

**Boussard & Gavaudan Investment Management LLP**  
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**REMUNERATION POLICY & PILLAR III**

**REMUNERATION POLICY**

**Governance**

The purpose of the Remuneration Code is to ensure firms establish, implement and maintain remuneration policies, procedures and practices that are consistent with, and promote, sound and effective risk management.

The Remuneration Code applies to 'Remuneration Code Staff' ('Code Staff'). This includes senior management, risk takers, staff engaged in control functions and any employee receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on the firm's risk profile.

Boussard & Gavaudan Partners Limited ("BGPL"), is the Managing Member of Boussard & Gavaudan Investment Management ("BGIM"), a limited liability partnership. As BGIM has no employees, the remuneration policy relates to the employees of BGPL. BGPL charges all amounts relating to staff salaries and bonuses to BGIM and therefore it is BGIM that we refer to for the purposes of this policy. In order to take a proportionate approach, given the size and non-complex nature of both the activities undertaken and the organization, BGIM has decided that the governing body will undertake the role which would otherwise be undertaken by a remuneration committee. This is in line with guidance provided by the FCA for tier 4 firms under the Remuneration Code. The governing body will be responsible for setting BGIM's policy on remuneration.

BGIM's Remuneration Policy will be reviewed at least annually by the governing body to ensure that it remains consistent with the Remuneration Code Principles and BGIM's objectives. The governing body will use all information available to it in order to carry out its responsibilities under the code, for example, information on risk and financial performance. In addition, the Compliance Officer, as part of BGIM's regulatory monitoring, will include a review of the implementation of this Policy by the firm.

From 2015 the remuneration policy of BGIM has changed to be in compliance with the AIFMD rules.

**Link between pay and performance**

Remuneration at BGIM is made up of fixed ('salary') and variable ('bonus') components.

Salaries are set in line with the market. Any bonus paid is designed to both reflect the performance of a person in contributing to the success of the firm and their success in meeting, or exceeding, targets that have been set by the firm on an individual basis.

Where remuneration is performance-related, performance assessment will not relate solely to financial criteria but will also include compliance with regulatory obligations and adherence to effective risk management.

In keeping with BGIM's long-term objectives, the assessment of performance will take into account the firm's business cycle.

Remuneration at BG is made up of 3 components:

- fixed ('salary')
- variable ('bonus')
- additionally, members and partners of the partnership may receive distributions from the residual profits of the group

The main rules of the AIFM regulation regarding the remuneration can be summarized as follows:

- Deferral over 3 years (for 50% up to 60% for those receiving more than £500,000 (equivalent of €700,000) of variable remuneration.
- Awards in instruments, at least 50% in shares
- Retention of the shares for 6 months
- Performance adjustment => malus and clawback possible
- The policy has been effective since 1st January 2016
- The policy applies to all BG group entities:
  - *Boussard & Gavaudan Partners Limited*
  - *Boussard & Gavaudan Asset Management LP*
  - *Boussard & Gavaudan Investment Management LLP*
  - *Boussard & Gavaudan Gestion*
  - *Boussard & Gavaudan America*
  - *Compagnie des Ecréhous*

Awards will reflect the financial performance of BGIM and as such variable remuneration may be contracted where subdued or negative financial performance occurs. BGIM will not ordinarily make any variable remuneration awards should the firm make a loss. In exceptional circumstances such payments may need to be considered. In such cases the governing body, in conjunction with the Compliance Officer, will consider and document whether such an award would be in keeping with the Remuneration Policy.

### Quantitative remuneration information

BGIM is required to disclose aggregate information on remuneration in respect of its Code Staff.

The relatively small size and lack of complexity of the firm's business is such that BGIM only has one business area (investment management) and does not regard itself as operating, or needing to operate, separate 'business areas' and the following aggregate remuneration data should be read in that context.

### Aggregate Remuneration

<b>REMUNERATION FOR 2018 (Source: BGPL Financial Statements 31/03/2019)</b>	
Fund Management: Total Remuneration	€ 3,897,181
Fixed & Variable Remuneration 2017	€ 6,992,643
Variable Remuneration 2016	€ (680,606)
Deferred Variable Remuneration 2015	€ (2,414,856)

This remuneration disclosure is made under the Basel Pillar 3 framework. Our non-remuneration Pillar 3 disclosures can be found in the annual account of the company.

## Pillar 3 Disclosure

The Capital Requirements Directive (CRD) came into force on 1 January 2008 and is monitored by the Financial Services Authority. The LP complies with that directive and the Pillar 3 risk disclosures are set out below.

Boussard & Gavaudan Investment Management (“the Firm”) is a Limited Liability Partnership, it is authorised and regulated by the FCA and has in particular permission to provide investment management and investment advisory services on behalf of professional clients and eligible counterparties.

Boussard & Gavaudan Partners Limited (BGPL) the General Partner of the Firm determines its business strategy and risk appetite along with designing and implementing a risk management framework that recognizes the risks that the business faces. BGPL also determines how those risks may be mitigated and assesses on an ongoing basis the arrangements to manage those risks. The General Partner meets on a regular basis and discusses current projections on profitability and regulatory capital management, business planning and risk management. The General Partner manages the Firm’s risks business through a framework of policy and procedures having regard to relevant laws, standards, principles and rules (including FCA principles and rules) with the aim to operate a defined and transparent risk management framework. These policies and procedures are updated as required and approved by the directors of the General Partner.

Due to its small size, the Firm operates with a simple structure. It carries no market risk, other than limited foreign exchange risk on its accounts payable in foreign currency and foreign currency cash balances, and credit risk from management and performance fees receivable from the funds under its management. The Firm is subject to the Fixed Overhead Requirement and is not required to calculate an operational risk capital charge.

The main features of the Firm’s capital resources for regulatory purposes are as follows:

<b>Capital items at 31/03/2019 (Source: BGIM Financial Statements 31/03/2019)</b>	€'000
Tier 1 capital less innovative tier 1 capital	48,850
Total tier 2, innovative tier 1 and tier 3 capital	0
Deductions from tier 1 and tier 2 capital	0
<b>Total capital resources, net of deductions</b>	<b>48,850</b>

The firm is a limited licence firm and as such its capital requirements are the greater of:

- Its base capital requirement of €50,000; or
- The sum of its market and credit risk requirements; or
- Its Fixed Overhead Requirement.

It is the Firm’s experience that the Fixed Overhead Requirement establishes its capital requirements as market and credit risks are not material.

The Firm has not omitted any disclosures on the grounds of confidentiality.