



Environment, Social and Governance (“ESG”) Policy

CFM Group

Version 2.6

March 2026

Version	Date	Edited by	Signed off by	Comments
1.0	01 2019	AB GC WB	MT PJ	Initial
2.0	03 2020	PL WB MT		
2.1	12 2020	PL	Sust. Committee	
2.2	12 2021	PL	Sust. Committee	
2.3	06 2022	PL	Sust. Committee	
2.4	04 2023	PL & KB	Sust. Committee	Added DEI
2.5	05 2024	JL PL KB	Sust. Committee	Annual update
2.6	03 2026	PM WB MT AV SM	Sustainability WG	Annual update

Update frequency: Annually

Entities in scope: All CFM entities

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Glossary of Terms

CDP	<p>CDP is an international non-profit organization which runs a global environmental disclosure system. Each year CDP supports thousands of companies, cities, states and regions to measure and manage their risks and opportunities on climate change, water security and deforestation. They do so at the request of their investors, purchasers and city stakeholders. Over the last two decades they have created a system that has resulted in unparalleled engagement in environmental issues worldwide.</p>
CSR	<p>Corporate Social Responsibility refers to self-imposed practices and policies aimed at helping firms conduct their business towards improved long term economic viability, positive impact on society and respect and preservation of the environment.</p>
DEI	<p>Diversity, Equity, Inclusion</p>
ESG	<p>Environmental, Social and Governance factors refer to three families of factors, scores or criteria, depending on the context, used to evaluate companies' (or countries') behavior and impact in relation to their significant stakeholders and efforts with sustainability. Examples of ESG factors are:</p> <p>Environmental ("E"): resource usage (energy use, natural resource consumption, deforestation), product life cycle, recycling and waste management as well as all forms of pollution (including greenhouse gas emissions, impact on biodiversity, pesticides, topsoil erosion);</p> <p>Social factors ("S"): Human rights, labor standards applied at the company and across its supply chain, exposure to illegal child labor or slavery, animal welfare, charity contributions, promotion of workplace health and safety, sound commercial practices and engagement with local community;</p> <p>Governance ("G"): Management remuneration, bribery and corruption, lobbying, board diversity and structure, gender diversity, etc. Governance generally deals with principles defining rights, responsibilities and expectations between different stakeholders in corporations and institutions and should also address how E and S related issues are dealt with.</p>
PRI	<p>Established in 2006 by UNEP FI and the UN Global Compact, the Principles for Responsible Investment focuses on understanding the investment implications of ESG factors and supports its investor signatories in incorporating these factors into their investment and ownership decisions. The PRI aims to act in the long-term interests of its signatories, of the financial markets and economies in which they operate and ultimately of the environment and society as a whole. The PRI is considered the world's leading proponent of RI. Truly independent, not associated with any government, the PRI is supported by, but not part of, the United Nations.</p>

RI Responsible Investment refers to wide range of approaches stemming from different intentions and beliefs but having in common to pay attention to ESG & sustainability considerations and to set investment objectives and practices beyond the mere maximization of immediate portfolio returns.

One school of thought considers that profit maximization can only be pursued within a universe of opportunities restricted to what is ethically acceptable, and mainly resorts to negative screening based on universal norms and/or on company specific ESG scores, notwithstanding the potential financial consequences of such exclusions. Another considers that responsible investing is mostly about sustainability of profits. They should be maximized, but over more than just the next quarters; and for risks and opportunities to be correctly assessed, proper financial analysis has to holistically take into account all relevant stakeholders and material externalities.

All RI approaches are typically implemented using a combination of engagement and voting with some integration of ESG & sustainability considerations, ahead of, or within, security selection and portfolio construction.

Sustainability In the context of investing, sustainability refers mostly to the practice of paying attention not only to readily available financial information of companies or assets but also (i) to the negative externalities they generate, having in mind that such negative externalities may at some point backfire in the form of reputational damage, higher operating costs and loss of clients and/or revenues and (ii) to the business opportunities they may have by offering greener products and/or greening solutions to any set of environmental issues.

By extension, focusing on sustainability consists in rather investing in companies that are committed not only to sustainable practices such as reducing carbon emissions or protecting biodiversity and/or addressing environmental challenges, but also those that are promoting social justice and equity, diversity and inclusion, and maintaining strong corporate governance, or any other behavioral trait likely to translate into a greater ability to be resilient and a lower risk of conflict or misalignment with any significant stakeholder.

In the context of this policy, it furthermore refers to the willingness to integrate environmental, social, and governance (ESG) factors, or any relevant information derived from ESG datasets, into investment programs as soon as there are enough reasons to believe that they are already, or could soon become, financially material i.e. drivers, to some extent, of the price discovery mechanism.

TCFD Task Force on Climate-related Financial Disclosures is the task force set-up by the Financial Stability Board after COP21 in 2015, to make recommendations around disclosure of climate related risks. The TCFD focuses on developing voluntary, consistent climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers and other stakeholders.

UNEP FI

United Nations Environment Programme Finance Initiative is a partnership between UNEP and the global financial sector to mobilize private sector finance for sustainable development. UNEP FI works with more than 300 members – banks, insurers, and investors – and over 100 supporting institutions – to help create a financial sector that serves people and planet while delivering positive impacts. In addition to being a co-creator of PRI, UNEP FI has also been an initiator of the Principles for Sustainable Insurance (“PSI”) and Principles for Responsible Banking (“PRB”).

Introduction

This policy (the “ESG & Sustainability Policy”) sets out the framework applied at the Capital Fund Management group of companies (collectively “CFM” or the “Firm”) in order to achieve its sustainability obligations as required by law, the Firm’s sustainability commitments and convictions, investor requirements as well as sustainability fiduciary duties as developed by the PRI.

Capital Fund Management S.A. (“CFM SA”) serves as discretionary investment manager for its clients, which include funds and managed accounts. CFM SA is a French limited liability company registered as a UCITS portfolio management company with the French AMF. CFM SA is registered with the US Securities Exchange Commission as an investment adviser, and registered with the US Commodity Futures Trading Commission as a commodity trading advisor and commodity pool operator. The RI policies detailed in this Policy will be applied to portfolios held by funds sponsored by CFM. The RI policies applied to managed accounts will to the extent possible be defined separately with the account owner.

CFM Regulatory Obligations and Commitments

Controversial Weapons

France signed the Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction (the “Ottawa Convention”) in 1997, and the Oslo Convention on Cluster Munitions in 2008 (together, “the Conventions”). The terms of these Conventions were transcribed in French law (Articles L2343-2 and L2344-2 of the Code de la Défense), prohibiting any French company from manufacturing, stockpiling, purchasing or selling anti-personnel mines or cluster munitions, as well as making it illegal to “assist, encourage or incite” anyone to engage in such activities (including direct and indirect financing). Based on the law, and guidelines published in 2013 by the *Association Française de la Gestion Financière*, we understand this as CFM SA being prohibited from financing, investing in or otherwise taking any long exposure linked to controversial weapons.

Standards Board for Alternative Investments (“SBAI”)

Since June 2011, CFM SA is a member of the SBAI. The SBAI believes that responsible standards of practice strengthen the alternative investment industry for the benefit of both investors and managers. Standards can improve how managers operate, increase transparency, provide solutions to industry issues, decrease the need for regulation, and make the manager/investor relationship more predictable and efficient. Having committed to the SBAI standards, CFM actively implements them as a part of its policies and business practices.

Law on Energy Transition

In 2017, France promulgated the “Loi de Transition Energétique pour la Croissance Verte” (“LTECV”) containing two requirements that are also relevant for CFM:

- Financial companies must report their approach toward ESG in general on their website;
- UCITS funds with a NAV of EUR500m or more must provide detailed information in their annual report on whether and how ESG criteria are used in their investment policies, quantitative metrics on climate risks (e.g. carbon emissions) and ultimately conclude on the alignment of the portfolio with international goals on global temperature increase.

PRI

On October 2018, CFM SA became a signatory of the PRI. The six Principles for Responsible Investment are a voluntary and aspirational set of investment principles:

- To incorporate ESG issues into investment analysis and decision-making processes;
- To be an active owner and to incorporate ESG issues into our ownership policies and practices;
- To seek appropriate disclosure on ESG issues by the entities in which we invest;
- To promote acceptance and implementation of the Principles within the investment industry;
- To work with the PRI Secretariat and other signatories to enhance their effectiveness in implementing the Principles; and
- To report on our activities and progress towards implementing the Principles.

The PRI has implemented certain minimum requirements for investment manager signatories. Failure to meet these requirements over a two-year period, following extensive engagement with the PRI, would result in delisting. The three requirements are (The brackets indicating the indicator covering this point under the PRI Reporting Framework which can be found here: <https://www.unpri.org/signatories/reporting-for-signatories>):

- Investment policy that covers the firm's responsible investment approach, covering >50% of AUM [SG 01]
- Internal/external staff responsible for implementing RI policy [SG 07]
- Senior-level commitment and accountability mechanisms for RI implementation [SG 07]

CFM is compliant with these requirements since 2021.

Carbon Disclosure Project

CFM is a Carbon Disclosure Project ("CDP") signatory and participates in efforts made by investors to promote further disclosure among corporate entities, such as the CDP Science-Based Targets Campaigns. This engagement, alongside CFM participation in Climate Action 100+ company engagement group, reinforces CFM's stewardship by strengthening our active ownership practices, reinforcing our role as a responsible investor seeking to influence real-economy outcomes.

EU Sustainable Finance Package

In a bid to make sustainability considerations an integral part of its financial policy, the EU started in 2019 to implement a set of legislation, of which two texts are of particular relevance for CFM:

- Regulation EU/2019/2088 on sustainability-related disclosures in the financial sector ("SFDR" or the "Disclosure Regulation"), and
- Regulation EU/2020/852 on the establishment of a framework to facilitate sustainable investment (the "Taxonomy Regulation")

Together, these introduce new mandatory disclosures for fund managers at the firm level as well as at the fund level (both in pre-contractual documentation and in periodic reports). In particular, it breaks down investment products into three main categories, with different levels of mandatory disclosure:

- Products that have sustainable investment (within the meaning of the Taxonomy Regulation) as an objective ("Article 9" products, also known as "green" products)
- Products that promote E or S characteristics but don't have sustainable investment as an objective ("Article 8" products, also known as "light green" products)
- All other products ("Article 6" products)

As of the date of this policy, CFM funds are considered "Article 6" products.

Loi Energie et Climat

Following the adoption at a European level of many of the requirements of the LTECV (see above), France continued to develop its climate legislation and in 2021 adopted the Loi Energie et Climat ("LEC") which, in its article 29, includes new disclosure requirements:

- The LTECV/SFDR sustainability risk assessment is extended to risks associated with climate change and biodiversity;
- The company-level disclosure of LTECV is extended to include the following:
 - o Internal resources mobilized on ESG issues;
 - o How senior management monitors the ESG strategy promoted in the funds;
 - o Engagement policy
 - o From 2023 onwards, a report on the share of assets managed by the firm invested in:
 - sustainable investments (as defined in the Taxonomy Regulation)
 - the fossil fuel sector (also defined in the Taxonomy Regulation)
 - o How the company plans to align with the Paris Agreement;
 - o How the company plans to align with long-term objectives linked to biodiversity;
 - o Information on how the firm takes into account ESG considerations in its risk management framework, including physical risks, transition risks, risks linked to climate change and to biodiversity;

FCA Policy Statement on Climate-Related Disclosures

As Capital Fund LLP ("CFM LLP") is below the £5b AUM threshold, these obligations do not currently apply.

EU corporate sustainability reporting directive

The Corporate Sustainability Reporting Directive (CSRD), effective January 5, 2023, strengthens sustainability reporting for large EU companies. It expands the previous directive's scope to include more firms and demands detailed reporting on ESG factors, including climate and resource use, using standardized European criteria. The directive ensures reliable data for investors by requiring independent verification and the use of a digital taxonomy in annual reports.

In 2025, the EU agreed to delay and simplify the CSRD's application within an "Omnibus" legislative package. Large companies, already subject to the Non-Financial Reporting Directive, must still submit CSRD-compliant reports for 2024. Other large companies, initially set to report for 2025, will now report in 2027. Non-EU companies with significant EU business will follow the original 2028 timeline.

Following a proposal of the European Commission in February 2025, the European Council and the European Parliament reached a provisional agreement in December 2025 to further streamline CSRD's scope. The provisional agreement reduces the reporting obligations on

companies in-scope, as well as limits reporting to companies with over 1,000 employees and net turnover over EUR 450 million. The provisional agreement must be now endorsed by the Council and the European Parliament, before it is formally adopted by the two institutions. Member states will then update national laws.

Legal context for DEI in France

CFM has defined its DEI policy in compliance with the French legal framework, which prevents companies from gathering information nonrelated to employees' ability to perform their duties, or that are not necessary for employee management purposes. This explains why French companies cannot consider certain personal characteristics, notably related to race, religion, or sexual orientation, in their actions towards greater diversity and inclusion in the workplace.

On the other hand, French law laid down several rules related to gender diversity and equality at work. CFM is notably subject to the obligation to publish each year its Professional Gender Equality Index and to prepare a Gender Equality Plan to achieve full equality between male and female employees. We thoroughly fulfill these obligations and take further steps to increase women representation in our different teams.

CFM's approach to Sustainability; Governance

In March 2020, CFM's board decided to strengthen the Firm's sustainability focus and to enhance the Firm's ESG & Sustainability Policy, including setting up specific sustainability governance and research initiatives within the Firm. This ESG & Sustainability Policy has also been enhanced to detail the Firm's sustainability initiatives both at the level of CFM (referred to as CSR) and at the level of portfolio management (referred to as RI).

Principles guiding CFM's CSR policies

Considering its own corporate social responsibility, CFM focuses on three key objectives as it seeks to:

- be a good employer, promoting diversity, equity and gender equality;
- manage its environmental footprint; and
- adhere to and promote best RI practice within the industry.

Principles guiding CFM's RI policy

CFM's RI policy is based on a set of intentions and fundamental beliefs.

CFM RI Intentions

CFM's intention is to operate in line with the principles laid out in the 'Fiduciary Duty in the 21st Century' report backed by the UNEP FI, the PRI and the Generation Foundation. CFM's intention is therefore to differentiate between ESG factors that i) are of an ethical nature, for which it will take guidance from its investors rather than imposing its own views, and ii) those whose financial materiality is starting to emerge, as the probability of internalization of negative externalities is perceived to be increasing. For the second type of ESG factors, the Firm considers it to be within its mandate to identify and manage corresponding risks and opportunities (to the extent possible).

CFM RI related fundamental beliefs:

- Buying a corporate security lowers the cost of capital of the issuer, and potentially of similar issuers, everything else being equal;
- Metrics that are linear across long positions are linear across short positions as well, implying that shorts' impacts are opposite to those from equivalent longs. Any positive price impact due to increasing the liquidity by trading is more than offset by the negative price impact of selling;
- Derivatives have a similar societal impact as cash instruments carrying the same economic exposure;
- There is little risk of causing harm when trading commodities through futures contracts. We refrain from any dealing in physical commodities;
- Even though ESG factors are typically perceived to be playing out over medium to long term horizons, they may still *statistically* matter in a highly diversified portfolio, notwithstanding its average holding period;
- Voting, when possible, is a valuable responsible investment tool;
- Capital markets, when supported with appropriate regulation and pricing of environmental externalities, can play a central role in scaling solutions to environmental challenges. Persistently allocating capital to companies that lag this transition may prove financially ineffective over the long term;
- Financial materiality as well as societal effectiveness may be more often found in pursuing agendas backed by strong actions taken by regulators, which explains our focus on climate change and diversity related concerns; and
- Stewardship, through engagement in industry initiatives when feasible, is an important lever to influence corporate behaviour and support the transition towards more sustainable business models.

More details about the assumptions and considerations such convictions are based upon are provided in a separate document which CFM can make available on request.

CFM CSR & RI organizational set-up

In a complex and changing world, we believe that strong governance is essential to deliver the best results. Taking this into account, CFM has created several committees and working groups implementing our business strategy.

Regarding sustainability and DEI, we have set up several bodies whose scopes and mandates seek to cover all areas of corporate responsibility.

A Sustainability Working Group ("SWG") is in charge of editing and enacting this Policy, covering both the Firm's CSR and RI policies, with a particular attention to foster and monitor preparedness to climate-related risks and other potentially financially material ESG risks in accordance with the principles laid out in the previous sections.

In 2025 CFM launched the Sustainability @ CFM program ("SCFM"), through which the SWG oversees sustainability via a series of dedicated workstreams designed to embed sustainability into CFM's day-to-day operations. A Program Management workstream led by the Head of Sustainability is responsible for coordinating the overall program. The SWG ensures direct supervision of the program and meets on a quarterly basis. The SWG directly

reports to CFM's Executive Committee on an annual basis, supplemented by ad hoc presentations when relevant.

Independently, CFM launched a new research initiative in June 2025, named the Resilience Lab ("RL"). The RL is in charge of producing, reviewing and sharing the results of scientific research on the impacts of major environmental disruptions at global and local levels.

Sustainability Working Group

Composition (permanent members):

- Head of Sustainability
- Head of Human Resources and Administration
- Chief Technology Officer
- Head of Legal, Compliance and Operations
- Head of Regulatory
- Head of Resilience Lab
- Head of London Office
- Representative from US Office

The Sustainability Working Group meets on a quarterly basis.

The main responsibilities of the SWG are to:

- a. Monitor progress of the SCFM program implementing CSR initiatives within CFM;
- b. Review & vet any proposed changes to this Policy, including but not limited to:
 - i. the CSR policy objectives in terms of diversity policy, carbon offsets & real-estate energy efficiency;
 - ii. the RI policy objectives in terms of mechanisms for exclusion lists and sustainability related proxy voting; and
 - iii. approach to PRI transparency reports;
- c. Approve & support strategic partnerships in climate change ("CC") and other critical environmental ("CE") issues;
- d. Approve any new CFM collaborative sustainability related engagement initiative;
- e. Monitor ESG related regulatory obligations;
- f. Establish reporting guidelines for:
 - i. generic sustainability and/or relevant ESG factors across products,
 - ii. carbon footprint and forward-looking metrics (TCFD), and
 - iii. voting activity;
- g. Establish internal & external communication guidelines for our RI and CSR activities;
- h. Establish internal training guidelines on sustainability issues for employees and new hires; and
- i. Monitor the cost/benefit of each element of this Policy across multiple dimensions, seeking to continuously improve this Policy.

"Sustainability @ CFM" program

The SCFM program, composed of sustainability workstreams, is the firm's operational platform to implement CSR policy set by the Sustainability Working Group. The SCFM program also identifies gaps, proposes enhancements, and submits recommendations for

policy

updates.

It is led by the Head of Sustainability, who oversees the workstreams, and is composed of workstream participants from various teams within CFM, who actively contribute to the workstreams they support. Additional participants may be invited on an ad-hoc basis, depending on the topics under discussion.

The main responsibilities of the SCFM program and related workstreams are to:

- a. Implement the firm's Sustainability strategy tailored to specific functions and teams at CFM;
- b. Report to the Sustainability Working Group (level 1 escalation) and CFM Executive Committee (level 2 escalation) on the sustainability roadmap implementation;
- c. Assess, reduce and propose compensation and climate contribution related to CFM's carbon footprint;
- d. Produce CFM ESG-related regulatory reporting, for matters related to the Environmental dimension;
- e. Present the Sustainability Working Group with recommendations on CSR related issues including but not limited to data sources, external expertise, RI reporting formats, ESG fund scoring methodologies, measurement of carbon footprints and ESG voting policies.

The mission statement of the SCFM program is to embed sustainability into CFM's day-to-day decision-making and operations, to create long-term value for our firm, staff, clients and the broader society, through five main pillars:

- a. Operations & Environment; by reducing our corporate carbon footprint and contributing positively to society. This involves optimizing our operations and resource use to limit negative environmental impacts and reduce our corporate carbon footprint, while supporting initiatives that contribute to a more resilient society;
- b. Research; by turning our scientific DNA into a coherent sustainability approach. Specifically, leveraging CFM's research culture, data and modelling capabilities to build a robust, evidence-based sustainability framework that is fully consistent with how the firm already operates;
- c. People & Culture; by strengthening CFM's identity and differentiation. The ambition is to use sustainability as a lever to reinforce employee engagement and internal collaboration, and to position CFM as a credible player in the market;
- d. Compliance; by anticipating and managing continuous regulatory pressure. The aim is to structure our governance, processes and disclosures to stay ahead of ESG regulations and expectations from regulators, and to remain fully aligned with the voluntary engagements the firm has undertaken;
- e. Investor Relations; by addressing client expectations in sustainability. This means providing clear, transparent and consistent answers to investors on how CFM integrates sustainability, supports their own commitments, and manages ESG-related risks and opportunities.

From 2020 to and including 2022, the Firm contributed on a yearly basis to existing carbon sinks projects via a third-party platform, targeting to purchase and redeem credits in excess of the Firm's self-assessed IT and travel related CO₂ emissions of the previous year. In 2023, the Firm invested some of its proprietary capital into a nature-based solution that applies rigorous sustainability forestry management principles. The amount invested is such that the corresponding fraction of the CO₂ captured compensates most of the Firm's self-

assessed IT and travel related CO2 emissions. As of end of 2025, CFM remains as an investor of this nature-based solution.

Resilience Lab

The Resilience Lab (the “RL”) combines a core team of full-time researchers from various disciplines and with diverse skillsets, and a wider group of PhD students, post-docs and CFM researchers whose research and interests align with the agenda of the Lab. In addition, The Resilience Lab also actively engages with external partners, either academic or non-academic, to benefit from a plurality of expertise and experiences.

The RL meets weekly to discuss operational questions and new research findings. Its objective is to produce, review, and share the results of scientific research on the impacts of major environmental changes, at global and local levels.

As a leading hedge fund with historical ties to the academic and scientific world, CFM is seeking to gain expertise on these issues and contribute positively to the scientific debate. In practice, scientific questions on environmental changes are systemically approached both from a global and collective perspective, and from the perspective of CFM as financial business mainly based in Paris, London and New-York.

The main responsibilities of the RL are to:

- a. Inform and strengthen CFM long-term strategy. The RL aims to evaluate and improve the robustness of the company’s operations, to anticipate future economic shocks and sudden market shifts and to build expertise on the nature of environmental changes and the methods to evaluate their impacts;
- b. Contribute to the scientific debate with a practical and global perspective while bringing human, technical and financial resources to the environmental sciences;
- c. The RL wish to cover the main disruptions to the environment that have been scientifically documented and could significantly affect our economic and social systems in the years to come, namely:
 - i. Climate Change
 - ii. Biodiversity collapse
 - iii. Pollution spreading
 - iv. Resource scarcity

Sustainability Procedures

In order to render its Sustainability policy objectives operational, the Firm has implemented a series of Sustainability Procedures.

RI Procedures

Exclusion of investment in Controversial Weapons producers

Based on data (“CW Data”) sourced from an external provider of ESG solutions (the “CW Provider”), CFM establishes a list of companies that are excluded from the Firm’s investment universe (the “CW Exclusion List”). In line with its convictions, the Firm allows for short exposures to securities issued by excluded names. Consequently options (and other

derivatives) on such names are allowed under this Policy provided the aggregate delta exposure to the underlying name is null or negative. The Firm's policy for establishing the CW Exclusion List (the "CW Policy") is therefore to exclude long delta exposures via cash or derivatives, on securities issued by manufacturers of:

- a. cluster munitions,
- b. anti-personal mines,
- c. chemical and biological weapons,
- d. depleted uranium weapons,
- e. blinding lasers, and
- f. incendiary weapons.

The CW Exclusion List also includes manufacturers of delivery platforms, significant owners of CW manufacturers, manufacturers of key components, and other soft criteria.

The name of the CW Provider is available to investors on request.

As of the end of each calendar quarter the Operations Middle Office team logs in to the CW Provider's platform and retrieves the updated CW Exclusion List. The team then updates CFM's systems to take into account any changes since the last CW Exclusion List. The restriction takes effect immediately, preventing new long positions from being established; however for positions that were already invested, CFM will endeavour to exit that position as quickly as possible without harming the interests of investors, and in any event within 6 months of the restriction coming into effect.

Managed account clients may request different rules or timelines and CFM will seek to accommodate such requests where possible.

Coal policy

As of 2022, CFM does not take any positions in future contracts with coal underlying. In addition, CFM will gradually reduce to zero any net long exposure to any company that derived, for the past 4 consecutive quarters (or previous year, if quarterly information is not available), more than 20% of its operating revenue from thermal coal (whether mining or electricity production). CFM will allow exceptions to this rule when either:

- The company has sustainable activities which outweigh thermal coal-related activities by revenue, or
- The company's alignment to net zero objectives is sufficiently material (as measured by an Implied Temperature Rise (provided by a leading third data provider) strictly lower than 3 degrees Celsius).

Other issuer exclusions

CFM does not currently enforce any exclusion of issuers other than those that are screened for their activities in controversial weapons or thermal coal as described above.

CFM may, however, from time to time receive requests from managed account clients to exclude certain securities from their investment universe based on their own policies.

CFM will endeavour to accommodate the requests of managed account clients regarding their exclusion policies as far as legally and operationally possible and as long as such lists do not materially impact the investment strategy that CFM is expected to deliver. When doing so we need to verify whether the client's exclusion list applies only to long exposures or also to short.

Further integration of sustainability factors

In 2020, CFM's Sustainability Working Group decided to develop relationships with new ESG data vendors in order to build insights into climate related risks and opportunities, and to continue the search for other financially material sustainability factors. In December of that year, CFM launched the sustainability-focused QUASAR program. CFM gradually introduced the new QUASAR predictors in all the other equity programs.

This is still the case as of this document, even though the QUASAR program itself was discontinued in January 2025 due to significant challenges and heightened headwinds impacting "green" investments, which, unfortunately, present a subdued outlook for investors interest in this fund over the medium term.

Nonetheless, this initiative has provided valuable learnings, including the development of innovative trading signals, fresh approaches to data analysis, and enhanced supply chain scrutiny. Despite the discontinuation, CFM's commitment to the principles of sustainability and the energy transition remains strong. Our continued investments in living forests and support for initiatives like the Shift project exemplify our ongoing dedication to advancing environmental sustainability. CFM continues to explore and expand its access to ESG-related data, with several datasets in production today.

Active ownership and engagement

Proxy voting

CFM has implemented a Proxy Voting Procedure available as a separate document.

CFM votes proxies in line with its Proxy Voting Procedure in shareholder meetings as notified to us by a third-party proxy voting adviser (the "Proxy Agent"). CFM will generally vote by proxy in line with recommendations of the Proxy Agent. To this end, CFM has subscribed to the Proxy Agent's ESG Guidelines (included as an Appendix to the Proxy Voting Procedure) and has verified, based on general guidelines and principles, that it rather systematically supports shareholder motions that demand more transparency from companies in terms of strategy for climate change and handling of related risks, in terms of lobbying money being spent on climate change related initiatives, and in terms of linking management remuneration to achieving sustainability related targets. For position above a certain size, for ballots relating to particularly sensitive topics, the CFM Sustainability team will furthermore from time to time verify that the Proxy Agent's recommendation fits its clients' best interest.

Workflow:

1. The Proxy Agent receives daily data on the long positions where clients have title interest and that may thus be voted for proxies;
2. The Proxy Agent identifies the general meetings and the issues that may be voted and issues voting recommendations when positions are above a materiality threshold;
3. Having opted for the ESG service of the Proxy Agent, the Firm also receives ESG based recommendations;
4. The Head of Sustainability will manually check that certain of the ESG based proxy voting recommendations are in line with the Firm's sustainability convictions. Such

recommendations will be checked manually on a monthly basis during the voting season and will be modified in line with the Firm's sustainability convictions if required; and

5. Except for any issues identified in clause 4, the Firm votes proxies in line with the recommendations of the Proxy Agent;

Engagement

CFM does not currently engage directly with issuers. However, CFM deems it appropriate, at times, to support collaborative engagements, on top of acting through its CDP's signatory status.

For instance, the Firm co-signed a letter prepared by the Investor Coalition on Food Policy to The Rt. Hon. Victoria Atkins MP expressing support for ambitious outcomes from the FDPT, including the need for mandatory reporting.

The Firm also supports the TCFD ([Supporters | Task Force on Climate-Related Financial Disclosures \(fsb-tcfd.org\)](#)), and is a member of the Climate Action 100+ initiative, collaborating on an airline engagement workstream.

DEI Policy

Our priorities and focus

CFM strongly believe that scientific excellence is fueled by openness, diversity and equal opportunity. In order to maximize our impact, we have chosen to focus our efforts on the below initiatives:

- Supporting socioeconomically disadvantaged populations, contributing to tackling inequality where it often begins.
- enhancing women's situation enabling equal opportunities for all.

Our DEI Bodies

At CFM, we have installed an HR committee consisting of the following members:

- The CEO
- The Deputy CTO
- The Head of Americas, co-Head of APAC
- The Head of Human Resources and Administration
- The Head of Compensation and Benefits
- The Head of Talent Acquisition and Talent Management
- The Head of Portfolio Construction Research

The HR committee's mandate is twofold: make operational HR decisions and suggest improvements to the Executive Committee regarding the company's HR policies. This committee plays an important role in ensuring that all employees are fairly treated, feel valued and are given the tools to thrive at work. This includes designing impartial recruitment processes, encouraging timely and objective feedback and promoting equal opportunities for men and women at CFM. Their scope also includes the promotion and expansion of diversity and inclusion at CFM.

In 2021, we created a network of DEI Ambassadors to suggest and support DEI initiatives at CFM. The Ambassadors are invited to propose ideas, organize activities and raise awareness within the firm about DEI issues.

Our Employment Policies

CFM has implemented several policies to ensure fair and equitable treatment for all candidates and employees, and taking into account particular needs that may arise.

Evolving in a competitive environment, we aim to recruit top talent to join our teams. We hope that our recruitment process is clear, objective and exempt from bias. This is reminded of in our Equal Opportunity Statement, which appears on all our job openings. Our HR team carefully analyzes each application, and, for a major part of our processes, a technical test is sent to the candidate to objectively evaluate their skills. Our recruitment process involves interviews with different stakeholders who then make a collegial decision regarding the new hire.

We stand firmly against any form of harassment or sexist behavior and this is also part of our internal regulations. Among our preventive actions, we have set up in 2023 a contact group for anyone who has experienced harassment or interpersonal issues at work. This group is composed of volunteer employees who have been trained to hear, support and assist colleagues who may have faced difficult situations at work. We have also, after consultation with our staff representatives' committee, adopted an investigation policy describing the process to follow if such issues are reported. All investigations will lead to a written report, and corrective and/or disciplinary action if required. Finally, we deployed in February 2026 a mandatory e-learning on Harassment for all CFM staff.

We have a dedicated gender equality agreement, updated each year, focusing on training, pay, and hiring. Specifically:

- a. Ensure equal access to training for women and men

Women and men are equally encouraged to undertake training, both during and outside working hours. The budget allocated to training is global and is distributed between men and women strictly according to the relevance of the requested training in light of the employee's role.

To ensure equal access to training, detailed communication will be carried out each year to remind employees of the training opportunities available to them and to explain the process for requesting, validating and funding each requested training initiative.

- b. Facilitate access to and participation in training for employees with family responsibilities

CFM is committed to enabling all employees to access training, particularly those with family constraints. For this reason, in 2025/2026, CFM will:

- Where possible, consider organizing group training sessions during working hours, in person or remotely;
- Allow employees to attend training during their working hours.

In addition, in order to encourage training for employees with family responsibilities, CFM will continue to allow each employee, in 2025 and 2026, to obtain—upon request—individual access to an online learning platform of their choice, the cost of which will be covered by the company (e.g., Coursera, Pluralsight, OpenClassroom, etc.). Each employee will therefore be able to take e-learning courses in areas of interest, at their own pace and at the time and place that suit them. This will enable employees not to be subject to the

constraints of in-person training, in particular fixed schedules and training locations far from their home.

c. Develop CFM's attractiveness to female candidates

As shown in the tables presented above, women are significantly underrepresented in the Technology and Research departments. However, it can be difficult to recruit female candidates in these areas due to the low proportion of women in computer science and research in quantitative finance.

Nevertheless, CFM wishes to strengthen its actions in favor of gender diversity and to implement measures to attract high-quality female applications across all departments.

To increase awareness of CFM and attract female candidates in CFM's more male-dominated sectors, CFM plans to carry out the following actions:

- Engage upstream of recruitment by becoming involved in training female students for IT and science careers more broadly (including outreach to students as early as middle school);
- Publish more inclusive job postings to encourage female candidates to apply, mentioning in particular our equal opportunities statement and our adherence to the UN Women's Empowerment Principles;
- Source potential female candidate profiles on professional networks and leverage CFM employees' personal networks;
- Consider diversifying the profiles sought, particularly regarding PhD disciplines;
- Take part in and sponsor events or associations that promote women (e.g., Women in Quantitative Finance, Women in Tech, etc.) or that are dedicated to women engineers.

Since January 2021, CFM has also set up a "Women in quantitative finance" scholarship in partnership with École Polytechnique to host two PhD students and support them in their thesis project. In this framework, CFM currently hosts three PhD students.

Our DEI Education

We strongly believe that education and raising awareness on DEI issues is key to foster a more inclusive workplace. This is why we organize each year keynotes, workshops and offer other training opportunities to our employees on DEI related topics.

Our Compensation Practices

Fairness in compensation is a priority at CFM and our Compensation & Benefits team ensures that employment offers, salary raises, and global packages are fair and competitive, both between employees and with regards to the market. To do so, we use several external and internal benchmarks to endeavor to remove any form of bias from compensation decisions.

To ensure fairness and consistency, the process for awarding the Variable Remuneration is based on the following steps:

- The allocation of a budget linked to the consolidated performance of the management company;
- The assessment of employees' individual and collective performance;
- Salary grids established by the management company on the basis of data provided by recognized external providers;

- Calibration and consolidation sessions; and
- Various analyses, reporting, and comparative studies to ensure consistency and fairness between roles and levels of performance that are equivalent.

Our Remuneration Policy explicitly prohibits discrimination in determining an employee's variable remuneration.

Our Employee Leave Options and Remote Working

CFM has implemented generous policies regarding employee leave.

Employees benefit from the payment of their full base salary during a form of parental leave (maternity, paternity, primary/secondary caregiver and adoption leave, subject to applicable local legislation). CFM provides employees in each office with competitive leave terms according to the local market standards.

All employees are provided with life and health coverage and are paid their full base salary when sick up to a certain number of days. Employees in France also have 5 paid days specifically to take care of a sick child.

CFM has also implemented a working-from-home policy ("WFH"), allowing employees to WFH up to two days per week and five full weeks per year. For additional flexibility and taking into consideration that our employees come from all parts of the world, employees are also allowed to work from abroad. We understand that particular situations may require special consideration, and we are open to discuss alternative WFH arrangements within the framework of our WFH policy.

Our Community Outreach and Charitable Actions

Our commitment goes beyond our walls and we strongly advocate for increased diversity in the world of finance. We have notably joined the UN's Women Empowerment Principles and apply their expert guidance to achieve full gender equality within our firm.

CFM's DEI Ambassadors work with various charities to help disadvantaged groups and encourage girls and young women to undertake careers in scientific fields. This translates into the organization of many activities each year in which all employees are invited to participate.

Promoting sustainability in the industry

PRI and other work groups

As of December 2020 and until 2024, CFM joined the Hedge Fund Advisory Committee of the PRI.

In addition, CFM is committed to generally promote sustainability within the Hedge Fund industry via its discussions with and participation in certain AIMA & SBAI working groups and/or publication of white papers (<https://www.aima.org/sound-practices/industry-guides/short-selling-and-responsible-investment.html> and <https://www.sbai.org/resource/the-sbais-principles-for-carbon-footprinting-new-guidance-for-alternative-managers-and-investors.html>).

Reporting

Website disclosures

All disclosures required to be made under applicable regulation are published on CFM's website: www.cfm.com. CFM SA does not currently manage any fund with a NAV of EUR500m or above (the only funds managed by CFM SA are UCITS funds; all others are managed under delegation).

Pre-contractual disclosures

Pre-contractual disclosures will be included or appended to the funds' Offering Memorandums, Prospectuses or Supplements, as applicable.

Periodic disclosures

Periodic disclosures mandated by applicable regulation will be appended to the funds' annual audited report.

Voluntary Reporting on Climate and other ESG risks

As per decisions made by its Executive Committee:

- a. CFM introduced elements of sustainability reporting around exposures held on single name issuers and their associated carbon footprint information by default for all its funds containing single name issuer exposures. Measures of average scope 1&2 emission intensities as well as temperatures expressed level of transition risks are now provided.
- b. Such metrics will be provided separately for long and for short positions, with unlevered and net figures also computed when relevant. Exposures acquired through derivatives will be considered equivalent to physical positions and metrics on short positions will be considered to linearly extend from the long-only case.
- c. Beyond climate change related metrics, and within the same timeframe, CFM also plans to introduce additional reporting and provide transparency alongside more holistic ESG risks on a monthly or quarterly basis.

PRI Reporting

As required under principle 6 of the PRI, CFM reports annually with the PRI since 2019. The reports are available from the PRI's website at the following link: [LINK](#).

Evolution of CFM ESG & Sustainability Policy

On an annual basis, the Sustainability Working Group will publish an updated version of this Policy, taking into account new insights, opportunities or risk not previously identified as well as new requirements that may arise given expected regulatory changes and or client demands.