transactions with no apparent economic justification**

As a matter of principle, clients cannot request specific operations or orders, as ABC arbitrage SA and its subsidiaries are not in the business of receiving and transmitting orders. However, should such a case arise, it would be considered unusual and suspicious, and ABC arbitrage SA and its subsidiaries would carry out a certain amount of due diligence, notably concerning the origin and destination of the funds. These operations would be reported to management and internal control, and additional measures could be taken to identify and verify the identity of shareholders or beneficial owners. The decision would be formalized by the convening of a management committee.

- **Suspicion report**

If a suspicious transaction is detected, a suspicious transaction report is immediately sent to the relevant authorities. Any subsequent information likely to alter the assessment made by ABC arbitrage SA and its subsidiaries will be brought to the attention of the authorities without delay.

- **Written record of vigilance measures implemented**

Documents relating to the identity of customers are kept for five years from the termination of any relationship with them. Documents relating to operations carried out at the request of customers are kept for five years from the date of execution.

4.2. Control procedures for collective management

ABC arbitrage Asset Management is the manager of the AIF ABCA Funds Ireland. The FIA's Board of Directors has delegated KYC due diligence work in respect of the AIF's clients (liabilities) to the administrator. The Board of Directors receives regular reports from the administrator, and this work is also regularly reviewed by the AIF manager.

ABC arbitrage Asset Management ensures that the administrator has an appropriate and properly implemented policy and system in place to combat money laundering and the financing of terrorism. To this end, the company regularly reviews ABCA Funds Ireland's AML/CFT procedures, and carries out an annual review of the director's work as follows:

- Review of anti-money laundering and anti-terrorist financing policy:
 - Due diligence by the administrator
 - Risk-based approach and categorization of end investors
 - Content of the tests carried out according to the different categories
- Tests on a sampling basis to ensure that KYC files comply with the policy in place.

In addition, a systematic check is carried out by the fund administrator to ensure that the investor is indeed a professional investor before the subscription is accepted.

5. Resources

The person in charge of the AML-FT system is the compliance officer of ABC arbitrage Asset Management. As part of permanent control, he implements and evaluates the adequacy and effectiveness of the compliance and internal control system, and reviews and improves procedures.

The periodic control includes a review of the work carried out by the compliance officer on these subjects, which forms an integral part of the missions carried out by the internal audit team of the parent company ABC arbitrage. An annual audit is carried out by the Group's internal audit team, covering all Group subsidiary processes (legal, IT, finance, etc.) and controls.

ABC arbitrage SA and its subsidiaries are also able to draw on high-performance technical

resources to carry out the work involved in the above-mentioned procedures. In particular, the information system has been deployed 100% exclusively in-house, so as to meet as closely as possible the needs arising from the procedures in place. These resources are essential not only for data traceability and conservation, but also for the identification of potential suspicious transactions.

The compliance officer can also draw on the work of ABC arbitrage's Legal and Tax Department in carrying out its duties. This is particularly the case for monitoring work, and more specifically that concerning sanctioned countries. Although the risk on this point is very limited, all sanctioned countries are monitored so that we can always operate within an authorized framework.

ABC arbitrage SA and its subsidiaries will not enter into a business relationship with a prospect likely to be involved in criminal or illicit activities, and will take all necessary and proportionate measures if, within the framework of regular monitoring or re-certification procedures, such activities are suspected on the part of a client.

6. Responsible investment policy

As described in ABC arbitrage Asset Management's responsible investment policy, no transactions are carried out in the countries most at risk in terms of money laundering and the financing of terrorism, based on the public lists of the Financial Action Task Force (FATF), the global body fighting money laundering and the financing of terrorism, which identifies jurisdictions with insufficient measures to combat money laundering and the financing of terrorism. For countries with a better ranking but still at risk of corruption, money laundering and terrorist financing, an alert is sent to the investment committee, which has the final responsibility for deciding whether or not to continue investing in the country. In addition, for each new country in which we plan to do business, information on AML/FT risks is included in the analysis.

7. Whistleblower system

An anonymous alert system has been set up to enable employees and third parties to report any suspicion of money laundering or terrorist financing without risk of reprisal. Anyone who deems it necessary can send an alert by e-mail to lanceurdalerteabc@gmail.com or by post to 18 Rue du 4 septembre, 75002 Paris. He/she will be informed as soon as possible that the alert has been received, of the reasonable and foreseeable time required to examine its admissibility, and of the procedures for following up the alert. In the case of anonymous mail, no confirmation of receipt or information on the action taken will be sent to the sender. Full details are available in the dedicated [procedure](#).

8. Follow-up and corrective action

The compliance and internal control system gives reports to the AMF the risk factors relating to money laundering and terrorist financing, the internal control procedures in place, the

treatment of any Group subsidiaries and/or branches located in third countries, the exchange of necessary information within the Group, the resources deployed for the exercise and control of control activities within the Group, the incidents and shortcomings observed, and the corrective measures taken within the Group.

Any alerts or breaches of LCB-FT policies will be reported in the annual financial report.

This policy will be reviewed periodically to ensure that it remains effective and in line with regulatory developments and industry best practice.