ASSET MANAGEMENT

Responsible Investment Policy

Last updated: *2026-10-16*

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

The investment funds managed by ABAM fall under the definitions of Article 6 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of November 27, 2019 ("SFDR"). This policy describes how ABAM takes certain ESG issues into account in its activities; it does not alter the SFDR classification of its funds, which fall under Article 6.

(The French version prevails)

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I. Our philosophy: building on the reality of our strategies

We develop quantitative and systematic strategies characterized by high portfolio turnover, long and short positions, and frequent use of derivatives. We trade across a broad range of assets in nearly 100 markets across five continents, guided by mechanical or statistical signals. Our strategies thus contribute to market liquidity and fluidity, as well as to price formation and convergence. We ensure capital protection through a well-thought-out methodology for risk mitigation and management. These characteristics guide the selection and adaptation of our responsible investment levers.

Select, adapt or discard: an approach based on relevance



We select levers that are compatible with the nature of our exposures, the holding period, the rights attached to the instruments, and the data quality, while assessing the robustness and limitations of available methods, rather than artificially applying all practices[1].

II. Integrated governance, supported by cross-functional resources and structured controls

As the central body for ESG governance, the RIC brings together several members of the Executive Committee and the Investment Committee (COGE), a person dedicated to these issues, and permanent members from the teams most directly involved. Its composition enables:

- to bring sustainability issues to the highest level of decision-making;

[1] *This approach is consistent with the PRI guide, Integrating Sustainability and Governance Across Hedge Fund Strategies (September 2026, pp. 6–9), which advocates for practices tailored to the characteristics of each strategy. The ranking is based on our assessment and includes factors that fall outside the scope of the guide (e.g., the offering of inclusive finance products).*

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- to reflect the diversity of functions, hierarchical levels, career paths, and genders within the Group;
- to integrate the RIC's discussions into the decision-making process through the presence of COGE members, who have the final say on risk limits;
- to ensure a cross-functional approach, which is essential for integrating these considerations into the overall management process.



≈ **2.5** full-time equivalents allocated Group-wide (2025)

ABC arbitrage Asset Management (hereinafter "ABAM") operates within a strict legal and regulatory framework, stemming from its status as an asset manager authorized and supervised - in particular - by the French regulatory authority (AMF). This framework is implemented through a set of policies and procedures tailored to our activities and products, such as those regarding professional ethics, conflicts of interest, putting the client's interests first, anti-corruption, and whistleblowing. It is supplemented by policies and procedures addressing ESG issues, foremost among which is our responsible investment policy, as well as issues such as human rights. These measures may also apply to our partners, service providers, and other external stakeholders.

The operational requirements stemming from our responsible investment policy are thus integrated into our activities with the same level of rigor, formalization, and oversight as the other rules governing our management activities.



This framework is based on integrated procedures and controls, guided by the three lines of defense model and our ethics and compliance mechanisms; it applies to all employees, who are trained and made aware of these issues.

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III. Our approach in practice

A. Control: a foundation of rules and risk management

1. Exclusions and restrictions: setting boundaries for our activities

Our operations are first and foremost governed by a strict regulatory framework, which includes, in particular, European Union and United Nations sanctions. **This framework is incorporated into our procedures and supplemented, where relevant, by internal risk management criteria, particularly with regard to AML/CFT and corruption.** The system distinguishes three levels:

- **Exclusion**: We do not conduct business in jurisdictions posing the highest risks related to AML/CFT or corruption. Our analysis is based, in particular, on the public lists published by the Financial Action Task Force (FATF), the global oversight body for this issue, and on Transparency International's Corruption Perceptions Index.
- **Enhanced analysis**: Jurisdictions with an intermediate level of risk are subject to additional analysis. Any transaction in these countries requires the explicit approval of the investment committee.
- **Routine controls**: Transactions in other jurisdictions remain subject to our standard control and monitoring procedures.



> **99%** of transaction volume and > **96%** of gross revenue in low-risk jurisdictions based on these criteria (2025)

0 activity in the highest-risk jurisdictions (2025)

The screening criteria are updated in our tools whenever the source lists change. Restrictions may also arise from our investors' jurisdictions; we also monitor U.S. sanctions to take them into account when relevant.

In addition, we conduct an analysis before entering any new country. This analysis includes risks related to AML/CFT, corruption levels, serious geopolitical risks, and the Human Development Index.



2. ESG Risks: Integrating what is financially material

ESG factors are integrated into our risk management framework **when they are financially material given the strategy's time horizon and characteristics.**

The short holding period of our positions generally reduces direct exposure to physical or transition risks that materialize gradually over the long term. However, it does not rule out rapid revaluations or

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sudden events (such as a major climate event, controversy, or governance failure) that could quickly affect financial and operational risks (reputation, price, volatility, liquidity, etc.) or call into question the relevance of our data or models. Leverage can amplify these consequences.

These factors are tracked through existing risk categories and monitoring systems to which they may be linked, including market, liquidity, counterparty, and operational risks. When a specific risk is identified, it may be brought to the attention of the investment committee, which assesses its materiality and may, if necessary, adjust risk limits, exposures, or intervention thresholds. This approach allows us to integrate material ESG factors - such as a typhoon causing the temporary closure of a stock exchange or a global pandemic - into our standard risk management and mitigation framework.



B. Understand in order to take action where it matters

1. Exchange, learn, and contribute

Faced with complex issues and **methodologies that are still evolving and which sometimes fail to fully reflect the specific characteristics of quantitative and alternative strategies we prioritize a approach focused on learning and constructive contribution.**



We participate in industry discussions to better understand existing methods and their limitations and to contribute to their evolution. At the same time, we use industry standards transparently even when they do not perfectly reflect certain characteristics of our strategies, by clearly explaining the underlying assumptions.

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The main initiatives in which we participate:

INITIATIVE	PURPOSE OF THE INITIATIVE	OUR PARTICIPATION
UN PRI - *UN-supported Principles for Responsible Investment*	To promote the integration of ESG considerations into investment practices	ABAM has been **a signatory** to the PRI since 2022 and **a member of the Hedge Funds Advisory Committee (HFAC)** since 2024, which provides tailored advice and support tailored to *hedge funds*. ABAM also contributed to the development of the PRI's technical guide on integrating sustainability and governance into *hedge fund* strategies (published in September 2026).
SBAI - *Standards Board for Alternative Investments*	To develop common standards, best practices, and tools for the alternative investment industry	ABAM has been **a member of the working group on responsible investment** since 2023 and, when the group is active, contributes to discussions on ESG issues and methodologies for alternative strategies.
AFG - *Association Française de la Gestion financière*	Representing French asset management professionals and conducting sector-specific work	A member of the AFG since 2004, ABAM **follows the work of the Responsible Investment plenary** and participates, on an *ad hoc* basis, in thematic initiatives, such as the working group on fair transition, which has now concluded its work.
PCAF - *Partnership for Carbon Accounting Financials*	Developing and harmonizing common methodologies for measuring and disclosing "financed emissions"	ABAM **recently joined PCAF** to better understand and apply methodologies for measuring financed emissions and to share the challenges specific to alternative strategies so that they can, over time, be better incorporated into the evolution of these methodologies.

This process of exchange and learning continues in our relationships with our key stakeholders. We thus incorporate ESG considerations into the selection and monitoring of our key intermediaries and service providers, particularly *prime brokers* and administrators: our *due diligence* gathers information on their ESG practices. These factors are incorporated into our overall assessment and may, when relevant and proportionate, be the subject of discussion.

We also engage with our clients and investors to understand their sustainability expectations and, when these are compatible with the fund's strategy, applicable obligations and the principle of equal treatment among investors, to incorporate them into our practices or systems.

More broadly, all of our stakeholders may at any time share their expectations, observations or concerns with us, engage in dialogue with our teams, or, when necessary, use our whistle blower system. **These exchanges help inform our understanding of the issues at hand and guide the evolution of our practices.**

2. ESG Data: Integrating and measuring without overinterpreting

- **Using ESG data when it is relevant to our strategies**

Our quantitative and systematic strategies are based on data analysis. Non-financial data can complement our analysis when it provides relevant information on risks, controversies, governance or sustainability issues associated with our exposures.

Its use depends on the data's quality, its relevance to the strategy, and the time horizon over which risks or impacts may materialize. It is therefore **selective and proportionate to the instruments and strategies in question**.

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- **Measuring the ESG characteristics of portfolios**

Regardless of whether we incorporate them into our analyses, we develop indicators designed to track and, where appropriate, disclose certain ESG characteristics of our portfolios.

The available methodologies were often designed for long-term, relatively stable portfolios. Applying them to strategies with a high-turnover, long and short positions combined and derivatives raises questions not only of methodology but also of interpretation. We address these through two complementary commitments:

- a methodological requirement, to remain in line with current market practices while reflecting the characteristics of the strategies in order to strike a balance between rigor, relevance and comparability. This is accompanied by a contribution to sector-specific methodological discussions, through the industry-wide studies described above;
- a commitment to transparency, by specifying the scope, the main conventions and calculation assumptions and the limits of interpretation.

> ***Beyond their comparability, we seek to understand what these indicators actually measure and how they apply to our portfolios.***

Concrete example: measuring greenhouse gas (GHG) emissions



IV. Review and continuous improvement

Our approach is not set in stone: it is designed to evolve alongside our understanding of the issues at hand, our business activities, market practices and changes in regulations and data.

Our goal is to gradually strengthen the integration of financially material ESG issues into our risk management frameworks and, when data quality and instrument characteristics permit, into the analysis of our strategies and their impacts. To this end, we will review the relevance of our exclusion and restriction criteria and continue to develop, calculate, and update indicators tailored to our portfolios in order to track their evolution over time.

Progress made, challenges encountered, significant changes to this policy, its governance or its control framework, as well as, where applicable, any significant deviations observed in its implementation, are presented to the relevant governance bodies and communicated to investors. In the absence of significant changes, this information is not included in every reporting cycle.

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Our responsible investment policy is reviewed and updated at least once a year, as well as whenever significant developments warrant such an update.

FURTHER INFORMATION: OUR CSR APPROACH



The responsible investment policy is part of the ABC Arbitrage Group's broader CSR approach. Based on an analysis of its material issues, this approach covers, in particular, social, environmental and governance dimensions, as well as relationships with its stakeholders.

Our actions, key indicators, and their trends are detailed annually in our CSR report.

ADDITIONAL DOCUMENTS AND INFORMATION

Measurement of GHG Emissions

Methodology, Key assumptions and Limitations of our calculations

Voting and Engagement

Policies and practices governing voting and shareholder engagement

Reporting

in accordance with, among others, the SFDR, Article 29 of the Energy and Climate Act and PRI reporting

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