



Reporting Energy-Climate Law (2024)*

*The French version prevails

SUSTAINABILITY INFORMATION OF THE ANNUAL REPORT IN ACCORDANCE WITH THE PROVISIONS SET FORTH IN ARTICLE V OF D.533-16-1 OF THE MONETARY AND FINANCIAL CODE FOR ORGANIZATIONS WITH LESS THAN 500 MILLION EUROS IN TOTAL BALANCE SHEET OR OUTSTANDING AMOUNTS

A. Information on the entity's general approach

A.1. Brief overview of the entity's general approach for taking account of environmental, social and governance quality criteria and, in particular, in the investment policy and strategy

ABC arbitrage Asset Management SA (hereinafter "ABAM") develops alternative arbitrage strategies using quantitative and systematic models, and operates on the world's main listed markets. The alternative strategies implemented are a combination of several operations whose aim is to make a profit by taking advantage of the only imperfections likely to appear between the different financial markets. This method maintains total neutrality in the selection of products processed.

Data is at the heart of ABAM's systems, since the very essence of its business is based on sophisticated trading techniques and a scientific, data-driven approach. Environmental, social and governance (ESG) data are now an integral part of the market signals to be taken into account, and can be material.

As ABAM's impact on ESG factors is just as important as the impact they have on the company, ABAM wishes to integrate them more fully into its investment decisions in order to assess their social and environmental contribution and generate positive impacts on these issues.

However, the traditional pillars and principles of responsible investment are not necessarily relevant to strategies based on quantitative and systematic models that seek short-term alpha. Indeed, given that these models can modify exposures very quickly and over very short cycles, the long-term measures generally used to assess sustainability may lose their relevance.

ABAM's particular expertise is therefore put at the service of the search for approaches that enable it to continue to contribute to the liquidity of global markets and protect capital, while giving full weight to ESG-relevant factors in the universe of systematic and quantitative strategies. To meet these challenges, resources have been allocated and a strong governance structure has been put in place.





The Executive Committee mandates the Responsible Investment Committee (RIC) to discuss these issues, and is kept informed of significant developments. The RIC has been set up to reflect ABAM's values and identity, and to benefit from a wide range of perspectives. Its members cover different functions or hierarchical levels - including specialists, senior managers and executives such as ABAM's CEO and the Group's Chief Compliance Officer (CCO) - and bring their expertise from all the company's key areas.

In addition, most Investment Committee members participate in the RIC and are therefore fully informed of its discussions and conclusions. ESG issues are thus systematically integrated into investment analysis and decision-making, with the Investment Committee having the final say on investment decisions. Finally, an ESG lead is dedicated to these issues (UNPRI membership, investment analysis, employee training or regulatory monitoring, etc.). She works closely with all the teams involved in the investment process. As a result, many colleagues are also involved in extra-financial performance issues, which is essential to ensure that these considerations are fully integrated at every stage of the investment process. At Group level, it is estimated that around 3 full-time equivalents are dedicated to these issues.

Several tools and safeguards ensure that the responsible investment policy is fully implemented:

- Pre- and post-trade tools;
- Three Lines of Defense (3LoD) model;
- Codes of conduct and rules ;
- Live controls and daily monitoring by Execution support team;
- Cybersecurity: state-of-the-art policy to secure infrastructure, networks and data.

Today, ABAM's approach focuses on several key areas, , including :

- Internal awareness-raising and training on extra-financial performance issues: by fostering a common understanding, these considerations can be integrated at all levels of operations, thereby strengthening the organization's long-term resilience (newsletter, module in the "ABC University" training program, CSR approach).
- A commitment to contributing to dialogue by participating in several collective initiatives (UNPRI, SBAI, AFG, Middlednext) to work closely with the stakeholders concerned and thus promote a coordinated and coherent approach to ESG issues (see A3).
- Exclusions are based on values and the overall approach to responsible investment policy. ABAM does not operate in the countries most at risk in terms of corruption, money laundering and the financing of terrorism. The company uses the public lists of the Financial Action Task Force (FATF), the global anti-money laundering and counter-terrorist financing watchdog, which identifies jurisdictions with inadequate anti-money laundering and counter-terrorist financing (AML/CFT) measures. It also uses Transparency International's





Corruption Perceptions Index, which ranks countries according to perceived levels of corruption in the public sector.

- For countries ranked higher but which may present a high risk of corruption, money laundering and terrorist financing, an alert is sent to the "management committee" (COGE), which has the ultimate responsibility for deciding whether or not to continue operations in the country. In addition, for each new country in which ABAM wishes to carry out transactions, data on ESG aspects such as serious geopolitical risks, money laundering and terrorist financing risks, corruption or the human development index (HDI) are included in the analysis. As a result, around 98-99% of ABAM's activity (in terms of overall volumes handled or gross earnings) is conducted in jurisdictions deemed safe from the point of view of anti-money laundering, anti-terrorist financing and anti-corruption; 0% takes place in the highest-risk countries; and the remaining 1-2% is conducted only with the explicit approval of the Investment Committee.
- Where possible and relevant, better integration of ESG factors into the activities of the company's stakeholders, such as brokers, prime brokers and directors, will be encouraged and supported. Financial intermediaries are selected with the utmost care, so that they meet stringent requirements in terms of good management practices. ABAM carries out an in-depth analysis of their practices on the basis of a comprehensive due diligence questionnaire. As part of this process, detailed information on their ESG policies is now systematically collected.
- Through its activities, ABAM contributes to the smooth running of the financial industry. Alternative strategies based on quantitative and systematic models enable prices for the same asset to converge between different markets, ensuring fluidity between markets and contributing to their liquidity. In this way, ABAM contributes in its own way to maintaining the relevance and efficiency of markets, as well as compliance with established rules. It also enables "small holders" to access the market and acquire securities at fair value.
- As data lies at the heart of ABAM's systems, it is a key element in the integration of ESG factors and the design of relevant approaches to responsible investment. Based on a thorough review, ABAM subscribed to a leading data provider and received targeted, timely and granular data to update its dashboard and track other aspects of its portfolio's extra-financial performance.
- With regard to asset management risks, ABAM's "Comité de Gestion" (COGE) plays a central role in the investment and divestment process for financial instruments. A COGE may be organized as part of an operation to adapt alternative strategy positions in response to specific opportunities or risks encountered, in order to ensure that limits are adapted. A specific risk may arise from an ESG event or situation, and be taken into account in COGEs in the same way as other risks. More generally, exogenous risks, including sustainability risks, are taken into account in risk mapping.





- ABAM is committed to understanding any additional ESG requests its clients may have, and to doing its utmost to integrate them into the investment decision-making process when they do not impact the vehicle's investment objectives and the fair treatment of all investors.
- Lastly, ABAM has calculated the main greenhouse gas (GHG) metrics for the portfolios it manages, and has voluntarily chosen to publish them in its responsible investment policy and its annual report of voluntarily provided extra-financial information. In detail, ABC arbitrage Asset Management (ABAM) acts as portfolio management company for the following vehicles:
 - A management mandate for a sister company, Quartys Ltd, within the framework of a dedicated management mandate. The associated results will be reported in the company's next group-wide carbon footprint update.
 - ABCA Opportunities Fund, whose key greenhouse gas (GHG) metrics are set out in ABAM's public [responsible investment policy](#).
 - ABCA Reversion Fund, for which no information could be calculated due to methodological constraints detailed in the responsible investment policy.

The general principles guiding this analysis apply equally to all three vehicles. The calculations are based on a rigorous methodology, published with a view to accountability, transparency and comparability.

In the medium term, ABAM aims to enrich its exclusion list, track more extra-financial performance indicators, better integrate long-term sustainability impacts, risks and opportunities, and conduct research and development on ESG-related alpha generation. ABAM will also continue to explore available solutions for finding relevant, high-quality data. Several of these projects are underway.

Finally, this approach to responsible investment is consistent with ABAM's mission to embody the Group's "Positive Finance" motto, and with its CSR policy, which focuses on three main areas:

- ● Dynamic management of recruitment and support for its employees, its primary asset, in order to foster their professional development and fulfillment. The Group also relies on an incentive-based compensation policy that associates each employee with its performance and results. While the Group's business is international by nature, it is also committed to maintaining a strong presence in France, out of conviction.
- Seek for diversity and inclusion in all its forms, in this quest to develop talent and make the most of all personalities and skills. Particular attention is paid to gender equality issues, given the specific characteristics of the finance and digital sectors.
- The desire to take environmental aspects into account in all decisions. The Group strives to reduce its direct impact on the environment through a variety of initiatives, and is committed to raising awareness of environmental issues among its employees and stakeholders.



Measuring the Group's carbon footprint, in order to identify the most relevant levers for action, is an integral part of this approach.

More details are available in the [dedicated report](#).

A.2. The content, frequency and means used by the entity to inform subscribers, affiliates, contributors, beneficiaries and clients about the environmental, social and governance quality criteria which are factored in to the investment policy and strategy

ABAM reports on environmental, social and governance (ESG) criteria in its responsible investment policy, published on its [website](#). These elements are consistent with the ABC Arbitrage Group's approach to corporate social responsibility (CSR), which it reports on publicly in its [annual report](#). Some of these elements can be found on the dedicated [page](#) of the Group's website. ABAM also responds to requests from current and prospective clients for due diligence analysis.

The responsible investment policy is updated whenever significant changes occur on these issues, and at a minimum, on a yearly basis.

Furthermore, in accordance with its regulatory obligations, ABAM publicly discloses elements related to the SFDR regulation on its [website](#). These elements are also reviewed and, if necessary, updated annually.

Finally, ABAM issues press releases to inform about significant ESG events in its activities.

A.3. Adherence of the entity or certain financial products to a charter, code, initiative, or obtaining certification for taking account of environmental, social and governance quality criteria, and a brief description of these, consistent with d) of 2 of Article 4 of the above-mentioned regulation.

ABAM participates in a number of collective initiatives to work more closely with stakeholders and contribute to a coordinated and coherent approach to sustainability issues, in particular to understand and measure the impact and extra-financial performance of portfolios such as ABAM's, and to take part in the debate on short selling, netting and derivatives:

- ABAM has joined the UN-supported Principles for Responsible Investment (UNPRI) in 2022. Through this voluntary initiative, ABAM intends to pursue its commitment to contributing to a sustainable financial system that takes extra-financial criteria into account. Indeed, the PRI "work towards the realization of this sustainable financial system by encouraging the adoption of [six] Principles and collaboration on their implementation. [They] promote good governance, integrity and investor responsibility, and address barriers to the emergence of a





sustainable financial system, whether in market practices, structures or regulations" (source UNPRI). ABAM has thus subscribed to the following 6 principles:

- "We will incorporate ESG issues into investment analysis and decision-making processes.
- We will be active owners and incorporate ESG issues into our ownership policies and practices.
- We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- We will promote acceptance and implementation of the Principles within the investment industry.
- We will work together to enhance our effectiveness in implementing the Principles.
- We will each report on our activities and progress towards implementing the Principles."

ABAM has joined the [Hedge Funds Advisory Committee](#) (HFAC), a voluntary body of PRI signatory organizations whose role is to support the PRI Executive in the design, delivery and dissemination of hedge fund guidance products to help asset owners, service providers and investment managers implement the six principles.

- ABAM is also a member of the AFG - Association Française de la Gestion Financière - which represents and defends the interests of third-party portfolio management professionals. It provides its members with ongoing assistance in the legal, tax, economic, accounting and technical fields, and leads the profession's reflection on the evolution of management techniques, research, protection and the orientation of savings. ABAM participates in the AFG's responsible investment plenary and is a member of the AFD's "just transition" working group.
- ABAM has joined the Standards Board for Alternative Investments (SBAI) working group on responsible investment. This working group comprises over 200 representatives of asset managers and institutional investors, and meets regularly to discuss specific ESG issues and responsible investment principles.
- Lastly, ABC arbitrage is an active member of MiddleNext (an association of mid-cap companies listed on the Paris stock exchange) and has joined the Middlednext CSR working group, which aims to collectively reflect on the tools to be put in place, organize regulatory monitoring and share best practices, including on ESG issues.

B. A list of the financial products mentioned in respect of Articles 8 and 9 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 and the overall proportion, as a percentage, of the outstanding under management taking account of environmental, social and governance quality criteria in the total amount of outstanding managed by the entity





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In 2024, the alternative investment funds managed by ABAM did not fall within the definitions of Article 8 and Article 9 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019. With the gradual integration of environmental, social, and governance criteria into the investment strategy, this may evolve in the coming years.

As of 31/12/24, 100% of the AUM managed by ABAM took into account environmental, social, and governance criteria.





Reporting Rixain Law

In accordance with Article L533-22-2-4 of the Monetary and Financial Code, derived from the so-called “Rixain” law, ABAM aims to set a quantitative objective for balanced gender representation and report on the results obtained in this document, which outlines its policy on considering environmental, social, and governance criteria in its investment strategy in application of the Energy Climate Law.

The teams, bodies, and officials responsible for making investment decisions include the Investment Committee, as well as the teams involved upstream and during the committee for decision-making elements. Thus, 25 people, including 8 women, or nearly 32% of the relevant workforce, were involved in investment decision-making in 2024.

While not all the people involved in investment decisions come from these backgrounds, it is worth noting that around 80% of ABAM's employees are technical and financial engineers (developers, quantitative traders, financial operators). These are professions in which women are largely under-represented (they accounted for 30% of engineering school enrolments according to the Gender Scan 2025 survey conducted by CDEFI, the Conference of Directors of French Engineering Schools, a figure close to that of the national survey conducted by IESF (Ingénieurs et Scientifiques de France), which counted 24% women among engineers in 2024). The percentage of women involved in investment decisions in 2024 is also higher than the total percentage of women at group level (23% in 2024).

Given these constraints, ABAM intends to maintain as balanced a gender representation as possible in the coming years among the teams responsible for making investment decisions. ABAM considers that such a balance corresponds to a percentage of women between 30% (initially) and 60%.

