ANNEX II

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product name: Satellite Event-Driven UCITS Fund - Merger Arbitrage

Legal entity identifier: 222100JK5KF9PRIHDT27

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective:** ___%	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective:** ___%	☒ It promotes E/S characteristics, but **will not make any sustainable investments**

What environmental and/or social characteristics are promoted by this financial product?

The Fund takes sustainability risk and environmental, social and governance ("ESG") characteristics into account as part of its investment selection process.
These characteristics are studied, monitored and rated by the research and investment team, as well as the risk management team.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

The Fund promotes E/S and G characteristics by assessing, following and engaging on six different sustainability indicators :

1/ Top management role separation (separation of the role of Chaiman & CEO)

2/ Inclusion of ESG KPIs in executive remuneration policy

3/ Disclosure of Carbon emissions (Scope 1, 2 & 3) and targets of reduction of these emissions

4/ Report to an international organization (CDP, TCFD…)

5/ Gender diversity amongst employees (i.e more than 40% of women within the company)

6/ Commitment to international human rights organisations (UN Global Compact…), presence of a human rights policy or code of conduct and business ethics

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

N/A

- ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

N/A

How have the indicators for adverse impacts on sustainability factors been taken into account?

N/A

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

N/A

Does this financial product consider principal adverse impacts on sustainability factors?

☐ Yes

✖ No

No, from a regulatory standpoint. But the Fund takes into account certain adverse impacts related to E, S, and G matters into its research process, such as GHG emissions, Carbon Footprint, GHG intensity, Fossil Fuel sector, Board gender diversity, Gender Pay gap, Exposure to controversial weapons, etc.

What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The Fund uses a systematic selection of officially announced transactions (systematic merger arbitrage) with a limited discretionary overlay to generate uncorrelated returns to equity markets. The investment universe consists essentially of listed companies on the main European and American stock exchanges.

The different steps implemented for taking into account extra-financial criteria are as followed :

<u>1/ Sectorial exclusions</u>

The Fund applies screenings in order to exclude sectors from the investment universe on the basis of specific criteria. Some exclusion criteria are based on income from unwanted activities; for example, the extraction of coal in order to produce electricity; else on the nature of the activity such as for the extraction of unconventional oil and gas, pornography, weapons, gambling, activities dangerous to health such as tobacco.

The Fund excludes investing in:

- Companies deriving more than 20% of their revenues from thermal coal extraction & coal based power generation,
- Companies deriving more than 20% of their revenues from the exploration and production of unconventional oil & gas,
- Companies deriving more than 20% of heir revenues from controversial weapon production activities (Anti-Personnel Landmines, Chemical and Biological Weapons, Cluster Bombs Production, Incendiary Weapons).

An exception may arise when the Fund engages and work directly with the company to improve their environmental performance and focus on more sustainable activities. The Fund encourages sustainable transition.
Furthermore, the Fund excludes companies that do not align with our values. The exclusions include:

- Companies involved in Gambling Production,
- Companies involved in the production of Adult Entertainment,
- Companies involved in the Tobacco production.

2/ Exclusion of Critical controversies that are Non Communicative (as per the denomination at Vigeo-Eiris/Moodys) i.e not addressed by the management of the company.

3/ Exclusion of the ESG scorings below 15/100 from the initial investment universe. The ESG scoring is a proprietary scoring computed by doing the average of the 4 following factors :

- The E&S scoring (Environmental & Social)
- The G scoring (Governance)
- ESG sentiment scoring
- Controversies scoring.

The Fund integrates ESG analysis of companies into its investment process, in order to monitor the ESG-related risks that companies face. This scoring is applied to at least 90% of Fund’s investments.

In order not to penalize companies that are not sufficiently covered by CIAM's main ESG data providers, particularly due to their low market capitalization, CIAM plans that an analysis and internal research can still be conducted. Indeed, companies that are not covered by CIAM's ESG providers can be included in the investment universe after a series of research and validation by the Investment and Risk Committee. For this, the investment team must conduct ESG due diligence and ensure that these companies are not part of the sectoral exclusions as provided by the Responsible Investment Policy. To avoid assigning an arbitrary score and disadvantaging a company with a rating based on sufficient data from our ESG providers, CIAM grants these companies a minimum score of 15/100.

Overall, more than 20% of companies which could have been eligible for investment without application of these criteria, methodologies and ratings are excluded.

The scoring of the portfolio is compared to the scoring of the investment universe and should be above the average of the scoring of the investment universe.

4/ In house company ESG research

The primary screening and tracking of ESG topics for any company analyzed comes from CIAM's proprietary ESG Scoring component. To go further and obtain the most precise and comprehensive understanding possible of a company's ESG profile, and position it in relation to its peers, CIAM uses, in addition to ESG data providers and controversies, the companies' annual reports, sustainability and audit reports, competitors’ company reports, CDP reports, Science Base Target reports, sustainability media and social media and any other public initiatives in which the company participates.
The goal is to have an as precise as possible understanding of a company's ESG profile (not only coming from the ESG data providers), and its position versus its closest peers.

This analysis requires identifying for each company in the Fund – as well as for its closest peers-, weak points for each risk factor identified in CIAM's proprietary ESG Due Diligence questionnaire.
On top, the research team does an ESG analysis of each of the acquirers of companies in the portfolio, to see if the acquirer has better ESG pratices than the target. In case acquirers are less advanced in key and material ESG factors, the Fund then engages with them to push them to align to the target's best practices.
The Fund's research team materializes the findings into a company ESG research reports, wih includes ESG research on the target as well as on its acquirer.

The Fund incorporates into its analysis the following ESG issues:

- Transparency - we review the reporting and question the transparency of companies we consider for investment. For instance, we examine whether they:
    - Issue a corporate responsibility report
    - Link management's remuneration to corporate responsibility factors, using clear, transparent and auditable KPIs.

- Corporate behavior and leadership – we review the way each company integrates ESG issues in their value creation process. For example, we question its ability to :
    - Absorb systemic shocks and regulatory changes
    - Acknowledge and take into account the low-probability high-impact risks directly posed to the environment, to society, to its workforce etc.
    - Manage arising issues around product quality & safety
    - Adapt the business model to reach and create new markets.

- Environment – where relevant we review and question companies' views, business plans and commitments on :
    - Disclosure of Carbon emissions (scope 1, 2 & 3)
    - Setting clear evidence-based carbon reduction targets, clear governance and ownership of the issue
    - Alignment with the objectives of the Paris Agreement and phasing out of services provided to unsustainable sectors
    - Board level of oversight of climate change transition and impact
    - Ability to meet the evolving environmental regulation
    - Etc.

- Human capital management factors – we believe value creation and purpose are intertwined with the promotion of :
    - Diversity and equality in the workforce, at all levels and specifically at management level
    - Decent labor conditions – minimum wages, types of contracts, employees' health and safety

- Constructive and positive relationship with other stakeholders – employees, unions, customers, suppliers and the community at large.

- Human rights – we take into consideration the respect of human rights by companies. We do not hesitate to engage in a dialogue on this issue because we believe that it is a driver of progress and value. To this purpose, we encourage :
  - The inclusion of human rights within our sustainability policies;
  - Identification and prevention of human rights risks in the company's activities and value chain;
  - Transparency in the disclosure of data on the company's impact on human rights;
  - Implementation of due diligence processes;
  - Consideration of human rights by the highest level of management of the company;
  - Participation in collective engagement initiatives that promote human rights;
  - Participation to the UN Global Compact initiative;
  - Companies to provide remedies to affected people, where appropriate.

- Social capital – where relevant we review the company's approach to :
  - Management of public harm risks around product security and its use of potentially harmful products
  - Employee incentives practices on products that may not be in the best interest of customers

- Corporate governance – we pay special attention to (among others)
  - Top management role separation (separation of role of Chairman & CEO)
  - Board independence, skills and diversity
  - Executive compensation
  - Existence of poison pills
  - Related party transactions.

5/ Active engagement with companies

The Fund, in line with its active & engaged commitment, engages with companies over material Governance, Social and Environmental issues, and pushes them to improve in specific domains of concern, in a proprietary form of constructive engagement.

The Fund is particularly vigilant on two aspects :

- for the target company, the research team can engage on 2 or 3 main material ESG risk factors with the management, to see how the company can work on improving these factors once the company has been acquired

- for the acquirer, the research team can engage on three grounds :

- if the offer presented to the target is not fair because of governance issues at the acquirer level or the target level. For instance, if the acquirer is a majority shareholder of the target, the Fund will want to make sure that there are enough independent board members at the target level to defend the corporate interest of the company. The goal is to identify potential conflicts of interest

- the acquirer has a responsibility to make sure that its ESG best practices are implemented within the acquiree : the goal is to make sure the acquirer quantified the impact of their acquisition on social and environmental matters

- in case the target company is more advanced on certain governance, social or environmental matters, the goal is to make sure that the acquirer is going to leverage up on these positive sustainable best practices.

After an initial dialogue, the Fund can, if deemed necessary, try to influence the company towards what the Fund considers to be a sustainable and positive transformation/transition. If required, CIAM may send letters (which may become public), and vote against specific proposals at the (Extraordinary) General Meetings. Finally, CIAM may take legal actions.

6/ Voting engagement

Voting rights are exercised in order to vote in accordance with the defined voting policy and in the interests of unitholders : the Fund will take into consideration all the ESG motion. The Fund will exercise its voting rights in the AGMs of the companies where they are invested in shares with voting rights.

The Fund has chosen to vote on more than 90% of the positions in which it holds voting rights.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The Fund targets a range of sectors, and typical ESG friendly sectors are one of many sectors the Fund may invest in. But as previously mentioned the Fund does not have as its objective or strategy to make sustainable investments.

As part of the promotion of ESG characteristics, the Fund has implemented a number of exclusions :

1/ Sectorial exclusions

2/ Exclusion of critical and non communicative controversies (i.e. not addressed by the management)

3/ Exclusion of the ESG scorings below 15/100 from the initial investment universe

We also identify material ESG risks and assess how the company manages these risks. ESG risks are weaknesses, threats and externalities that can have a potentially negative impact on the company’s long-term fundamental outlook. We include a company in our sustainable investment list only if we are comfortable that there is a low likelihood of a material adverse impact on valuation from ESG risks.

After the application of the exclusion criteria, more than 20% of the companies which would have been eligible for investment without the application of those criteria, methodologies and ratings are excluded.

The Fund’s ESG rating is higher than the investment universe's ESG rating after eliminating a minimum of 20% of the lowest rated stocks.

At least 90% of the portfolio's assets are analysed through the ESG approach and thereby contribute to the environmental/social objective.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

After the application of the exclusion criteria, more than 20% of the companies which would have been eligible for investment without the application of those criteria, methodologies and ratings are excluded.

The Fund’s ESG rating is higher than the investment universe's ESG rating after eliminating a minimum of 20% of the lowest rated stocks.

At least 90% of the portfolio's investments are analysed through the ESG approach and thereby contribute to the environmental/social objective.

- ***What is the policy to assess good governance practices of the investee companies?***

In order to evaluate governance best practices, the Fund uses its own G scoring (included in CIAM proprietary ESG scoring), which takes into account the following topics :

- Independence & Accountability :Director Independence, Independent leadership (separation of roles of Chairman and CEO), Executive compensation (including ESG KPIs), Auditor indepedendance, Board elections, shareholder rights & controls, anti-takeover provisions

- Board composition : Board tenure, board size, board diversity, outside board affiliations, board skills.

Human resources are covered under the “S” scoring of CIAM proprietary ESG Scoring (included in the E&S section), and includes Employee engagement (Employee compensation, Employee turnover, Training hours,…), Diversity (Women employees, Women mobility gap,…), and Safety (Injusty rate, Fatalities rate, Employee Health & Safety policy,…).

The Fund also incorporates these topics in its active engagements with companies, including in some cases with the board of directors, as well as in its votes to favor increased transparency, including by supporting other shareholders resolutions as well as by filng its own shareholders resolutions.

Last, portfolio companies are required to comply with applicable laws, rules and regulations in the markets in which they operate, including tax compliance.

What is the asset allocation planned for this financial product?

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

#1 Aligned with E/S characteristics : at least 90% of the fund's investments have an ESG Scoring and are intended to achieve the characteristics environmental or social that it promotes, in accordance with the binding elements of the investment strategy. “#2 Other” investments correspond to investments that are outside the scope of minimum limit of 90% integrating environmental and social characteristics. ESG analysis complete may not have been completed.

How does the use of derivatives attain the environmental or social characteristics promoted by the financial product

The Fund may use derivative financial instruments and special techniques for the purpose of hedging against foreign exchange, interest rates and equity markets risks or in order to protect the value of its portfolio against the variation of other asset classes or to achieve its investment objective.

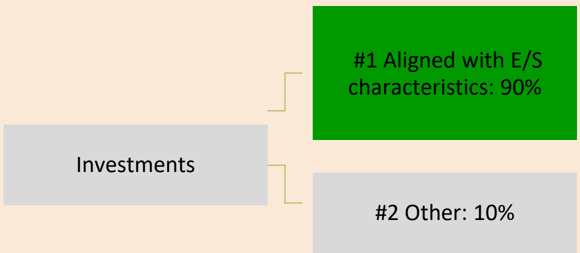
The use of derivative instruments does not contribute to achieving the characteristics environmental and/or social aspects of the fund.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Fund does not undertake to make sustainable investments. Therefore, the Fund does not commit to minimum sustainable investments with an environmental objective aligned with the EU taxonomy.

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[1]?

Asset allocation describes the share of investments in specific assets.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

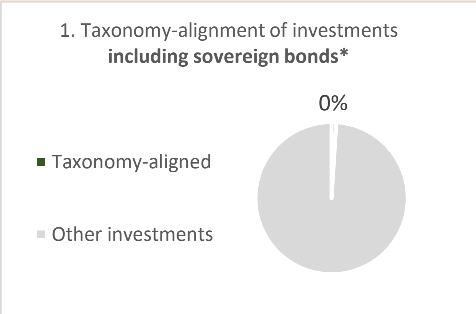
☐ Yes:

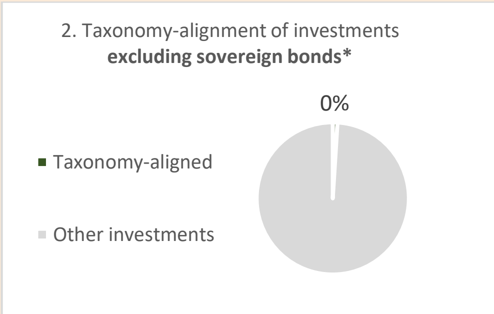
☐ In fossil gas ☐ In nuclear energy

☒ No

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

Les deux graphiques ci-dessous font apparaître en vert le pourcentage minimal d'investissements alignés sur la taxinomie de l'UE. Étant donné qu'il n'existe pas de méthodologie appropriée pour déterminer l'alignement des obligations souveraines* sur la taxinomie, le premier graphique montre l'alignement sur la taxinomie par rapport à tous les investissements du produit financier, y compris les obligations souveraines, tandis que le deuxième graphique représente l'alignement sur la taxinomie uniquement par rapport aux investissements du produit financier autres que les obligations souveraines.





** Aux fins de ces graphiques, les « obligations souveraines » comprennent toutes les expositions souveraines*

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

What is the minimum share of investments in transitional and enabling activities?

The Fund does not commit to a minimum share of sustainable investments with an environmental objective aligned with the EU taxonomy, nor to a minimum share of investments in transitional and enabling activities.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy

The Fund does not commit to a minimum share of sustainable investments with an environmental objective aligned with the EU taxonomy, nor to a minimum share of investments in transitional and enabling activities.

What is the minimum share of socially sustainable investments?

N/A

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The remaining part of the portfolio (i.e. outside the minimum proportion of 90%) can also promote environmental and social characteristics but is not systematically covered by ESG analysis.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Currently no index has been designated as a reference benchmark.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

  N/A

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

  N/A

- ***How does the designated index differ from a relevant broad market index?***

  N/A

- ***Where can the methodology used for the calculation of the designated index be found?***

  N/A

Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.ci-am.com/documents/