

# SYQUANT Capital

Helium Funds



## RESPONSIBLE INVESTMENT POLICY

August 2023

# Responsible Investment Policy

## SYQUANT Capital

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# I. Introduction

Since its creation in 2005, SYQUANT Capital (the “Investment Manager”, the “Firm” or “SYQUANT”) has positioned itself in the Absolute Performance category and sought to incorporate environmental and social factors to improve our investment decisions. We appreciate the importance of our role as stewards of client capital and incorporate the assessment of material ESG characteristics in a variety of ways through our investment research and portfolio management processes in order to maximize risk adjusted returns for our clients.

Our process does not begin by excluding companies based on environmental or social risks, rather it incorporates ESG into a holistic assessment of potential investments based on our belief that companies with sustainable business practices and high standards of governance are better suited to our Event-Driven strategies.

We recognize that industry guidelines and best practices for ESG management continue to evolve over time. This policy reflects our current approach, and we expect that it will mature over time to reflect changes in industry practices, business structures, regulation, and the law. Accordingly, we monitor this Policy on an ongoing basis and will typically review our approach annually.

## 1. Scope

This Policy applies to all new investment opportunities considered by the Investment Manager for all funds across all sectors and geographies from 23 June 2022 onwards. It forms an integral part of the Firm’s broader investment policy and a material component of our investment practices.

The funds managed by SYQUANT (collectively as the “Funds”) are the following:

Fund	LEI	SFDR Status
Helium Fund - Helium Fund	213800ULSZKM6V3Y3I53	Article 8
Helium Fund - Helium Performance	213800E2X9CVGKEBAR54	Article 8
Helium Fund - Helium Selection	213800CJT8Q195CABZ75	Article 8
Helium Fund - Helium Invest	213800JAMD3MWWOCUS90	Article 8
Helium Fund - Helium Alpha	213800GE4SKC8UNAA991	Article 8
Helium Opportunitites	969500T3GQ7POQSITN13	Article 6

All the funds managed by SYQUANT, except Helium Opportunitites, have the status corresponding to Article 8 of the *Sustainable Finance Disclosure Regulation* (SFDR). As none of the funds have a sustainable objective, the requirements of the EU’s *Taxonomy Regulation* do not apply. However, SYQUANT will do its utmost to produce the information set out by the latter regulation to provide greater transparency to investors regarding the alignment of the funds’ investments with the criteria set out therein.

The Responsible Investment Policy was approved by SYQUANT’s Governance Committee. This Committee will: (i) promote consistent practice and adherence to this Policy; (ii) monitor its implementation on an ongoing basis; (iii) regularly report to relevant stakeholders regarding its implementation; and (iv) review it on an annual basis.

## 2. Responsible Finance Initiatives

SYQUANT believes ESG factors are a fundamental component of long-term value creation and became a signatory to the United Nations Principles of Responsible Investing (“UN PRI”) in January 2021. Accordingly, it is committed to the following six principles (the “UN PRI Principles”):

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

SYQUANT also abides by the United Nations Global Compact (UNGC) since 2021, supporting its principles in the areas of human rights, labour, environment, and anti-corruption. We are also a supporter of the Task Force on Climate-Related Financial Disclosures (TCFD), which provides and encourages more extensive climate-related disclosures in periodic reports.

Finally, we support The Shift Project, a French nonprofit organisation created by energy-climate experts that aims to limit both climate change and the dependency of our economy on fossil fuels. The Shift Project contributed to the National Debate for Energy Transition in France and its president, Jean-Marc Jancovici, is a member of the French Committee on Climate Change. SYQUANT Capital also supports the Fondation de la Mer, another nonprofit organization acting to raise awareness and protect the ocean and marine ecosystems.

Our commitment to these industry bodies, alongside engagement with industry and broader ESG-focused initiatives, is consistent with our investment philosophy and reflects our commitment to capital preservation and superior risk-adjusted returns. We recognise responsible investment is not an exact science. Our involvement with these initiatives demonstrates our commitment to understand new trends, improve our methodology, share our knowledge, and develop common approaches.

## 3. Regulatory Framework

SYQUANT is a France-based Investment Manager and, as a result, complies and maintains policies and disclosures in accordance with the following regulation:

### **The law on Energy Transition and Green Growth (France)**

Article 29 of the new “Energy and Climate Law” (*Loi Energie-Climat*, or LEC) replaces Article 173 TECV (*Loi de transition écologique pour la croissance verte*) and imposes disclosure requirements on asset owners regarding their management of climate and biodiversity-related risks, and more broadly, their incorporation of social and environmental parameters in their policies.

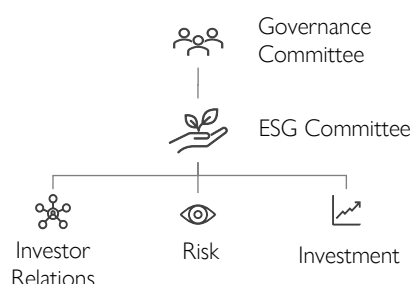
### **The EU Sustainable Finance Disclosure Regulation (“SFDR”)**

The Sustainable Finance Disclosure Regulation (SFDR) imposes mandatory ESG disclosure obligations for asset managers and other financial markets participants. Its substantive provisions are effective from 10 March 2021.

SFDR aims to bring a level playing field for financial market participants (“FMP”) and financial advisers on transparency in relation to sustainability risks, consideration of adverse sustainability impacts in their investment processes, and the provision of sustainability-related information with respect to financial products.

## II. ESG Governance and Oversight

As an asset manager, SYQUANT Capital has a fiduciary duty to act responsibly on behalf of its clients. Its governance structure ensures that we continue to optimise long-term risk-adjusted returns for our clients, while remaining conscious of our impact on society at large.



The Firm implements a diligent and structured approach to responsible investing. It ensures that the relevant people are involved in decision-making, that recommendations are shared, and that decisions are efficiently implemented and monitored.

### 1. Governance Committee

SYQUANT’s Governance Committee provides the strategic direction for the implementation of ESG across the Firm. It empowers the ESG Committee to oversee the implementation, development, and promotion of ESG within the Firm. The Governance Committee examines feedback provided by the ESG Committee. The Governance Committee also reviews and approves the Responsible Investment Policy annually.

### 2. ESG Committee

Established in 2019, the ESG Committee’s role is to ensure an ongoing awareness of salient ESG matters which may impact the business as a whole, not only within the Firm’s investment policy but also within its commitment to corporate responsibility regarding ESG & sustainability. Except in the case of urgent matters, any reports or presentations needed to inform the ESG Committee of the matters to be addressed are produced and communicated to all members of the ESG Committee ahead of time. Any decisions taken by the ESG Committee such as significant amendments to the responsible investment policy, are confirmed to all its members shortly thereafter.

The ESG Committee is chaired by Mr Lindren Thanacoody who is a senior member of the Investor Relations team and partner of the Firm. The other members of the ESG Committee are:

- Mr Olivier Leymarie, CEO, ESG leader of the quantitative team
- Mr Carl Dunning-Gribble, Head of Investor Relations
- Mr Nikolai Doinikov, Risk Department
- Mr Bruno Ducamp, Head of Compliance
- Mr Grégoire Monguillon, ESG leader of the M&A investment team
- Mr Arthur Fonck, ESG leader of the Event-Driven investment team
- Mr Pierre Duquenne-Liétar, ESG leader of the Credit investment team
- Mr Vincent Patillet, ESG Committee Secretary

The ESG Committee reports to the Governance Committee, to which it can recommend amendments to the Responsible Investment Policy.

### 3. ESG Leaders

Each investment team has an ESG leader. The ESG leaders form part of the ESG Committee, and their mission is to ensure the following:

- Ensure adherence to appropriate practices in relation to the incorporation of extra-financial data. These include compliance with exclusions and the carrying out of adequate research.
- Ensure that adequate documentation is included on ESG matters in the Investment Committees' minutes.
- Lead certain engagements with companies on ESG matters and ensure that these engagements are sufficiently documented.
- Keep their respective investment team up to date with any regulatory changes on ESG matters.
- Provide advice and their expert opinion to the ESG Committee on, among other topics, their respective team's experiences conducting extra-financial analyses in order to improve investment guidelines and practices.
- Lead divestment operations when an issuer becomes Fully restricted.
- Call ad-hoc ESG meetings when necessary.

### 4. ESG Risk Management

The identification and management of material ESG risk is designed by the ESG Committee and implemented both by our investment teams and our risk team, with representatives from each of these teams providing the expertise and feedback necessary to shape the relevant processes appropriately.

Our funds are limited in the exposure to certain material ESG risks through our exclusions policy, most notably our norms-based exclusions, which cover a broad set of ESG issues, as well as our Coal Exit Policy and the other exclusions set out in the section III.2.

Though these risks are identified by our teams as part of their research, investment in excluded issuers is automatically blocked through pre-trade checks built into our proprietary portfolio management systems. As part of their investment research, our investment teams identify and manage additional material ESG risks not covered by our exclusions, such as controversies which have not yet been verified, the examined issuer's number of low-level controversies, or their involvement in controversial sectors. As an indicator of global ESG risk, they may consider synthetic indicators as outlined in section III.1, which may point to the need to further examine the material ESG risks associated with a particular issuer. To monitor the evolution of material ESG risks, our teams will keep abreast of new significant ESG-related information regarding the issuers present in our portfolios that may materially affect their financial performance.

Our Risk Team not only monitors the presence in our funds of issuers that due to unforeseen information fall under our exclusion policy, they also track several ratios, including ESG data coverage, which must exceed a certain threshold, short of which they will be notified and appropriate measures taken to return to a target minimum coverage. An alert procedure has been developed as part of our risk management framework such that investment teams are systematically notified of any breaches for them to be promptly corrected.

#### *Climate risk*

As a supporter of the Taskforce for Climate-related Financial Disclosures (TCFD), SYQUANT Capital conducts a specific risk management process to identify climate risks with a longer-term perspective. SYQUANT

Capital and each fund under its management are analyzed by ISS ESG to assess, based on several of the International Energy Agency (IEA)'s climate scenarios, their respective value at risk by 2050 in the case both of transition risk and physical risk<sup>1</sup>, the sectors and issuers most associated with these risks, as well as their specific types and geographical distribution. These reports also provide a wide range of data concerning our emissions and alignment with different IEA scenarios such as the Stated Policies Scenario (STEPS), Announced Policies Scenario (APS), and Sustainable Development Scenario (SDS), the details and assumptions of which are available on the [IEA's website](#).

This data is examined internally and presented to the ESG Committee who determines whether any additional risk mitigation measures will be taken to respond to the risks highlighted. The data and any decisions taken by the ESG Committee as a response are presented in our annual climate report, which aims to align with the TCFD's recommendations. This climate report is approved by the CEO of SYQUANT Capital before publication.

## 5. Compliance

SYQUANT Capital's Compliance Team ensures that all decisions taken by the ESG Committee are duly implemented and that breaches of the present policy have been effectively noted and rectified.

The Compliance Team also verifies that regulatory and non-regulatory reporting is published or communicated as required.

## III. Responsible Investing

As a professional provider of investment services, the Investment Manager is aware of the relevance of sustainability risks. Our internal policies and procedures are designed to identify, monitor, and manage within our decision-making processes, the environmental, social and governance events most relevant to the funds that we manage.

The Investment Manager implements a framework to incorporate ESG considerations throughout the investment process. The Firm expects this strategy to lead to more consistent and better investment outcomes through the identification of material risks and opportunities to drive value. The framework relies on four complimentary pillars:

- 1. Incorporation of ESG scores and other data:** The use of ESG scores in the investment decision process enables the Investment Manager to focus on assets with a superior ESG performance score overall and to lower the funds' exposure to sustainability risks.
- 2. Exclusions:** an exclusion policy enables the Investment Manager to systematically rule out from the investment process assets exposed to severe sustainability risks.
- 3. Active Ownership:** voting and engagement practices encouraging companies' ESG efforts and the appropriate management of sustainability risks.

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<sup>1</sup> As defined by the UN PRI Glossary, transition risks are "climate-related risks associated with the transition to a lower-carbon global economy, the most common of which relate to policy and legal actions, technology changes, market responses and reputational considerations."

Physical risks relate to the physical effects of climate change and can be event driven (acute), such as flood risk, or longer-term shifts (chronic) in climate patterns, e.g., the risk of reduced water availability.

4. **Consideration of principal adverse impacts** both at the level of SYQUANT Capital and of the funds as defined by the SFDR regulatory technical standards (Delegated Regulation (EU) 2022/1288).

## 1. Incorporation of ESG Scores and other data

The first pillar of the SYQUANT's management of sustainability risks is to conduct a thorough extra-financial analysis of companies. To achieve this, it considers a range of factors by leveraging data from, among other sources, a leading ESG ratings agency.

### *Description of the ESG data used*

The Investment Manager has subscribed to ISS ESG, the responsible investment arm of Institutional Shareholder Services Inc, one of the leading providers of environmental, social, and governance solutions. ISS ESG Corporate Rating provides the following:

- Extensive ESG Research reports
- Numeric and alphabetic scores for the E/S/G pillars
- Access to portfolio screening based on ESG criteria

ISS Corporate Rating assesses companies' sustainability performance on an absolute best-in-class basis. An analyst opinion complements each rating to provide a qualitative commentary on the sustainability opportunities and sustainability risks associated with each company, as well as on their governance.

Prime status is attributed to companies with an overall rating / ESG performance above the sector-specific Prime threshold, which means that they fulfil ambitious absolute performance requirements. In addition to the overall rating, a decile rank indicates a company's performance relative to industry peers.

The performance assessment draws from a pool of over 800 indicators, of which approximately 90% are industry specific. The rating structure provides different weights at the topic level and the overall E, S and G pillars depending on the industry. For each industry, five key issues, representing more than 50% of the overall weight in any rating are identified. The key issues are the most material sustainability issues for the industry concerned, and the way a company addresses them is compared to the approach of its peers. The materiality considered covers both material sustainability risks as well as adverse impacts on society and the environment.

Not all issuers held within the Funds will have an ESG rating. Some issuers may not be covered by ISS Corporate Rating or that there may be an issue mapping securities to the correct parent company issuer.

### *Incorporation of ESG scores in the investment decision process*

The objective of integrating ESG considerations into the Investment Manager's investment decision process is based on the firm belief that the additional information increases its robustness. As they ultimately translate into financial risks and opportunities, ESG risks and opportunities are not a separate category in themselves.

Each investment professional at the Investment Manager has access to ISS ESG data to incorporate them in their investment decisions. The idea is to identify the sustainability risks and to move capital away from high sustainability risk companies to those with lower sustainability risks.



Before any investment decisions are made on behalf of any fund managed by the Investment Manager, investment professionals will have completed a process that identifies, alongside other factors, the material risks and opportunities associated with each proposed investment, including sustainability risks. However, any decision to eliminate an issuer based on positive screening, whether with regard to ESG scoring or any other metric, remains **entirely within the discretion of the Investment Manager**.

To ensure the utmost clarity on this point, in contrast to the exclusion policy described below, any decision to eliminate an issuer based on a *positive* screening, whether with regard to an ESG rating or any another metric, remains purely at the discretion of SYQUANT Capital.

## 2. Exclusion Policy

Exclusions, also called “negative screening”, is an aspect of responsible investment that seeks to achieve a different purpose than the positive screening or engagement. While positive screening aims to support better investment decisions and outcomes, negative screening reflects an investors’ choice to systematically avoid activities in what they consider unacceptable.

Recognising that some types of economic activity or corporate behaviour are not compatible with its vision of responsible investing, the SYQUANT Capital therefore maintains, as the second pillar of its strategy for the management of sustainability risks, a firm-wide exclusion list. This exclusion list, which specifically covers environmental, governance, and social issues and opportunities considered most material<sup>2</sup>, includes the following:

### Environmental (E)

- a. Sovereign debt instruments issued by countries having not ratified the Paris Climate Agreement.
- b. Companies whose involvement in coal or coal-based energy exceeds the thresholds set out by our Coal Exit Policy.
- c. Arctic drilling,
- d. Oil sands,
- e. Cryptocurrencies as an asset class

### Social (S)

- f. Tobacco,

### Governance (G)

- g. Companies involved in controversial weapons: chemical and biological weapons, nuclear weapons outside the Non-Proliferation Treaty, and depleted uranium, in addition to the exclusion required by law of cluster munitions (Oslo Convention, 2008) and anti-personnel mines (Treaty of Ottawa, 1999).
- h. Internationally sanctioned entities pursuant to the lists issued by the OFAC, UN, and EU, as required by law.
- i. High-Risk Jurisdictions subject to a Call for Action

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<sup>2</sup> Please note that our specific exclusions for different dimensions of sustainability may in fact straddle one or more such dimensions. For instance, cryptocurrencies may be both an environmental and governance issue as cryptocurrency generation (“mining”) is very carbon-intensive while the limited scrutiny to which cryptocurrencies are subjected may enable their use as a channel for money laundering and other illegal practices.

### All areas (ESG) – Norm-based exclusions

- j. Companies in breach of established international norms, including the UN Global Compact and the OECD Guidelines for Multinational Enterprises (“Controversies”).

Unless otherwise stated, the Sub-Fund’s exclusions **only apply to long exposures** as short exposures to underlying assets via derivatives are not deemed to reward the companies or issuers in question. However, the exclusions relating to controversial weapons, international sanctions, high risk jurisdictions, and cryptocurrencies **apply both to long and short exposures**.

The funds under our management may also, via indices, have exposure to issuers that would not otherwise satisfy the exclusion policy. Exposure to an excluded issuer is also permitted through use-of-proceeds bonds (ex: “green bonds”, “social bonds”, or “sustainability bonds”), where proceeds from such bonds are intended to be ringfenced to fund projects with specific environmental or social benefits.

Please note that the Management Company may take a reasonable forward-looking perspective regarding exclusions relating to international norms breaches, coal and coal-based energy, tobacco, arctic drilling, and oil sands where sufficiently credible commitments to improve the relevant characteristic are communicated by the companies concerned or, if appropriate in the case of norms breaches, where satisfactory remediation measures are implemented. This approach is set out in greater detail in the section “[Inclusion of forward-looking considerations](#)” below.

Any inclusion and assessment of forward-looking considerations as part of the further analyses that may be undertaken by the Management Company will be duly documented. Although exclusions initially come into effect automatically based on data received from our data provider, our exclusion list may be adjusted if data is found to be erroneous or based on the above-mentioned further analyses if these demonstrate that certain exclusions are unwarranted.

### Environmental exclusions (E)

#### *a. Non-ratification of the Paris Climate Agreement*

The Investment Manager will not have any long exposure in any government bonds issued by countries which have not ratified the Paris Climate Agreement.

#### *b. Thermal coal*

Thermal Coal is predominantly used for power and heat generation. Of all fossil fuel energy sources, thermal coal generates the highest volume of greenhouse gas emissions when combusted.

The Investment Manager has implemented an ambitious Coal Exit Policy that aims to progressively reduce its portfolios’ exposure to coal, with the objective of reaching zero by 2030 at the latest, in line with the Paris Agreement.

The Coal exit policy restricts i) the production and distribution of thermal coal and lignite, in tons and as a share of revenue, and ii) thermal coal-based power generation distribution and capacity. It includes exclusions with thresholds in absolute and relative terms, which will progressively be lowered to zero by 2030.

The Coal policy can be consulted on the Investment Manager's website.

*c. Artic Drilling*

More Arctic hydrocarbon exploration and production would create more warming, inducing local pollution and greenhouse gas emissions from global use of the hydrocarbons, further decreasing the ice cover and leading to a vicious cycle. Moreover, a remote Arctic oil spill could also spell disaster for the region's biodiversity, local wildlife, and people in a destructive and irreversible way, as current clean-up technology remains largely inadequate to handle such events.

For investors committed to environmental responsibility, encouraging the development of new drilling techniques by the oil sector also contradicts the preservation of biodiversity, as well as opposed to the Paris Agreement commitments to limit greenhouse gas emissions.

The Investment Manager has therefore taken the decision to restrict long investments in companies that generate more than 5% of their revenue from Artic drilling activities.

*d. Oil Sands exploration, production, and services*

Like coal-based energy, energy produced from tar sands (also known as oil sands or bitumen) is particularly carbon intensive. Locally, its production also generates significant human rights concerns and causes serious environmental pollution.

As a result, the Investment Manager has decided to restrict long investments in companies generating more than 5% of revenues in one or more of tar sands exploration, production, or services.

*e. Cryptocurrencies as an asset class*

The mining of cryptocurrencies has the potential to significantly accelerates global warming. According to research by the University of Cambridge<sup>3</sup>, most Bitcoin miners are based in China, a country heavily reliant on coal for energy.

## **Social exclusions (S)**

*f. Tobacco*

In recognition of the impact of smoking on public health and its economic burden on society, the Investment Manager has decided to rule out long exposures in:

Companies deriving more than 10% of their revenues from one or more of the production or distribution of tobacco products.

## **Governance exclusions (G)**

*g. Controversial weapons*

In accordance with conventions and international treaties signed by France, the Investment Manager unconditionally excludes from all its investments, all companies involved in the development, production, or distribution of controversial weapons. This exclusion concerns anti-personnel mines as defined in the treaty of Ottawa (1999) and cluster munitions such as defined in the Oslo Convention adopted in 2008. Although not

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<sup>3</sup> [https://ccaf.io/cbeci/mining\\_map](https://ccaf.io/cbeci/mining_map)

subject to bans or restrictions by international treaties, the Investment Manager also unconditionally excludes any investment in companies involved in depleted uranium, and weapons of mass destruction such as biological and chemical weapons and nuclear weapons outside the Treaty of the Non-Proliferation of Nuclear Weapons (NPT).

*h. International sanctions*

The Investment Manager follows all international sanctions introduced by the UN, EU, and OFAC to which it may be subject and will abide by any mandatory investment restrictions deriving therefrom.

*i. High-Risk Jurisdictions subject to a Call for Action*

High-risk jurisdictions have significant strategic deficiencies in their regimes to counter money laundering, terrorist financing, and financing of nuclear arms proliferation. For all countries identified as high-risk, the Financial Action Task Force (FATF) urges all members and jurisdictions to apply enhanced due diligence, and in the most serious cases, countries are called upon to apply countermeasures to protect the international financial system from the ongoing money laundering, terrorist financing, and proliferation financing (ML/TF/PF) risks emanating from the country. This list is often informally referred to as the “black list”.

The two countries named in the last list of High-Risk Jurisdictions subject to a Call for Action published by the FATF are Iran and the Democratic People’s Republic of Korea (North Korea).

In addition, cryptocurrencies can be used for money-laundering, tax evasion or financing criminal activity.

The Investment Manager has decided that investments in cryptocurrencies are incompatible with a coherent Responsible Investment Policy and its other climate-based exclusions.

**Norm-based exclusions (ESG)**

*j. International Norms Breaches*

The Investment Manager will seek to restrict companies that are involved breaches of UN Global Compact Principles, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

The Ten Principles of the United Nations Global Compact are derived from: the Universal Declaration of Human Rights, the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption. Together, these sets of norms aim to address issues in all three dimensions of ESG. They are summarised below:

<b>Human Rights</b>	
<b>Principle 1</b>	<i>Businesses should support and respect the protection of internationally proclaimed human rights</i>
<b>Principle 2</b>	<i>Make sure that they are not complicit in human rights abuses.</i>
<b>Labour Rights</b>	
<b>Principle 3</b>	<i>Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining</i>

<b>Principle 4</b>	<i>Elimination of all forms of forced and compulsory labour</i>
<b>Principle 5</b>	<i>Effective abolition of child labour</i>
<b>Principle 6</b>	<i>Elimination of discrimination in respect of employment and occupation</i>
<b>Environment</b>	
<b>Principle 7</b>	<i>Businesses should support a precautionary approach to environmental challenges</i>
<b>Principle 8</b>	<i>Undertake initiatives to promote greater environmental responsibility</i>
<b>Principle 9</b>	<i>Encourage the development and diffusion of environmentally friendly technologies</i>
<b>Anti-corruption</b>	
<b>Principle 10</b>	<i>Businesses should work against corruption in all its forms, including extortion and bribery</i>

### *Incorporation of the exclusion policies in the Investment Decision process*

The exclusion list is incorporated within the Investment Manager’s Risk and Compliance Management Systems for systematic locks, checks and controls. In addition, a portfolio manager will not be able to trade a product that is on the exclusion list as it will be deactivated for trading in SYQUANT Capital’s proprietary trading tools.

#### *a. Environmental (E): Coal, Arctic Drilling, Oil Sands, and Non-Ratification of the Paris Agreement*

ISS’s Sector-based screening research allows the identification of companies’ involvement in certain sectors, particularly in the production and distribution of many controversial products and services. It provides a detailed, granular set of revenue data for companies involved in Arctic Drilling and Oil Sands (exploration, production, and services). ISS ESG’s Energy & Extractives data also provides detailed analyses on companies’ involvement in coal production, distribution, and coal-based power generation.

SYQUANT Capital uses the data to create an exclusion list based on pre-defined thresholds. In particular, it will not invest in companies deriving over 5% of their revenue from either the exploration, production or services in Arctic Drilling and Oil Sands. The thresholds in relation to coal are those set in the dedicated Coal policy available on SYQUANT Capital’s website.

Both data from ISS and the latest verified information published by companies may be used to maintain the exclusion list.

#### *b. Social (S): Tobacco*

As in the case of environmental exclusions, ISS’s Sector-based screening research also allows the identification of companies’ involvement in the production and distribution tobacco. It provides a detailed, granular set of revenue data for companies involved in Tobacco (production and distribution).

SYQUANT Capital uses the data to create an exclusion list based on pre-defined thresholds. In particular, it will not invest in companies deriving over 10% of their revenue from either the production or distribution of tobacco products/services.

Both data from ISS and the latest verified information published by companies may be used to maintain the exclusion list.

*c. Governance (G): Controversial Weapons and Sanctions*

ISS ESG's Controversial Weapons Research provides an updated exclusion list of companies involved in controversial arms and weapons. Any issuer whose involvement in controversial weapons is verified is marked with a Red flag and will be included in the exclusion list.

In addition, ISS ESG's Global Sanctions Screening allows the Investment Manager to have an exclusion list of companies based on the global sanctions of the UN, EU and OFAC. For several sanction programmes, ISS Global Sanctions also identifies bond-issuing sanctioned entities, as well as majority-owned equity issuers, and bond-issuing subsidiaries of sanctioned entities.

*d. International Norms breaches (ESG)*

The Investment Manager has subscribed to ISS's Norms-Based Research which identifies corporate controversies by evaluating allegations according to which a company fails to abide by global norms as set out in the relevant international initiatives and guidelines. These norms include, among others, those defined in the OECD Guidelines for Multinational Enterprises and under the UN Global Compact. All of the reported allegations constitute some material risk to investors.



The results of the analysis are categorized and presented according to ISS ESG's traffic-light system (Green, Amber, or Red) and 1-10 rating scores. In addition, the Investment Manager is provided with additional indicators (Severity, Remediation and Verification) and data points that allow for greater granularity, thereby enabling more detailed analyses by our portfolio managers.

**3-component assessment of alleged norms breaches:**

1. Verification
2. Severity
3. Remediation

Severity provides a measure of the reported risk or impact on society or the environment, taking into account the degree of corporate involvement. Remediation presents the status of efforts by the company to address the allegations and their consequences. Verification contextualizes the status and prospective review by an authoritative body of a complaint raised by stakeholders against a company. The combination of individual Norm-Based Research signals and scores provides insight into a company's overall capability to avoid, manage or mitigate environmental and social controversies.

The Investment Manager has taken the decision to prohibit investments in companies with verified failures to respect established Norms. These companies are attributed a norms-based rating of 10 or a Red Flag under ISS's Norms-Based Research framework, the details of which are presented below.

GREEN <span style="color: green;">_____</span>		AMBER <span style="color: orange;">_____</span>		RED <span style="color: red;">_____</span>	
1	No Allegation	6	Fragmentary Information	10	Verified Failure to Respect Established Norms
2	Past Involvement	7	Verified Failure to Respect Established Norms, Undergoing Remediation		
3	Involvement Beyond Scope	8	Alleged Failure to Respect Established Norms		
4	Undergoing Remediation	9	Imminent Failure to Respect Established Norms		
5	Under Observation				

Portfolio managers investigate pre-trade if the envisaged investment presents any controversies, and more importantly, any severe controversies.

*Inclusion of forward-looking considerations*

The exclusions previously described will optimise the funds’ portfolios. Nevertheless, the Investment Manager believes that eliminating investment in issuers based solely on an automated negative screening of ESG scores does not necessarily promote ESG characteristics.

Indeed, in very specific circumstances, the Investment Manager may regard an exclusion not only as unduly penalising an issuer, but as hindering the promotion of ESG characteristics – for example, where the Investment Manager engages the issuer and considers that its remediation policy is clear, documented, and strongly demonstrates its aim to improve its ESG attributes. In such cases, the Investment Manager believes that a forward-looking qualitative judgement may be required, and accordingly may, where appropriate, include a forward-looking perspective in its assessment of ESG characteristics and depart from the above exclusions as an integral part of its ESG assessment methodology.

A forward-looking approach may be especially valid within the Event-Driven strategies carried out by the Investment Manager. The Investment Manager may believe, for example, that the acquisition of an excluded company by another would promote ESG characteristics at the target company. In such cases, provided there is sufficient reason to expect such an improvement to materialize, SYQUANT Capital may anticipate the target no longer satisfying the conditions for exclusion. Note that mergers and acquisitions where the *acquirer* is initially excluded may also call for a prospective approach. The Investment Manager may deem such an approach to be appropriate to recognise and encourage a company’s promotion of ESG characteristics through acquisitions where the improvement is such that the acquirer can be expected no longer to meet the conditions under which issuers are excluded.

As previously remarked, any inclusion and assessment of forward-looking considerations as part of the further analyses that may be undertaken by the Management Company will be duly documented. It should also be noted that SYQUANT Capital will not adopt a forward-looking approach regarding exclusions for controversial weapons involvement or international sanctions.

## *Divestment from newly excluded investments*

If an investment in the portfolio becomes excluded, the Investment Manager has to review the investment in question and consider the different divestment scenarios for the position that preserve the interest of the relevant fund's shareholders.

In certain cases, the Investment Manager can proceed with an engagement process with the objective of getting that issuer to change its practices. If no change in behaviour or no remediation is implemented by the issuer, the Investment Manager will divest from the companies concerned in an orderly fashion and over a period that should not in any case exceed 6 months.

## 3. Active Ownership Policy

### *Regulatory Framework*

This Policy is in accordance with the European Directive 2017/828 of 11th May 2017 and the French financial market regulation (namely, Articles L.522-22 and R.533-16 of the French Financial and Monetary Code "*Code Monétaire et Financier*", and article 29 of the LEC Law<sup>4</sup>). This set of regulations sets out requirements for asset management companies to establish effective and long-term shareholder engagement both through rights attached to voting shares and by other means.

### *Exercise of Voting Rights*

#### *Our resources to exercise voting rights*

Since 2018, SYQUANT Capital has used the services of an external service provider, ISS Governance in order to facilitate the exercise of its voting rights. ISS Governance is a world leader in proxy voting advisory services.



ISS Governance provides SYQUANT Capital with information about upcoming meetings, research on every meeting and resolution, voting recommendations, and a secure electronic platform on which votes can easily be cast.

The ultimate decision regarding how to cast votes remains with SYQUANT Capital's Management. These decisions may be taken by portfolio managers but always in conformity with this Policy.

#### *Voting Policy principles and implementation*

Through the incorporation of sustainability factors, SYQUANT Capital's voting policy aligns with its objectives to preserve and enhance portfolio value and mitigate risks. Our voting policy aims to take an active ownership approach through participation in most of the shareholder meetings to which our funds are eligible, irrespective of the size of our shareholdings.

SYQUANT Capital firmly believes that, even where its shareholding is not significant, it must make known to companies that it expects and is committed to both impeccable corporate governance and improved environmental and social practices.

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<sup>4</sup> Loi Énergie-Climat.



SYQUANT Capital nonetheless maintains its discretion to amend the proxy vote in the best interests of investors in the fund.

The management team will pay particular attention to meetings and resolutions regarding the following:

- Change of majority shareholder
- Situations of merger/acquisitions
- Restructuring (capital increases, debt issuance requests, share repurchase plans, creation or cancellation of preferred stock...)

It may therefore decide to abstain from voting where its custodians/proxy voting firms cannot vote, or where the costs of doing so are excessive, or the administrative procedures too onerous. More generally, it may decide not to vote, or to deviate to the proxy vote, where the costs of doing otherwise would outweigh its benefits. Other unforeseen exceptions would have to be justified by SYQUANT Capital.

As a signatory to the UN PRI charter, our voting policy aims to satisfy the principles of this Charter. One of SYQUANT Capital's objectives is therefore to support shareholder proposals that advocate for more extensive ESG disclosure and/or universal norms and codes of conduct.

SYQUANT Capital has decided to mandate the proxy voting firm ISS Governance to vote on the Investment Manager's behalf based on the ISS Sustainability Policy.

The *ISS Sustainability Policy* takes as its frame of reference internationally recognized sustainability-related initiatives such as the United Nations Environment Programme Finance Initiative (UNEP FI), United Nations Principles for Responsible Investment (UN PRI), United Nations Global Compact, Global Reporting Initiative (GRI), Carbon Principles, International Labour Organization Conventions (ILO), CERES Roadmap for Sustainability, Global Sullivan Principles, MacBride Principles, and environmental and social European Union Directives. Each of these initiatives promotes a fair, unified and productive reporting and compliance environment that advances corporate ESG actions that present new opportunities and/or mitigate related financial and reputational risks.

On matters of corporate governance, executive compensation, and corporate structure, the *ISS Sustainability Policy guidelines* are based on a commitment to create and preserve economic value and to advance principles of good corporate governance. A table summarizing some of its voting principles can be found in annex to the present policy. The ISS Sustainability Proxy Voting Guidelines are available [here for international votes outside the United States](#). The ISS Sustainability Proxy Voting Guidelines pertaining to votes in the United States are available [here](#).

The Compliance Officer conducts an annual control regarding the implementation of the voting policy.

In accordance with articles L533-22 and R533-16 of the French *Code Monétaire et Financier*, SYQUANT Capital publishes a yearly report on the exercise of its voting rights, which is available on its website. In the four months following the close of the financial year, SYQUANT Capital reports on the conditions under which it exercised its voting rights in an appendix to the Board of Directors' management report.

The report on the exercise of voting rights details in particular:

- The number of companies for which SYQUANT Capital exercised its voting rights compared to the total number of companies in which it holds voting rights,
- Conflicts of interest that SYQUANT Capital was required to address arising in the exercise of voting rights attached to the managed funds' securities.

## *Engagement*

As a responsible investor, SYQUANT believes that positive impact can be achieved both through our investment choices and by engaging in constructive dialogue with companies. The Investment Manager is a signatory of the United Nations Principles for Responsible Investment and is aware of its duty to make targeted engagement efforts with companies on ESG issues.

### *Individual engagement*

The Investment Manager can engage with companies on a case-by-case basis. Since the different strategies run by the Investment Manager are mostly “Event-Driven”, the portfolio managers regularly conduct individual engagement with many companies in which the funds invest, whether by conducting meetings with company management and/or attending investor relations events/conferences. In the merger arbitrage strategy, for example, the investment team engages with the companies involved to have re-assurances on their governance practices.

During these interactions, our investment professionals may engage with company management on a variety of issues, which may include ESG-related matters, which present a potential material risk to a company’s financial performance. The decision to engage is primarily based on what we believe will maximize shareholder value as long-term investors, helps to improve corporate behaviour, and reduce adverse sustainability impact.

Through a dialogue with the Management of companies, our investment teams seek to gain a better understanding of their businesses and ESG strategies in order to identify the associated risks and opportunities. This engagement thus helps to optimise the risk/return profile of our portfolios. The information that our investment teams obtain in relation to any norm-based controversies companies may be involved in or negative E, S, G scores also guides decisions to uphold or lift our automatic ESG exclusions.

The Investment Manager believes that “case by case” individual engagement offers a much greater understanding of the companies in which it invests or intends to invest. However, the Investment Manager is also aware that individual engagement is not enough, in most cases, to influence companies’ long-term behaviour. This is partly due to the strategies run by the Investment Manager, which have a relatively short time horizon. To have a longer-term impact on companies, the Investment Manager therefore participates in collective engagement.

### *Collective engagement*

SYQUANT appreciates that the ability to change companies’ long-term behaviour through individual engagement may be limited, partly due to the relatively short-term nature of the strategies employed and the typically limited scale of individual company investments/ownership.

As a result, in order to optimise the potential impact of engagement, we participate in collaborative initiatives involving a large number of asset managers and owners. Such cooperation, linking with fellow concerned stakeholders, increases the possibility of having a constructive dialogue with target companies, allowing for thorough discussions regarding ESG issues and an efficient identification of best practices to follow. Active cooperation among shareholders on one particular topic may often lead to a greater ability for investors to be heard by investees and to influence their ESG practices.

### Engagement advisory

Taking into account the strategies that SYQUANT Capital employs for its Funds, which does not entail long-term ownership in most cases, we decided that an optimal approach to have a positive influence on the long-term behaviour of companies was to partner with an external agency to manage our collective engagement process.

Through collaborative initiatives, we work with other investors to leverage our collective say on the ESG practices of investee companies. Active cooperation among shareholders on ESG issues also lends them greater access and influence through privileged, result-oriented conversations with companies around selected ESG issues.

As a signatory to the United Nations Principles for Responsible Investment (UN PRI), the Investment Managers is aware of its duty to engage with companies on ESG issues. The Investment Manager therefore subscribes to the Norm-Based Engagement services of ISS ESG, which cover the global norms in:

- Human Rights
- Labour Rights
- Environment
- Corruption

ISS Norm-Based Engagement focuses on companies that ISS ESG’s Norm-Based Research identifies as involved in alleged or verified, severe, systematic, or systemic failures to respect international norms. Annually, 100 companies are proposed for engagement. On a quarterly basis, ISS ESG selects approximately 25 companies with “Amber” or “Red” assessments within their scoring scheme to engage with during that quarter.

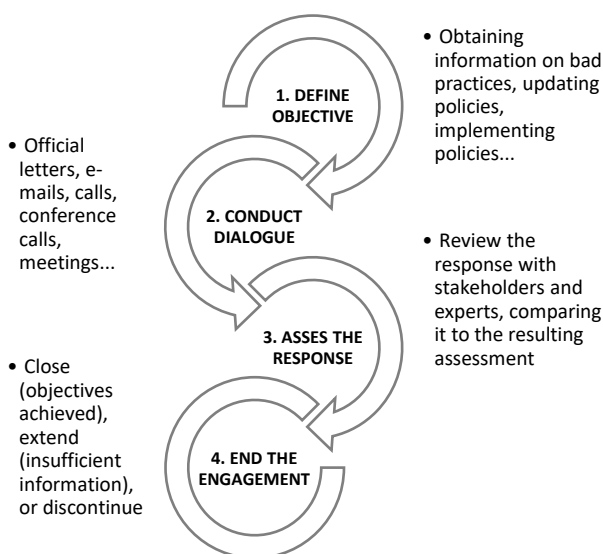


Figure 2: Our collective engagement process through ISS ESG

## 4. Consideration of Principle adverse impacts

SYQUANT Capital considers principal adverse impacts on sustainability factors ('PAI')<sup>5</sup> both at entity level, that is, at the level of the management company, and for each fund in the investment decisions which it makes on their behalf to the exception of Helium Opportunites.

### SYQUANT Capital’s principal adverse impacts

As per Article 4(1)(a) SFDR, SYQUANT Capital makes a statement available on its website setting out its due diligence policies with respect to all standard principal adverse impacts as well as two additional environmental and social impacts.

The standard PAIs taken into account by SYQUANT Capital are the following:

<sup>5</sup> PAI are defined in the SFDR Regulatory Technical Standards (Commission Delegated Regulation (EU) 2022/1288) as “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”.

- GHG emissions
- Carbon footprint
- GHG intensity of investee companies
- Exposure to companies active in the fossil fuel sector
- Share of non-renewable energy consumption and production
- Energy consumption intensity per high impact climate sector
- Activities negatively affecting biodiversity-sensitive areas
- Emissions to water
- Hazardous waste and radioactive waste ratio
- Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises
- Unadjusted gender pay gap
- Board gender diversity
- Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)

In addition to these PAIs, SYQUANT Capital also considers its:

- Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement
- Share of investments in investee companies with identified insufficiencies in actions taken to address breaches in procedures and standards of anti-corruption and anti-bribery

Please refer to our Principal Adverse Impact statement for further information regarding the principal adverse impacts considered at the level of SYQUANT Capital, and our strategy and annual performance in relation to each of those PAIs.

### *Our funds’ principal adverse impacts*

In line with the focus of our fund’s exclusions on climate-related areas, international norms violations and controversial weapons, the funds<sup>6</sup> consider the principal adverse impacts (“PAIs”) on sustainability factors in the table below.

	Adverse sustainability indicator	PAI Metric
Climate	GHG emissions	Scope 1 GHG emissions
		Scope 2 GHG emissions
		Scope 3 GHG emissions
		Total GHG emissions
	Carbon footprint	Carbon footprint
	GHG intensity of investee companies	GHG intensity of investee companies
	Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector

<sup>6</sup> As previously noted, this does not apply to Helium Opportunités at the time of writing.

International norms violations	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises
	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises
Weapons	Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons

### Climate

**Exclusions:** SYQUANT Capital limits its investments in the coal sector and coal-based energy production and distribution through an ambitious Coal Exit Policy including both absolute and relative thresholds in accordance with the guidelines issued by the French *Association Française de la Gestion Financière* (AFG) and the *Reclaim Finance* initiative. The thresholds established in our Coal Exit Policy are lowered biannually until a total exclusion from our investments of coal producers and distributors as well as companies generating any energy from coal in 2030.

In addition, SYQUANT Capital also excludes from its investments companies which derive over 5% of their revenue from arctic drilling or the exploration and exploitation of oil sands and any related services.

### International norms violations

**Exclusions:** SYQUANT Capital excludes from all its portfolios issuers that do not abide by the UN Global Compact or the OECD Guidelines for Multinational Enterprises.

This encourages both issuers in verified breaches of such norms to remedy or mitigate their violation and those who lack processes or compliance mechanisms to introduce them, thereby avoiding exclusion from our portfolios were inadequate measures to permit or lead to a norms breach.

**Engagement:** Through individual and collective engagement, SYQUANT Capital encourages issuers whose failure to respect the UN Global Compact or the OECD Guidelines for Multinational Enterprises, are verified

### Weapons

**Exclusions:** SYQUANT Capital completely excludes from all its investments producers and distributors of controversial weapons.

Note that our performance in relation to the funds' consideration of principal adverse indicators will be reported in the funds' annual reports as well as on SYQUANT Capital's website as required by art. 10 and 11 SFDR.

## IV. Transparent Reporting

Transparent reporting is an important aspect of our responsible investment approach. As with all aspects of our business, we are committed to being transparent with our clients with regard to our ESG management practices and will include discussion of ESG matters, management activities and related developments in communications with our clients as appropriate, including as follows:

- As required by Article 29 of the *Loi Énergie-Climat* in France (the Energy-Climate Law), SYQUANT Capital will inform investors concerning the inclusion of ESG criteria within the company's investment policy and publish a summary of our approach on our website, including our monitoring and management of climate-related risks.
- As a signatory of the Principles for Responsible Investment (PRI), we report on our responsible investing approach in the annual PRI assessment.
- A more extensive examination of the climate-related risks to which SYQUANT Capital and its funds are exposed is also published annually in its climate report, which aims to follow the Taskforce for Climate-related Financial Disclosures (TCFD)'s recommendations.
- In accordance with French regulation, SYQUANT Capital also publishes a yearly report on the exercise of its voting rights, which is available on its website.
- The Firm reports at both the entity and the financial product level in accordance with the requirements of the SFDR through its website, pre-contractual documentation, and periodic disclosures.

The Investment Manager is following the regulatory developments closely and will publish additional disclosures as may be further required and in the appropriate medium.

# Appendix 1: Summary of Exclusions

The following exclusions apply to all funds managed by SYQUANT Capital:

- Helium Opportunites,
- Helium Fund,
- Helium Performance,
- Helium Selection,
- Helium Invest,
- Helium Alpha.

	HELIUM FUND	HELIUM PERFORMANCE	HELIUM SELECTION	HELIUM INVEST	HELIUM OPPORTUNITES	HELIUM ALPHA
<b>Controversial Weapons</b>						
Anti-personnel mines	X	X	X	X	X	X
Cluster munitions	X	X	X	X	X	X
Depleted Uranium	X	X	X	X	X	X
Chemical Weapons	X	X	X	X	X	X
Biological weapons	X	X	X	X	X	X
Nuclear Weapons outside the NPT	X	X	X	X	X	X
<b>International Sanctions</b>						
United Nations	X	X	X	X	X	X
European Union	X	X	X	X	X	X
OFAC	X	X	X	X	X	X
<b>Cryptocurrencies</b>						
Asset class	X	X	X	X	X	X
<b>Non-Ratification of Paris Climate Agreement</b>						
Sovereign bonds	X	X	X	X	X	X
<b>Severe Breaches of Established Norms</b>						
No investment/disinvestment upon verified breach of established norms	X	X	X	X	X	X
<b>Arctic Drilling</b>						
Threshold of 5% of revenues from production and distribution	X	X	X	X	X	X
<b>Oil Sands</b>						
Threshold of 5% of revenues from exploration, production, and services	X	X	X	X	X	X
<b>Tobacco</b>						
Threshold of 10% of revenues from production and distribution	X	X	X	X	X	X

Exclusion	Short exposures	Long exposures
<b>Controversial Weapons</b>		
Anti-personnel mines	X	X
Cluster munitions	X	X
Depleted Uranium	X	X
Chemical Weapons	X	X
Biological weapons	X	X
Nuclear Weapons outside the NPT	X	X
<b>International Sanctions</b>		
United Nations	X	X
European Union	X	X
OFAC	X	X
<b>Cryptocurrencies</b>		
Asset class	X	X
<b>Non-Ratification of Paris Climate Agreement</b>		
Sovereign bonds		X
<b>Severe Breaches of Established Norms</b>		
No investment/disinvestment upon verified breach of established norms		X
<b>Arctic Drilling</b>		
Threshold of 5% of revenues from production and distribution		X
<b>Oil Sands</b>		
Threshold of 5% of revenues from exploration, production, and services		X
<b>Tobacco</b>		
Threshold of 10% of revenues from production and distribution		X