



## **RESPONSIBLE INVESTMENT POLICY**

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## 1. Purpose & Interpretation

This policy (the “**Policy**”) applies to all entities of the Systematica Group, as defined in the Systematica Global Definitions, as updated from time to time.

Any defined terms in the Policy shall have the meaning given to them in the Systematica Global Definitions, as updated from time to time, unless otherwise defined below.

The Policy has been formulated to seek to ensure compliance with all applicable regulatory requirements, as updated from time to time.

## 2. Systematica’s Commitment and Trading Considerations

Systematica recognises that a sustainable and responsible investment strategy is key for long-term value creation for all stakeholders.

Accordingly, Systematica is committed to incorporating Environmental, Social and Governance (“ESG”) considerations into its investment decision-making processes. As a scientific and data-driven group, Systematica is committed to exploring the best methodologies and practices for doing so with respect to its various strategies.

Systematica understands that certain asset classes present a more effective opportunity than others to implement ESG considerations. Notwithstanding this, Systematica is committed to looking to include ESG considerations across all asset classes and strategies to the extent that it is able to do so.

For asset classes where ESG considerations are at an earlier stage of development, a formal ESG approach is currently being considered and Systematica is evaluating the most effective way to integrate this in its investment decision making process. As an example, an approach on how to measure exposure to climate risk and carbon footprint is currently being developed. The current state of the research points to an approach whereby Systematica would measure the weighted CO2 emissions on the long and short side of the portfolio and assess the net CO2 emissions.

## 3. Codes & Initiatives

### 3.1. Promotion of Responsible Investment

Systematica is a signatory to the United Nations-supported Principles for Responsible Investment (“**UN PRI**”) and the Standards Board for Alternative Investments (“**SBAI**”). Both entities are committed to develop robust frameworks for the deployment, implementation and observance of ESG considerations across the industry. It is Systematica’s belief that its participation and promotion of the principles and guidelines issued by the UN PRI and SBAI are a demonstration of its commitment in incorporating ESG considerations in its investment philosophy.

### 3.2. UN Principles for Responsible Investment

Systematica became a signatory of the UN PRI in 2017. The UN PRI were issued in 2006 by UNEP Finance Initiative and the UN Global Compact and provide a voluntary framework under which participants can include ESG considerations into their decision-making and ownership practices and better align their investment goals with those of society at large<sup>1</sup>.

The six UN PRI are as follows:

- ✓ Principle 1: *We will incorporate ESG issues into investment analysis and decision-making processes;*
- ✓ Principle 2: *We will be active owners and incorporate ESG issues into our ownership policies and practices;*

<sup>1</sup> This initiative comprises a network of international investors working together to put the six Principles for Responsible Investment into practice. The PRI were devised by the investment community and reflect the view that environmental, social and governance issues can affect the performance of investment portfolios and therefore must be given appropriate consideration by investors if they are to fulfil their fiduciary (or equivalent) duty. In implementing the Principles, signatories contribute to the development of a more sustainable global financial system. Source: <https://www.unglobalcompact.org/take-action/action/responsible-investment>

- ✓ Principle 3: *We will seek appropriate disclosure on ESG issues by the entities in which we invest;*
- ✓ Principle 4: *We will promote acceptance and implementation of the Principles within the investment industry;*
- ✓ Principle 5: *We will work together to enhance our effectiveness in implementing the Principles;* and
- ✓ Principle 6: *We will each report on our activities and progress towards implementing the Principles.*

### 3.3. Standard Boards for Alternative Investments

Systematica is a signatory of the SBAI which historically held a close alignment with Systematica’s core values with key focus areas including:

- ✓ Disclosure;
- ✓ Valuation;
- ✓ Risk management;
- ✓ Fund governance; and
- ✓ Shareholders' conduct.

Conformity with these standards is achieved on a “comply-or-explain” basis and disclosure statements are required to be made available to all existing and prospective Investors upon request.

### 3.4. Carbon Disclosure Project

Systematica is a supporter of the Carbon Disclosure Project (CDP). The CDP supports investors to disclose the environmental impact of major institutions. The CDP is focussed on developing a culture of environmental reporting and environmental risk management to achieve a more sustainable economy.

### 3.5. Task Force on Climate-related Financial Disclosures

Systematica became a signatory supporter of the Task Force on Climate-related Financial Disclosures (TCFD) in 2020. The TCFD develops voluntary, consistent disclosures for use by companies to provide climate-related financial risk information to investors. The aim of the TCFD is to increase the amount of reliable information on financial institutions’ exposure to climate-related risks; which will strengthen the stability of the financial system, contribute to greater understanding of climate risks and facilitate the financing of the transition to a more sustainable and stable economy.

## 4. Investment Process

Within Systematica, investment ideas are typically developed by Systematica’s Research team. When developing an investment idea, Systematica’s Research team is required to take into account ESG considerations. These ESG considerations will become part of the investment idea if deemed relevant.

## 5. Exclusion List

The exclusion and restriction of certain types of investment is a key part of Systematica’s commitment towards sustainable and responsible investment. Accordingly, Systematica has implemented measures specifically aimed at restricting the investment in issuers involved in the design and manufacture of cluster munitions and anti-personal mines. Systematica’s exclusion list, which can be found in Appendix I to this Policy, is derived from industry recognised sources and applied at the investment decision making model level. Post-trade controls are also in place to ensure appropriate monitoring.

## 6. Governance

Systematica's Investment Committee reviews all components of the systematic investment strategies. These also include the ESG considerations taken into account by Systematica's Research team when developing an investment idea. Systematica's management, along with Systematica's Executive Committee, seeks to continually track the progress of all ESG initiatives and developments.

All departments have their share of responsibility in ensuring this Policy is correctly implemented and observed. These especially include Systematica's investment team; Legal & Compliance team; and Risk team.

## 7. Policy Review

This Policy will be considered for review at least on an annual basis and/or whenever any material change or update is deemed as required.

## APPENDIX I – EXCLUSION LIST

Anhui Great Wall Military Industry

Ashot Ashkelon

Aryt Industries

Avibras

Bharat Dynamics

China Aerospace International Holdings

Elbit Systems

Hanwha Corporation

L3 Communications

LIG Nex 1

Norinco

Poongsan Corp

S&T Dynamics

S&T Holdings