# Responsible investment policy

***Last update:* 14 Jul 2025**

This policy applies to all ABC arbitrage Asset Management's (ABAM) investments. It is reviewed and updated at least once a year or whenever any relevant event occurs.

The investment funds managed by ABAM fall within the definitions of Article 6 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019.

# I. Philosophy

## A. Who we are and what we do

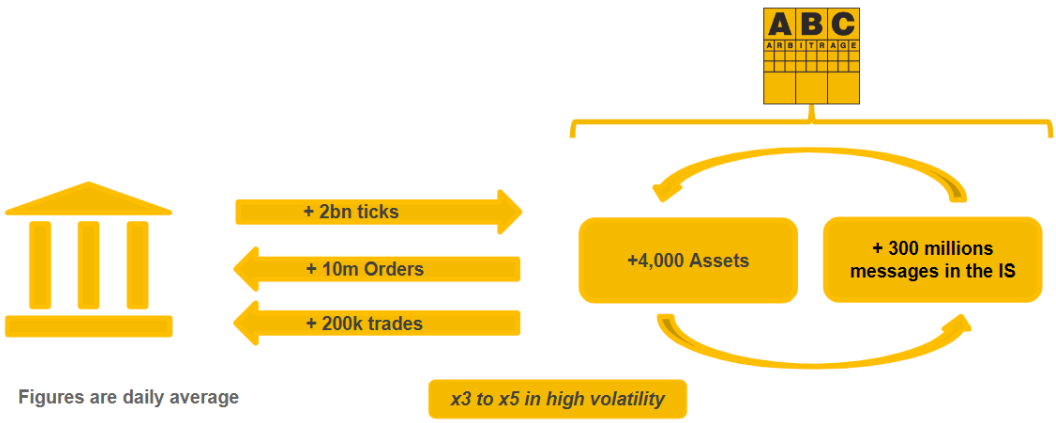
We are a team of enthusiastic technologists, building innovative trading systems and quantitative asset management strategies across a range of assets with a focus on niche and mid-short term trading opportunities. We operate in nearly 100 markets around the world (24/5) providing liquidity with systematic mechanical or statistical signals.

We watch out for capital protection thanks to a thoughtful risk mitigation & risk management methodology.

## B. Complete and reliable data is at the heart of our systems

The quality and performance of our software and our technical infrastructure is absolutely critical. The very essence of our activity means that our trading techniques are sophisticated and rely on a scientific and data-driven approach to generate alpha.

As our algorithms constantly track inefficiencies across 5 continents, we process billions of data elements every day, including fundamental data. All of these signals help us build a deep understanding of the markets and have a unique insight into asset prices.




The information must therefore be complete and reliable. We firmly believe that extra-financial information is now an integral part of the market signals that need to be taken into account. Furthermore this information can be material, so this is crucial to strive for reliable data on the matter.

## C. We take responsibility for materiality

The impact our company has on key sustainability dimensions is as important as the impact they have on our company and its performance. Although our core role is to supply liquidity to financial markets rather than invest in the traditional sense, we want to further incorporate these considerations into our “investment” decisions to assess the contribution of our activities and foster positive outcomes on these issues.

This commitment aligns with our mission to embody the Group's motto "Positive Finance" and with our wider corporate responsibility policy (see our CSR report).

Along with the climate aspects, we believe that nurturing human capital must also be a pillar of our responsible approach. Our people are indeed our most valuable asset and the primary driver of our long-term resilience and profitability.

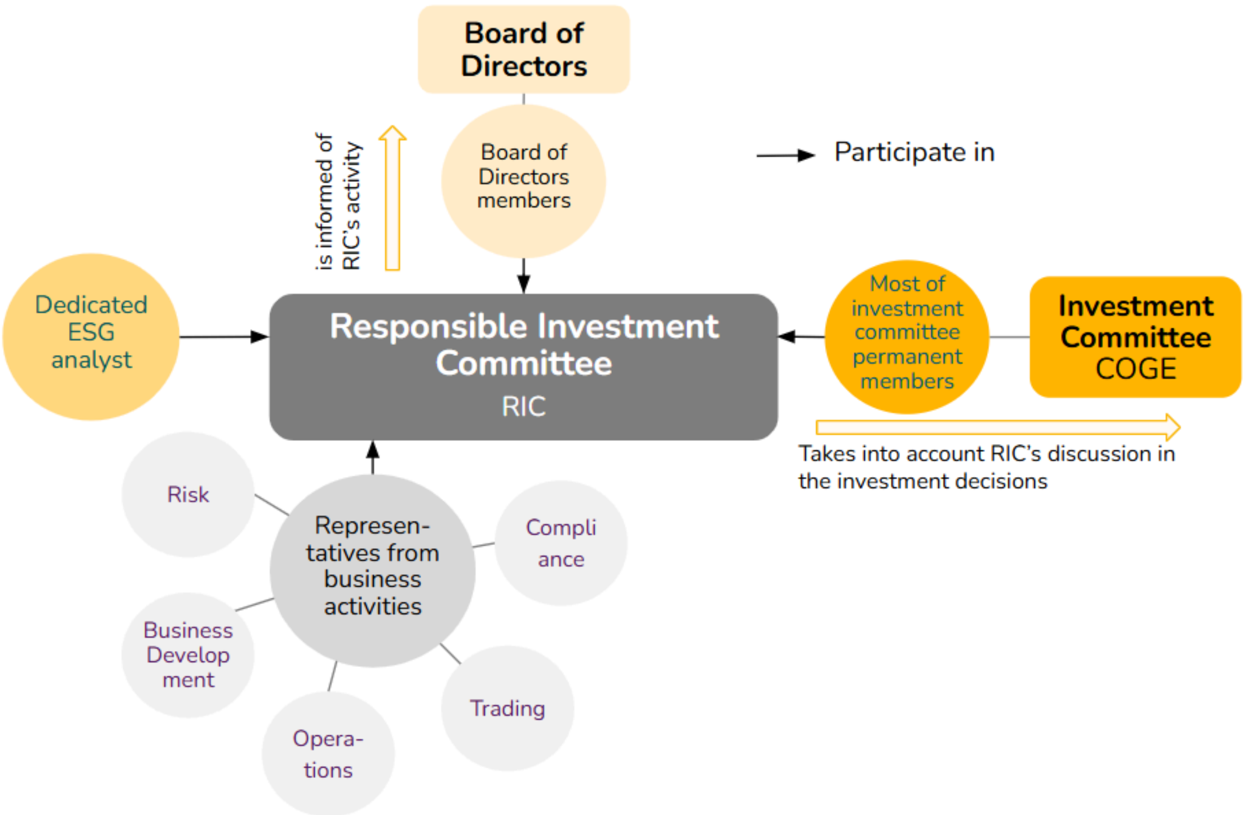
## D. Our approach

The traditional pillars and principles of responsible investing are not necessarily relevant to strategies driven by quantitative and systematic models that seek short term alpha. Because these models can shift exposures very quickly and over very brief cycles, long-horizon metrics typically used to assess sustainability can lose their relevance.

There is a need to be creative and to come up with approaches that let us supply liquidity to global markets, safeguard capital and still give full weight to relevant extra-financial sustainability considerations.

We want to contribute to a fair transition by bringing our expertise and creating new solutions to genuinely embed durability factors within systematic and quantitative strategies.

# II. Resources and Governance




## A. Responsible Investment Committee (RIC)

The Board of Directors has mandated the RIC to address matters related to responsible investment and is informed of significant developments.
The RIC was formed seeking a diversity of experiences, backgrounds and genders so that it is representative of our values and identity and gains from a wide range of perspectives. Its members span different functions or hierarchical levels - including specialists, senior managers, and C-suite leaders such as the CEO and Group CCO - bringing expertise from every key area of the business.

The RIC meets every two months and more often if necessary (whenever a significant event occurs). Its role is to:

- prioritise and choose among RI pillars and propose to the Investment Committee and / or Board of Directors the implementation of these choices;

- build and drive the RI policy, endorsing the strategic orientations and overseeing the implementation;
- discuss the main innovations and changes (scientific, regulatory, etc.) related to sustainable finance;
- define topics and research areas to further expand the RI policy.

## B. Dedicated staff

An experienced sustainability analyst oversees all matters in this domain, ranging from UN PRI membership and extra-financial analysis to employee training and regulatory monitoring. She is responsible for:

- proposing RI actions (topics, actions, scope, etc.);
- implementing and coordinating the RI measures approved by the RI committee;
- following up on these actions;
- supervising the overall rollout of the RI policy.

She works in close collaboration with all the teams involved in the investment process. As a result, many colleagues also engage with sustainability topics. This transversal approach is essential to ensure that these considerations are fully integrated at each stage of the investment process. At Group level, it is estimated that around 3 full-time equivalents are dedicated to these issues.

## C. Investment committee

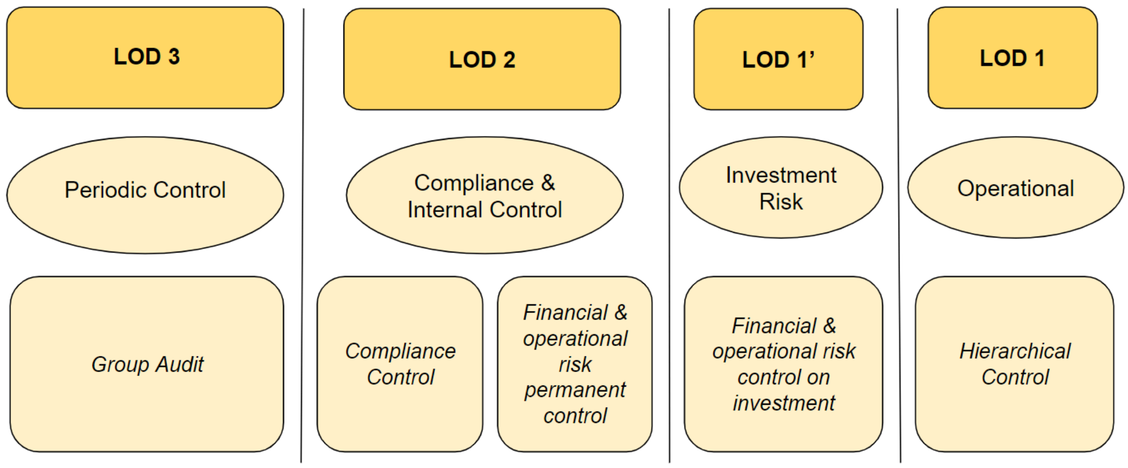
Most of the investment Committee members participate in the RIC, giving them full visibility into its discussions and conclusions..
Because the Investment Committee has the final word on each trade, this overlap embeds sustainability considerations systematically in our analysis and decision-making.

## D. Tools and safeguards

Several tools and safeguards help ensure that our RI policy is fully implemented:

- Pre and post-trade tools: our IT systems are set up to prevent any trading in securities flagged as being on ABAM's exclusion list. When a security is flagged, the risk management team is alerted and adds the security to the restriction list, which prevents trading in that security. Our system ensures that we do not hold positions in companies subject to sanctions that apply to us or from excluded countries as it allows us to:
  - detect a company subject to a sanction or from excluded countries;
  - be alerted when a new sanction is applicable to a company and update lists of exclusions;
  - give instruction to the operational teams in order to block trading on the securities of the company targeted by these sanctions.

- Strategies' parameters, including sustainability factors, are monitored according to the "three lines of defense" (3 LoD) model. Thus, the following three groups work together at different stages to provide increased protection and ensure that the agreed parameters are properly implemented:
  - 1st line of defense: business managers / portfolio managers, who define and manage processes and have primary responsibility for the risks taken by the business units, including identifying, assessing and communicating on risks and the Group Risk team, which supports portfolio managers by defining and establishing controls and assessment methodologies;
  - 2nd line of defense: Compliance team which realises the second level of controls;
  - 3rd line of defense: the Group internal control.




- As a regulated asset management company, ABAM is subject to various approvals and under the supervision of the *Autorité des Marchés Financiers* (AMF). The company's employees are committed to complying with all mandatory professional rules applicable to the asset management business, and in particular to respecting the primacy of the client and the fight against corruption, money laundering and the financing of terrorism. A public code of ethics sets out the principles to which the management of the ABC arbitrage Group and all its employees are committed, particularly in the context of portfolio management activities on behalf of third parties. They clarify and define the boundary between what is authorized and what is not, as well as the measures to be taken in the event of a breach of these rules. These regulations specify the conditions under which each ABC arbitrage manager or employee may trade on the markets on his or her own behalf, the framework for confidential and privileged information, and a number of general and specific rules for managers.

- Our principles thus also translate into several safeguards and rules that are public and apply to each of us, in particular:
    - Anti-corruption policy
    - Anti-money laundering and combating the financing of terrorism (AML/CFT) policy
    - Human rights policy
    - Personal data management policy
    - Whistle-blowing procedure
    - Fair business practices;
    - Strict procedures and rules governing the handling of orders and primacy of the client interest;
    - An internal conflicts of interest policy: the Group's conflict of interest management policy suited for our activities and products. As part of this policy, a mapping and a registry of potential conflicts of interest have been created and are updated on an ongoing basis. All employees and managers are required to follow and respect the provisions described in the Conflicts of Interest Policy, so as to be able to detect and report any potential conflicts of interest to the Compliance Officer.

  See our website and CSR report for more details.

- Live controls and daily monitoring are carried out by the execution support team to detect any inadequacies or deviations and to correct them. This enables us to comply with all the relevant rules and regulations at any time and to make sure that our procedures are respected.

- System security and integrity have always been a very serious concern for ABC arbitrage. The latest policies for securing the infrastructure, networks and data handled are applied throughout the Group. Cybersecurity is treated with the same importance as other levels of security.
    - **Employee level:** Every staff member must follow an IT charter that carries disciplinary weight and spells out acceptable use, security obligations, and legal compliance. Employees receive regular training and phishing drills, and they work with single-sign-on credentials and a corporate password manager to minimise credential-related threats.
    - **Information-systems level:** Trading platforms and databases run on private, ABAM-owned hardware in a hardened environment, while user devices follow Zero-Trust principles and are managed with enforced security baselines. Automated configuration management, least-privilege access, multi-site backups, vulnerability scanning, and penetration tests keep the technical estate resilient and monitored.
    - **Organisational / governance level:** Clear escalation rules to report anomalies immediately, after which a crisis unit led by executive management can be convened. ABC arbitrage has cybersecurity policies, a cybersecurity response plan, as well as a Business Continuity Plan (BCP) and a Disaster Recovery Plan (DRP). Various tests are carried out and no breaches have been recorded to date. Oversight sits with the CTO & CISO, who sits on the executive committee and reports results and projects to the Board, while GDPR procedures ensure personal data is retained or deleted in strict accordance with regulation.

  More details are available in our CSR report.

### E. Training

We believe it is of utmost importance to raise awareness on sustainability issues: by fostering a common understanding, these considerations can be incorporated at every level of our operations, reinforcing the organisation's long-term resilience.
We therefore:

- Send an internal newsletter every three months to all employees. It summarises regulatory trends, best practices and highlights relevant reports and findings in the extra-financial or sustainability space.
- Every employee can take the dedicated sustainability module in our global "ABC University" programme, and completion is mandatory for all new hires.
- In parallel, we run targeted presentations for key teams - such as the trading desk - to keep them abreast of emerging challenges.
- Through our CSR policy and employee CSR working group, we regularly conduct awareness-raising activities. In the past year, they included for instance active discussions about calculating our carbon footprint, e-mails recalling good practices, etc. More details are available in our CSR report.

## III. Concrete actions

### A. Stewardship

We seek to contribute to global thinking on how to integrate sustainability issues and measure extra-financial performance for our particular type of activity. Indeed for hedge funds and alternative strategies, many traditional means of responsible investing are difficult to implement (for example: see voting and engagement) and the hedge fund industry needs to be innovative.

Conversely, to foster a coordinated approach, and thus greater impact and comparability, we will apply a common understanding and agreed methodologies to measure the extra-financial performance of our portfolio (e.g. carbon footprint) and communicate accordingly.

## 1. Stewardship with investees and issuers: Voting and engagement

Due to the nature of our business, which relies on alternative strategy management, our Alternative Investment Funds ("AIFs") are generally not designed or intended to hold positions over extended periods. In addition, financial instruments are often held synthetically, through contracts such as CFDs or swaps, rather than directly. As a result, AIFs can't acquire voting rights.

As we committed, we investigated further the possibilities for AIFs to vote and ask questions in relation to resolutions. We came to the conclusion that voting in general assemblies is simply neither feasible nor compatible with our investment approach given the operational constraints and the structural misalignment between our strategies and the requirements, for the following reasons:

- Positions not held at record date: Short-term, dynamic trading strategies mean positions are rarely held on voting record dates, making us ineligible to vote.
- Complexities of CFDs, shorting, and Prime Brokers: The use of synthetic instruments like CFDs/swaps and reliance on prime brokers require positions to be blocked to vote, which compromises trading efficiency and increases risk.
- Advance mailing incompatibility: Advance notice requirements (e.g., five business days) for voting requests conflicts with our real-time, short-cycle trading approach, adding administrative burden and making participation impractical.
- Cumulative cost impact: Margin requirements, operational burdens and resource costs linked to tracking and voting for thousands of companies would critically erode strategy profitability and threaten their economic viability and, by extension, the sustainability of our business model.
- Conflicting positions: Simultaneous long and short holdings in the same stock further complicate voting decisions.
- Broader question of relevance: With short holding periods, our interests as a temporary shareholder may not align with the long-term goals of the company, making our participation in these decisions not only operationally challenging but arguably not meaningful. Some laws (e.g., Ireland) even require holding shares for ~30 days around the record date to qualify for some rights associated with shares.

The combined effect of these constraints makes voting activity incompatible with our investment strategies as these restrictions would undermine the efficiency, profitability, and flexibility of our activities. Nonetheless, we reserve the right, if possible and necessary, to take the appropriate decisions in order to use the voting rights or to table a draft resolution. For example, when a position is taken, we do not exclude the support of resolutions or votes relating to ESG issues[1].

## 2. Collective initiatives

We are participating in several collective initiatives to work as closely as possible with the relevant stakeholders and to contribute to a coordinated and coherent approach to sustainability issues, particularly in understanding and measuring the impact and extra-financial performance of portfolios like ours and in participating in the debate on short selling, netting, and derivatives:

- ABAM joined the United Nations initiative for the promotion and implementation of principles for responsible investment (UNPRI, UN-supported Principles for Responsible Investment) in 2022. Through this voluntary approach, we intend to pursue our commitment to contribute to a sustainable financial system that takes into account the extra-financial criteria. In 2024, we

[1] See our Shareholder engagement policy

joined the Hedge Funds Advisory Committee (HFAC), a voluntary body of PRI signatory organisations whose role is to provide support to the PRI Executive in the design, delivery, and dissemination of hedge funds guidance products to help implement the Six Principles. This committee acts as an advisory body.

- We are a member of the Standards Board for Alternative Investments (SBAI) Responsible Investment Working group. This working group is made up of over 200 representatives from asset managers and institutional investors and meets regularly to discuss specific ESG issues and broad Responsible Investment principles.
- We are also an active member of AFG - *Association Française de la Gestion Financière* - which represents and defends the interests of professional portfolio managers on behalf of third parties. It provides its members with ongoing legal, tax, economic, accounting and technical support and leads the reflection of the profession on the development of management techniques, research and the protection and orientation of savings. We specifically participate in the responsible investment plenary of the AFG and are a member of the "Fair transition" working group.
- Finally, ABC arbitrage (ABAM's parent company) is an active member of MiddleNext (an association of mid-cap companies listed on the Paris marketplace) and has joined Middlenext's CSR working group, which aims to collectively brainstorm on tools to be implemented, organise the regulatory watch or share best practices, including on ESG issues.

### 3. Stewardship with other stakeholders

We are committed to contributing to the public debate and emergence of common best practices and standards. When relevant, we also respond to public consultations on the matter.

Whenever possible and impactful we seek to foster and support a better integration of sustainability factors into our stakeholders' activities, such as organisations like Trading, Prime Brokers and Administrators. We select the financial intermediaries we work with with the greatest care, to ensure that they meet our requirements in terms of good management practices. We carry out an in-depth analysis of their practices on the basis of an extensive Due Diligence Questionnaire. As part of this process, we now systematically gather detailed information on their ESG policies.

## B. Exclusions

Exclusions are decided based on our values and our overall responsible investment approach. The following companies / assets are excluded from our investment universe:

- **Sanctioned countries**: we strictly comply with international regulations by excluding countries and organisations (and issuers from those countries) sanctioned by the European Union and the United Nations. We also implement exclusions based on our investors' jurisdictions and closely follow US sanctions.
- **Other countries**: we do not trade in countries that are the most at risk in terms of corruption, money laundering and terrorist financing. We use public lists from the Financial Action Task Force (FATF), the global anti-money laundering and anti-terrorist financing watchdog, which identifies jurisdictions with weak anti-money laundering and anti-terrorist financing (AML/CFT) measures. We also use Transparency International's Corruption Perceptions Index (CPI), which ranks countries according to perceived levels of public sector corruption. 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 ultimate responsibility for deciding whether to continue trading in the country. Besides, for each new country in which we intend to trade, we include ESG information, such as severe geopolitical risks, AML-FT risks, corruption, Human Development Index (HDI) in the analysis. As a result, roughly 98–99% of our activity (in terms of total volumes processed or gross earnings) is

conducted in jurisdictions deemed safe on AML/CFT and corruption grounds; 0% occurs in the highest-risk countries; and the remaining 1–2% proceeded only after explicit Investment Committee approval.

The screening policy is regularly updated to reflect any changes in the source lists.

## C. ESG Integration

### 1. Functioning of global markets

We believe that in its own way, and since its creation, the Group contributes to local development and to the smooth running of the financial industry through its activity. Indeed quantitative and systematic alternative strategies are a combination of several operations whose aim is to make a profit by taking advantage of the imperfections likely to appear between different financial markets. They therefore accelerate price convergence for identical and similar assets, participate in fair price discovery and fluidity between different markets and provide liquidity. In carrying out our activities, we contribute in our own way to maintaining the relevance and efficiency of the markets, and to ensuring compliance with the rules. Our activity also enables "small holders" to access the market and acquire securities at fair value.

### 2. Extra-financial data

In addition, as we rely heavily on data, it is a key component in integrating sustainability factors and shaping our responsible-investment approach. Building on an extensive provider review, we have subscribed with a leading data vendor and received targeted timely, granular ESG metrics to refresh our dashboard and monitor other aspects of the extra-financial performance of our portfolio, such as greenhouse gases (GHG) metrics. This supports robust and scalable RI decisions.

### 3. Greenhouse gas (GHG) metrics

ABAM has **voluntarily** chosen to publish portfolio-level greenhouse-gas (GHG) metrics in the interest of accountability, transparency and comparability. ABAM acts as portfolio manager for the following vehicles :

- Quartys, a sister company, under a dedicated management mandate. The associated results will be reported in the next Group-wide carbon footprint update.
- ABCA Opportunities Fund, for which the carbon footprint is disclosed below.
- ABCA Reversion Fund, for which no information could be calculated due to the methodological constraints detailed in Part a) (Methodology).

For the sake of transparency: exclusions, data gaps and methodological trade-offs are described in Part a). The methodology outlined, along with the overarching principles guiding this analysis, applies to all three vehicles. Figures are disclosed for collective investment vehicles and made available to investors for separately managed accounts.

GHG metrics disclosed are calculated drawing on regulatory standards and recognised industry frameworks, namely: the Sustainable Finance Disclosure Regulation (SFDR) and its Regulatory Technical Standards, the GHG Protocol, the Partnership for Carbon Accounting Financials (PCAF) methodology (Part A), and SBAI Principles for GHG-Emission Accounting in Alternative Strategies.

This initiative continues the work set out in our Responsible Investment Policy released last year, in which we committed to "*calculate and update the carbon footprint of our portfolio in order to monitor and, where relevant, incorporate indicators such as absolute emissions and carbon intensity into our investment decisions*."

## a) Methodology

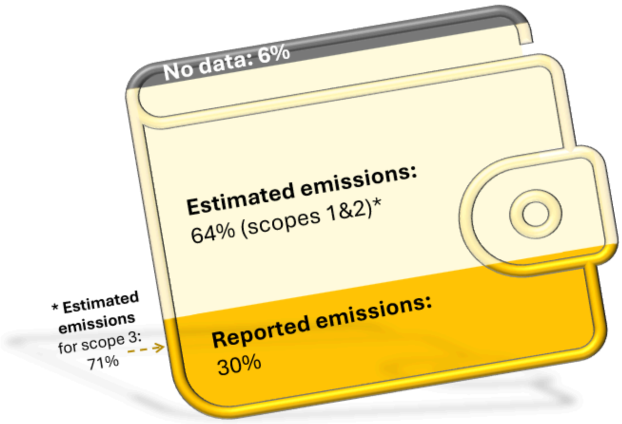
The key methodological choices are as follows:

- **Perimeter limited to strategies trading cash equities:** The positions taken involve either equities or equity derivatives, such as warrants, guaranteed value certificates, or convertible bonds, as well as dematerialised digital assets ("Digital Assets"), derivatives such as futures, options, exchange-traded funds ("ETFs"), currency exposures, and investment fund units. Reliable underlying emissions data for the GHG metrics are only available for equities or equity derivatives, or the economic link between the instrument and real-world emissions is too indirect to warrant attribution at this stage. Other instruments are therefore excluded for now. This implies that **we could not calculate any GHG metric for ABCA Reversion Fund,** as it trades exclusively futures products that are currently out of perimeter. They will be introduced once a meaningful attribution approach is available.
- **Daily position snapshot:** given the high turnover of our strategies, a full snapshot of the portfolio at the end of every calendar day is captured. Emissions are allocated on this daily view, and annual figures are then derived from them, ensuring that the positions and / or exposures that vary very quickly are represented.
- **Netting:** positions are netted at issuer level, consistent with guidelines and standards. However, ABC Asset Management often holds both long and short positions and assessing the impact of these different types of positions on GHG is uncertain. In line with SBAI Principles, a short position is treated as a negative contribution. However, results are disaggregated by position type - long, short and net - to disclose the fullest picture possible so stakeholders can have information on each side's contribution to the footprint.

  For illustrative purposes, the following example presents a highly simplified calculation spanning only two trading days and for scope 1 only.

| Date | Company | Emissions $tCO_2e$/Day Scope 1 | Enterprise value | Strategy | Long | Short | Net | $tCO_2e$ long scope 1 | $tCO_2e$ short scope 1 | $tCO_2e$ net scope 1 |
|---|---|---|---|---|---|---|---|---|---|---|
| 01/01/2024 | A | 100 | 200 | x | 50 | | | 25 | 0 | 0 |
| | | | | y | | 40 | | 0 | 20 | 0 |
| | | | | **Fund level** | **50** | **40** | **10** | **25** | **20** | **5** |
| | B | 200 | 800 | x | | 20 | | 0 | 5 | 0 |
| | | | | y | 50 | | | 12.5 | 0 | 0 |
| | | | | **Fund level** | **50** | **20** | **30** | **12.5** | **5** | **7.5** |
| | C | 500 | 1500 | x | 60 | | | 20 | 0 | 0 |
| | | | | y | | | | 0 | 0 | 0 |
| | | | | **Fund level** | **60** | **0** | **60** | **20** | **0** | **20** |
| 02/01/2024 | A | 100 | 200 | x | 20 | | | 10 | 0 | 0 |
| | | | | y | | 5 | | 0 | 2.5 | 0 |
| | | | | **Fund level** | **20** | **5** | **15** | **10** | **2.5** | **7.5** |
| | C | 500 | 1500 | x | | 90 | | 0 | 30 | 0 |
| | | | | y | 100 | | | 33.3 | 0 | 0 |
| | | | | **Fund level** | **100** | **90** | **10** | **33.3** | **30** | **3.3** |
| | D | 250 | 1000 | x | | | | 0 | 0 | 0 |
| | | | | y | | 100 | | 0 | 25 | 0 |
| | | | | **Fund level** | **0** | **100** | **-100** | **0** | **25** | **-25** |
| from 01/01/2024 to 02/01/2024 | A | 100 | 200 | | | | | 35 | 22.5 | 12.5 |
| | B | 200 | 800 | | | | | 12.5 | 5 | 7.5 |
| | C | 500 | 1500 | | | | | 53.3 | 30 | 23.3 |
| | D | 250 | 1000 | | | | | 0 | 25 | -25 |
| | **Fund** | | | | | | | **100.8** | **82.5** | **18.3** |

- **Data-quality hierarchy:** reported data are preferred whenever available. If no reported data is available, third-party estimates are used. Two key ratios describe data quality: (i) **Coverage ratio** reflects the proportion of the portfolio's exposure that includes at least one emission datapoint - whether reported or estimated and (ii) **Estimated ratio** reflects the proportion of exposure for which only estimated (i.e. non-reported) data is available. Both ratios are weighted by absolute exposure.




For 2024, these ratios were as follows for ABCA Opportunities Fund: (i) Coverage ratio: 94% of the portfolio with at least one emission datapoint and (ii) Estimated ratios**:** nearly two-thirds of Scope 1 and Scope 2 data and 71% for scope 3 data, indicating that reliance on estimates remains material.

- **Emissions reference year:** company-level emissions correspond to the most recent full fiscal year available (year N-1) because more up-to-date data were not yet published at the time of calculation.

## b) GHG metrics: emissions & carbon footprint

**GHG emissions** "financed" (or "endorsed" in SBAI terminology) by our equity positions are calculated by allocating to our portfolio the corresponding share of emissions of the equities held in 2024. An allocation factor is obtained by dividing the value of our equity position in a given company by an estimate of that company's total value (Enterprise Value Including Cash, EVIC). This factor is then applied to the company's reported or estimated Scope 1, Scope 2 and Scope 3 emissions.

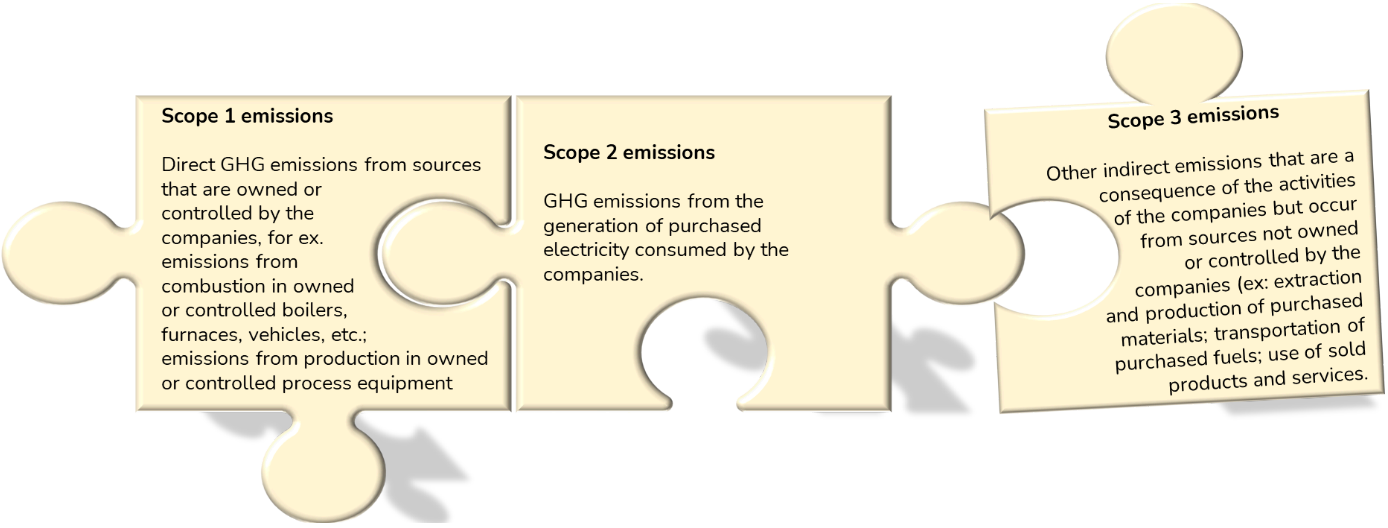
| **ABCA Opportunities Fund ($tCO_2e$/an)** | **Long** | **Short** | **Net** |
|---|---|---|---|
| **Scope 1** | 11 619 | - 7 521 | 4 097 |
| **Scope 2** | 2 786 | - 1 142 | 1 643 |
| **Scope 3** | 50 148 | - 42 053 | 8 096 |
| **Total scopes 1+2** | **14 405** | **-8 663** | **5 740** |
| **Total scopes 1+2+3** | **64 553** | **-50 716** | **13 836** |

As described earlier in the methodology section, the GHG-emissions figures presented relate exclusively to the portion of the fund invested in cash-equity and equity-derivative strategies within ABCA Opportunities Fund, representing 92% of the fund's total AUM for the 2024 financial year; the remaining 8 % is allocated to trading in futures-type instruments and therefore lies outside this perimeter.

**The carbon footprint** gives an indication of the efficiency of the companies in a portfolio, expressed in tons $CO_2e$/M€ "invested". The sum of "financed"/"endorsed" emissions is divided by the exposure.

| ABCA Opportunities Fund ($tCO_2e$/M€) | Long | Short | Net |
|---|---|---|---|
| Scope 1 | 60 | 75 | 45 |
| Scope 2 | 14 | 11 | 18 |
| Scope 3 | 261 | 417 | 89 |
| **Total scopes 1+2** | **74** | **86** | **63** |
| **Total scopes 1+2+3** | **335** | **503** | **152** |

Scope 3 data are less reliable and more volatile than Scopes 1 & 2 emissions.




Comparisons and benchmarking exercises typically rely on Scope 1 and 2 figures only, where data quality, consistency, and reporting standards are significantly more robust.

## D. Risks

With regard to risk management, ABAM's investment Committee plays a central role in the investment and divestment process for financial instruments. An investment committee can be organized within the framework of a specific operation aiming to adapt the positions following specific opportunities or risks encountered in order to guarantee the adaptability of the limits to a given context and the consistency in considering risks on all strategies. A specific risk in relation to sustainability matters could arise that could impact an issuer and thus the financial instrument on which a position is taken or may be taken. More generally, exogenous risks including environmental, social risks or those related to governance issues are taken into account in the risk mapping.

In particular, three types of extra-financial risks need to be considered to ensure long-term resilience: physical risk (which refers to losses due to climate change or environmental degradation, for example as a result of extreme events or loss of biodiversity and deforestation), transition risk (which refers to financial losses linked to the transition process, for example as a result of the adoption of climate and environmental policies or changes in market preferences) and reputational or litigation risk (which refers to damage to a company's reputation or liability for ESG issues). Physical and transition risks are, for the most part, not applicable to the assets managed by ABAM, due to the extremely rapid life cycle of alternative strategies (positions / exposures are opened over a very short period of time). Reputational and litigation risks related to legal, tax and ethical considerations are taken into account by investment committees. Extra-financial factors also increase the complexity of traditional financial risks (counterparty, market, liquidity, operational, data-related, technology-related risks, etc.). Consequently, the way these risks are managed will need to continue to evolve.

### E. Investors' preferences

We are committed to understanding any additional extra-financial requirements that our clients may have and making every effort to integrate them into the investment decision-making process so that we can meet their preferences through the implementation of appropriate enhanced internal measures when they do not impact the vehicle's investment objectives and the fairness of all investors.

Any significant change in our responsible investment policy or in oversight related to responsible investment is included in our reporting to clients and beneficiaries. This would include breaches in our responsible investment policy, if any.

## IV. Our way forward

### A. Excluded Companies

We will continue to expand our exclusion list to ensure that our investment strategies won't support companies or activities that we deem unethical, socially or environmentally harmful or against our values.

### B. ESG Integration

We will keep calculating and updating the portfolio's greenhouse-gas (GHG) metrics to track their evolution over time. When material, these data will be fed into our investment process and reflected in portfolio decisions.

We will seek to progressively expand our dashboard to include other extra-financial indicators.

In parallel, we will continue exploring available solutions to find relevant and good quality data, design specific metrics and measure impact.

### C. Research & development

Here are the three main areas of research that we would like to explore in the mid term:

- Feasibility matrix: to map responsible investment approaches to hedge fund strategies, factoring in structural constraints (e.g., short holding periods, use of derivatives, limited stewardship levers).
- Risk Management: Better incorporating long-term impacts, risks and opportunities into risk management is an important step towards achieving sustainability and responsible business practices. We would like to explore this topic further.
- Alpha Generation: Incorporating extra-financial data can help generate alpha by providing insights and a more comprehensive view of a company and enrich the fundamental data used in our quantitative models.

# V. Exemplarity

We strive for exemplarity and apply to ourselves all the above mentioned principles. We voluntarily report on our CSR (Corporate Social Responsibility) actions and progress since 2015 and we have set up a CSR working group at Group level in 2022. Here is an overview, find out more in our CSR report!

**Carbon footprint**

- ✓ Comprehensive carbon footprint (scopes 1, 2 and 3)
- ✓ Annual update
- ✓ Leverage to identify the most impacting actions (e.g. IT)

**Diversity and inclusion**

- ✓ 12 different nationalities
- ✓ Equality action plan, incl. compensation & 360° gender equality policy
- ✓ Gender balance on the Board of Directors
- ✓ Technical and soft skills training

**Professional life & social dialogue**

- ✓ CSE & CSR working group
- ✓ Integration and regular company events
- ✓ Satisfaction surveys: GPTW, glassdoor rating: 4.9/5
- ✓ Professional interviews, ABC University program

**Internal communication**

- ✓ Internal CSR / ESG newsletter
- ✓ Reminders of best practices, based on indicators
- ✓ Awareness-raising sessions (Climate Fresk, etc.) and training courses

**Ethical charters and codes**

Internal regulations, code of conduct, anti-corruption policies, LCB-FT, human rights, data confidentiality, whistle-blowing, anti-discrimination and harassment, responsible purchasing charter...

**Work-life balance**

- ✓ Part-time and unpaid work possible
- ✓ Flexible working hours
- ✓ Parental leave and childcare policy
- ✓ Possibility of regular remote working

**Sponsorship**

- ✓ Educational programs: Maisons des Jeunes Talents & basis.point
- ✓ Sport / art: J.-P. Dick, Young Multi Talented of ABC arbitrage (C. Liautier, C. Quivront, M. Latour) & French artists

**Use of resources**

- ✓ Energy saving plan, in partnership with Ecowatt (French TSO)
- ✓ Environmental criteria for purchasing, including Data Centers
- ✓ Digitization of Group processes
- ✓ IT: Parameterization of equipment, pooling of resources, etc.

**Other stakeholders**

- ✓ Subcontractors and suppliers
- ✓ Shareholders and investors
- ✓ Local, economic and social impact
- ✓ Privacy and data security

**Health & safety**

- ✓ First aid training, fire evacuation, etc.
- ✓ Coverage of supplementary health insurance (basic)
- ✓ Awareness-raising: diet, sport
- ✓ Voluntary vaccination campaigns
- ✓ Violence prevention, harassment, etc.
- ✓ Psychosocial risks

**Waste management**

- ✓ Recycling points
- ✓ Monitoring: Les Joyeux recycleurs
- ✓ Reduction: cups, containers, etc.
- ✓ Computer equipment donations

# VI. More information

ABC arbitrage Asset Management complies with all the applicable regulations, namely:

- The French “Loi-énergie climat” (n° 2019-1147 du 8 novembre 2019): see our report;
- The Sustainable Finance Disclosure Regulation, (EU) 2019/2088, introduced to improve transparency for sustainable investment products and prevent greenwashing: see our report;
- As a signatory of UNPRI we publicly report annually on key features of our RI policy.