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# ESG AND RESPONSIBLE INVESTMENT POLICY

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## 1. INTRODUCTION

The Boussard & Gavaudan group (“BG” or the “Group”) was founded in 2002 and is 100% owned by its founders and partners. Conducting business in a responsible and ethical manner is a core value of the firm’s founders and is an integral part of the firm’s culture. Assessing a company’s corporate governance practice has always been a key part of BG’s investment process, as the Group firmly believes that companies which are well governed and operate transparently are well placed to increase shareholder value over time.

Since 2016, BG has committed to maintaining an investment approach that incorporates Environmental, Social, and Governance (“ESG”) factors as well as responsible investment considerations in order to best serve its client’s interests.

BG manages investment funds for the benefit of its investors. As a fiduciary of its clients, BG seeks to act in the best interests of its clients. While this duty is interpreted as acting in the best financial interest of the client the Group recognises that a company’s environmental, social and governance practices affect its valuation and investment returns. The effect on valuation and returns varies considerably between companies and sectors, BG therefore takes a practical approach to assessing and considering ESG where it could materially affect the performance of an investment or pose a reputational risk to the Group.

BG employs diverse investment strategies which are implemented using a wide variety of asset classes. Implementation of ESG factors into investment analysis and the decision-making process varies between investment strategies and BG has identified ESG factors as being most relevant in relation to its equity and credit fundamental long strategies.

The Group expects its approach to ESG to evolve over time to reflect changes in the industry, technology and beyond. This policy sets out the firm’s commitment to responsible investment and its approach to incorporating ESG factors into its investment process.

## 2. GOVERNANCE

BG’s Investment team, in collaboration with Risk Management and the Compliance team are responsible for the consideration and implementation of ESG values in the investment process.

BG’s Management and Control Committee have oversight of the ESG policy and its systems and controls. The committee reviews the policy on an annual basis. In addition, the Group’s Risk committee is provided with a quarterly report that enables the investment team to monitor exposure to ESG risk.

The Group’s senior management actively support and encourage ESG initiatives, embedding ESG into the culture of the Group. To this end, management has created the ESG Committee which meets regularly and is tasked with developing, monitoring, updating and reporting on the Group’s ESG policy and culture. The ESG Committee reports directly into the CEO.

In order to ensure the Group’s ESG culture remains present in the minds of all employees, annual training is organized by the ESG Committee covering different areas of the Group’s ESG and Responsible Investment Policy.

## 3. ESG IN BG’S CULTURE

The Group is committed to embedding ESG principals within the organisation. This includes:

### **Environmental**

- BG runs its office space in an environmentally responsible manner operating a strict recycling policy.
- The Group’s London office obtains electricity from a green energy provider.
- The Group seeks to reduce its carbon footprint by reducing the number of flights taken by staff between its offices. Staff traveling between its London and Paris offices are required to do so by train and travel to and from the New York office is kept to a minimum, with video conferencing used extensively to reduce the need to travel.

### Social

- Requiring a collaborative office culture and encouraging the free exchange of ideas and employee ownership of tasks.
- Committing to the wellbeing of its staff and encouraging a healthy work life balance.
- Developing a diversified team comprised of different educational backgrounds, nationalities, and values.

### Governance

- The Group has established an ESG committee to review the Group's internal policies and their implementation.
- Maintaining AMF and FCA authorisation together with SEC registration, which require adequate policies and procedures to prevent activities in breach of regulation and law.
- The Group maintains high standards of internal governance and accountability having implemented in 2019 the Senior Managers and Certification Regime in line with FCA rules.

## 4. INTEGRATING ESG INTO THE INVESTMENT PROCESS

BG seeks to integrate ESG considerations into its investment decisions where they are relevant to the proposed investment. ESG is considered throughout the investment process, starting with the Group's review of new products to be deemed investable, to idea generation and risk management.

Within BG's fundamental strategies, certain sectors and companies have increased exposure to environmental and social risk and BG's analysts factor these considerations into their analysis and investment proposals. ESG considerations are not normally the primary driver of an investment decision however they often serve as a catalyst for further research, investigation and discussion.

BG has contracted a specialized ESG provider, currently Sustainalytics, that produces the necessary research to complement BG's analysts' efforts. In addition, BG collects ESG data from Bloomberg to measure key metrics such as GHG emissions or energy consumption.

Each individual analyst is responsible for integrating ESG considerations when analysing a company for approval of their proposed investment by the Investment Committee. When ESG factors have a material impact on the investment thesis, positively or negatively, the Investment Committee record its conclusion in the Group's information system.

Quantitative strategies do not currently factor in qualitative ESG considerations as the trading strategies are designed to take advantage of short term moves and temporary arbitrage opportunities with trading conducted in baskets often across hundreds of individual stocks. Quantitative strategies are nevertheless restricted from trading in stocks listed in the Group's controversial weapons excluded list and their positions are included in the portfolio calculations for risk management.

At the portfolio level, BG calculates the net exposures to a variety of ESG metrics to ensure that portfolios are not overly exposed to ESG-related risks. These metrics are made available to both Risk Committee and ESG Committee so that both viewpoints are considered.

Finally, the increasing importance of ESG considerations in financial markets creates new opportunities for catalyst driven investment, which is a core feature of BG's investment strategy. For example, if a company facing ESG risks is addressing these issues, the improvement in its ESG profile will lead to a re-rating of its stock price.

## 5. RESPONSIBLE INVESTMENT GUIDELINES

BG is a signatory to the UN Principles for Responsible Investment, as such, it commits to complying with the 6 principles:

1. We will incorporate ESG issues into the investment analysis and decision-making process.
2. We will be active owners and incorporate ESG issues into our investment policies.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.

4. We will promote acceptance and implementation of the Principles within the financial sector.
5. We will cooperate to enhance our effectiveness in implementing the Principles.
6. We will report on our activities and progress towards implementing the Principles.

ESG is an important part of BG's investment process. ESG parameters are incorporated into the fundamental investment analysis of the companies in the Group's investment universe and considered throughout the investment cycle where they are relevant.

The Group operates an exclusion list, details of which are included below, to apply the Group's ESG policy.

In addition to this policy BG has developed the following standalone policies and statements to ensure the responsible investment guidelines are complied with:

- Engagement Policy
- Voting Policy
- Coal Policy
- Remuneration Policy
- Diversity and Inclusion Policy
- Equal Opportunities Statement
- Anti Modern-Slavery Statement

## 6. ENGAGEMENT AND ACTIVE OWNERSHIP

### Engagement

The Group seeks to obtain appropriate disclosure of ESG issues from entities in which we invest. The Group believes engagement is an important part of the investment process. BG engages with investment companies for which it has identified specific issues or concerns, including ESG, in order to obtain additional information and insight. Company management is normally engaged through regular one-to-one or group meetings and conference calls. The Group's Engagement policy can be found in Annex 1.

### Active ownership

BG aims to be actively engaged with companies it invests in to generate additional value from its investment. The Group owes its clients a duty of care in respect of services undertaken on the client's behalf, including voting. To this end, where relevant, BG takes all reasonable steps to vote in the best interest of its clients.

The Group maintains documentation in relation to its voting, including (i) a record of how the Group voted, and (ii) any documents created by the portfolio manager or others, that were material to the voting decision.

Please see BG's Voting Policy included in Annex 2 for more information on voting procedures.

## 7. MONITORING & REPORTING

The Group has created an ESG Committee composed of representatives from the Group's main stakeholder departments, which is responsible for monitoring of ESG systems and controls and reporting findings to the Risk Committee, Head of Risk and Management Committee where relevant.

While analysts are responsible for integrating ESG considerations in their investment cases under the supervision of the Investment Committee, the ESG Committee monitors that investment decisions on potentially ESG sensitive situations are justified and well documented. This process is conducted quarterly using a dedicated report generated by BG's quantitative risk team and, should a response from the investment team not be adequate, the ESG committee will elevate the issue to the Head of Risk for resolution.

In addition, ESG related exposures are integrated in the weekly reporting consulted by the Risk Committee in order to control ESG risks and that the biases of the funds are within normal limits or aligned with the funds' objectives.

Given the lack of a reporting standard in the industry, client reporting is produced on-demand by the Reporting team while reporting in relation to the UNPRI is the responsibility of the firm's Compliance department and is conducted annually in accordance with the UNPRI principles. UNPRI transparency reports are available to clients upon request.

### 8. MEMBERSHIPS & VOLUNTARY ADHERENCE

The Group is a member, signatory or voluntary adherent of the following codes, initiatives and associations:

- United Nations Principles for Responsible Investment (UNPRI): aims to help investors integrate ESG considerations into investment decision making and supports sharing best practice in active ownership.
- Standards Board for Alternative Investments (SBAI): seeks to provide a powerful mechanism for creating a framework of transparency, integrity and good governance which improves how the industry operates, facilitates investor due diligence and complements public policy.
- Alternative Investment Management Association (AIMA): global representative association of the alternative investment industry with over 2,000 corporate members in over 60 countries. The association seeks to provide leadership and guidance to its members and provides industry standard policies, guides and templates.

In addition, the Group intends to voluntarily comply fully with the Task Force on Climate-Related Financial Disclosures (TCFD) and the Sustainable Finance Disclosure Regulation's (SFDR) principle adverse sustainability impact (PASI) disclosures by the end of 2021.

BG reviews its memberships and adherence annually to ensure the objectives of the initiatives and associations BG supports remain aligned with the Group's ESG and Responsible Investment objectives and commitment to the 6 principles of the UNPRI.

### 9. EXCLUSION LIST

BG implements an exclusion list across all its funds in order to implement regulatory requirements, the Group's internal policy and investor requests.

Currently, the Group has a list restricting investment in relation to Controversial Weapons, Recreational Cannabis and Coal ("Excluded Activities"). The list of excluded companies is continuously reviewed and changes frequently but can be provided upon request.

#### **Controversial Weapons**

Controversial weapons cause indiscriminate harm to civilians and undue injuries and suffering to both military and civilians.

BG is conscious of its role as a responsible steward of investor assets and believes that investment in sustainable, socially responsible companies will deliver superior long term returns for its investors. The Group is also mindful of international bans on cluster munitions, chemical and biological weapons, anti-personnel mines and nuclear weapons which are regulated by international convention. These conventions include but are not limited to:

- The Ottawa Convention of 1997 prohibiting the use, stockpiling, production and transfer of anti-personnel mines which took effect in 1999.
- The Oslo Convention on Cluster Munitions of 2008 prohibiting the use, stockpiling, production and transfer of cluster munitions.
- The Nuclear Non-proliferation Treaty of 1968.

- The Biological and Toxin Weapons Convention of 1972 outlawing biological weapons.
- The Chemical Weapons Convention of 1993 outlawing chemical weapons.

The Group applies an exclusion list restricting its funds from investing in companies involved in the development or manufacturing of; biological weapons, chemical weapons, anti-personnel mines, cluster munitions or nuclear weapons.

### **Recreational Cannabis**

Following the FCA's pronouncement that UK anti-money laundering legislation captures proceeds from conduct outside the UK, albeit legal in that jurisdiction, which would be criminal if carried out in the UK, BG has excluded investment in companies deriving revenue from recreational cannabis products. This is a precautionary application of the UK's Proceeds of Crime Act 2002 ("POCA") and will be reviewed regularly.

### **Coal**

BG is mindful of its duty to investors to invest in sustainable business models capable of generating superior returns. To this end, the Group has implemented a Coal policy that details BG's approach to investment in the utilities sector and companies deriving revenue from coal more generally. The policy is included in Annex 3.

### **Approach**

BG sources information from its internal research team, broker research, Sustainalytics and Bloomberg in order to analyse and assess the involvement of companies in Excluded Activities. Based on this information, the Group's ESG Committee regularly review the restricted list and recommend any additions or removals which are consulted with the CEO prior to implementation.

The Group operates a system of hard locks on its order management system, which prevents any inadvertent trading on excluded companies. Where companies are not on the excluded list but require a case by case assessment to ensure they meet the Group's ESG and Responsible Investment Policy, soft locks may be placed whereby traders must seek approval from the Group's Compliance prior to trading.

Existing positions on companies that have been newly added to the exclusion list are closed as soon as reasonably possible, whilst ensuring client's interests are protected. During this time the position cannot be increased. The time it takes to divest will vary according to the liquidity of the asset.

Where a company is no longer involved in an Excluded Activity, the ESG Committee will seek to remove the company from the excluded list as soon as practicable and any locks on the order management system are removed.

## GLOSSARY OF TERMS, ABBREVIATIONS AND ACRONYMS

<b>AIMA</b>	Alternative Investment Management Association
<b>AMF</b>	Autorité des Marchés Financiers (France)
<b>CCGT</b>	Combined Cycle Gas Turbine plant
<b>D&amp;I</b>	Diversity and Inclusion
<b>ESG</b>	Environmental, Social and Governance
<b>ESMA</b>	European Securities and Markets Authority
<b>FCA</b>	Financial Conduct Authority (UK)
<b>GHG</b>	Green House Gas
<b>PASI</b>	Principle Adverse Sustainability Impact
<b>POCA</b>	Proceeds of Crime Act 2002 (UK)
<b>SBAI</b>	Standards Board for Alternative Investments
<b>SEC</b>	Securities and Exchange Commission (US)
<b>SRD II</b>	Shareholder Rights Directive II (ESMA)
<b>SFDR</b>	Sustainable Finance Disclosures Regulation (ESMA)
<b>TCFD</b>	Task Force on Climate-Related Financial Disclosures
<b>UNPRI</b>	United Nations Principles for Responsible Investment

## ANNEX 1 - ENGAGEMENT POLICY

In its role as an asset manager BG acts on behalf of a number of retail, professional and institutional clients in its engagement with companies it invests in. BG recognises that it has a fiduciary duty to act in the best interest of its clients over both short and long-term horizons. This duty includes undertaking responsible stewardship of client assets in a way that should add value for clients through time.

This Engagement policy sets out how BG engages with investee companies. The policy is a requirement under the EU Shareholder Rights Directive II and should be read in conjunction with BG's Proxy Voting policy and BG's ESG and Responsible Investment Policy.

The implementation of this policy will be reported publicly on an annual basis and will include a general description of voting behaviour, an explanation of the most significant votes and the use of proxy advisors. Additional reporting can be provided to investors upon request.

### Investment process and engagement

BG operates a number of different investment strategies, and in its flagship fund aims to provide investors with uncorrelated and diversified returns. BG has a large team of fundamental analysts and engagement with investee companies is a central pillar of BG's non-quantitative equity investment strategies and is a key input in the investment process.

BG's specialised sector analysts use their extensive knowledge and experience in their sector to make investment recommendations to the Group's Investment Committee. The Committee reviews the investment thesis and evaluates the merits of an investment. As well as conducting its own proprietary research, BG sources investment research from third parties to compliment and contrast the views of its analysts while also gaining access to industry specialists.

Engagement with investee companies forms part of the initial due diligence conducted by analysts on potential investments and is also part of the Group's ongoing monitoring and oversight of investments.

BG engages with investee companies in several different ways: direct one-on-one meetings with a company's management, group meetings with other investors and the investee company, attendance at industry conference and investor days. This enables BG's analysts to engage with the investee company in a variety of settings whilst also providing valuable insight into other investors and potential investors in the company.

An internal record of investee company engagement meetings is maintained and cross referenced with data kept by brokers to ensure its accuracy. In 2019 the Group conducted over 500 meetings with existing and potential investee companies.

In conducting their research, BG's analysts will typically review company statements, filings and market data, and research from brokers and other sources. In addition, BG also reviews the companies in the context of data and research provided by a third-party specialist ESG provider. ESG specific data can be particularly subjective and is used as a high-level screen along with other sources during the due diligence process for a potential investment and then for on-going monitoring of positions. Wherever outlying data points, new items or potential controversies are identified, the Group's Risk Committee is notified and will review the potential impact this could have on shareholder value. Whilst there are currently no defined industry-standard ESG risk-metrics, BG believes using ESG data as an overlay for risk control is a useful addition to its traditional sources of information.

### Dialogue with investee companies

BG engages with company management to improve its understanding of the company's business, culture and governance process and also to discuss any specific concerns or opportunities that the analyst would like more detail on. Areas of interest and engagement may typically include:

- Corporate capital and financing structure
- Divergence by the company from its stated strategic objectives.

- Controversies that arise with potential to impact shareholder value, including environmental, social and governance matters.

Where BG takes an equity position, depending on the investment thesis and size of the position, BG may, on its own or in conjunction with other investors, seek to change an investee company's behaviour in order to better realise value for shareholders. Influencing investee company behaviour is achieved through frequent direct engagement with the investee company's management.

### Exercise of voting rights

BG is cognizant of its stewardship responsibility and endeavours to vote in the best interests of its clients. To this end, BG maintains a Proxy Voting Policy which sets out when and how it will vote at investee company meetings. The policy is available upon request.

### Collaboration with other shareholders

Where permitted by applicable laws and regulation, BG collaborates with fellow shareholders where it believes it would be in its client's best interests to do so. This collective engagement can take the form of joint voting at meetings, acting as co-plaintiffs in class action lawsuits or participation in shareholder group forums.

### Conflicts of Interest

BG recognises that stewardship activities and company engagement can on occasion lead to conflicts of interest arising. BG maintains a Conflicts of Interest Policy which identifies conflicts and implements controls. The Group aims to maintain and operate effective organisational and administrative processes to identify and to prevent or manage potential and actual conflicts of interest in the Group's business.

With specific reference to the Group's engagement with listed companies, the Group has identified the provision of gifts and hospitality and personal account dealing as areas of higher risk. These are areas which Compliance monitor regularly, and staff receive frequent training on.

When engaging with companies, it is possible for BG to receive inside information. This does not often occur, but when it does, the analysts attending the meeting are required to notify BG's Compliance team who will then ensure the necessary controls and restrictions are put in place.

Any specific conflicts of interest are reviewed by the Conflicts of Interest Committee and escalated to the Management and Control Committee where required.

## IMPLEMENTATION OF THE ENGAGEMENT POLICY – ANNUAL DISCLOSURE

The Group's initial Annual Disclosure will cover the calendar year 2020 and shall be made available in 2021.

## ANNEX 2 - VOTING POLICY

### INTRODUCTION

As a fiduciary, the Group owes each of its clients a duty of care and loyalty with respect to services undertaken on the client's behalf, including proxy voting. To this end, the Group takes all reasonable steps to vote proxies in the best interest of its clients. This document constitutes the Group's Proxy Voting Policy (the "Policy").

### GENERAL PRINCIPLES

In the pursuit of diversified returns BG implements multiple strategies. Some of these involve the short-term trading of large baskets of securities which makes voting impractical. As a result, the Group will generally vote for companies in which it has a material interest in doing so for the benefit of its investors, namely when:

- When the position represents 0.25% or more of the Group's assets under management and the Group holds 0.25% or more of the investee company's voting rights; or,
- When the Group holds 1.00% or more of the investee company's voting rights.

The Group may however vote where the above thresholds are not met when it believes it is in the interests of its investors.

The Group generally votes proxy proposals, amendments, consents or resolutions relating to client securities, including interests in private investment funds, if any, (each a "proxy") in accordance with the following guidelines:

- The Group will generally support a current management initiative, if our view of the issuer's management is favourable;
- The Group will generally vote to change the management structure of an issuer, if it would lead to an increase in shareholder value;
- The Group will generally vote against management, if there is a clear conflict between the issuer's management and shareholder interest;

All proxies are evaluated and voted on a case-by-case basis, considering each of the relevant factors set forth above.

There may be a situation where the Group decides, in the best interests of its client, to deviate from this policy or abstain from voting. In this event, the Group will document in writing the reason for the deviation/abstention.

### CONFLICTS OF INTEREST

There may be times in which conflicts arise between the interests of a client and the interests of the Group. In these cases, the Group will always strive to address such conflicts in the best interests of the client. If a conflict of interest is perceived to be material, the Group may resolve such conflict as follows:

- Approval of the vote may be required from senior management;
- The voting decision may be delegated to an independent third party;
- The voting decision may be delegated to an independent committee of partners, members, directors or other representatives of the client, as applicable; or
- Investors or representatives of the client may be informed of the conflict of interest and consent obtained (majority consent, in the case of a fund) to vote the proxy as recommended by the Group.

The Compliance Officer will document the factors involved and the resolution of any material conflict.

### RECORDKEEPING

The Group maintains a record of how the Group votes and, where deviating from the standard voting guidelines detailed above, the rationale for deviation. Records are maintained by the Group's operations department responsible for instructing votes and are kept for no less than 5 years.

**DISCLOSURE**

In satisfaction of its regulatory obligations, the Group discloses to clients on the Form ADV Part 2A a summary of its Proxy Voting Policy. The Group also advises clients that a copy of this Policy and record of how their securities were voted are available upon request.

**MONITORING AND POLICY REVIEW**

The Group's Head of Legal and Compliance is responsible for the ongoing monitoring and annual review of this Policy to confirm that it continues to meet regulatory requirements and reflects industry best practices.

### ANNEX 3 - COAL POLICY

The Boussard & Gavaudan Group (“BG” and “the Group”) is committed to responsible investment and aims to invest its client’s assets in sustainable businesses capable of generating positive returns for investors. As part of this commitment the Group has developed a policy regarding investment in companies reliant on coal.

The Group is actively committed to the decarbonisation of the economy, and the power sector in particular. The Group aims to implement a total exclusion from coal related investments before 2030. In addition, the Group does not invest in greenfield or brownfield thermal coal mines, coal plants and related infrastructure.

#### Coal-fired Power Generation

BG acknowledges that use of coal for electricity generation is a large CO<sub>2</sub> emitter and a key contributor to climate change.

Whilst BG understands the use of metrics such as percentage of revenue attributable to coal generation and percentage of generation attributable to coal, the Group believes sole use of these metrics as the basis for exclusions can lead to inaccurate outcomes. Revenue in the utilities sector is highly correlated to the price of underlying commodities and coal generation often fluctuates depending on weather variation which affects generation dependent on rainfall and wind. Because of these characteristics BG prefers to use CO<sub>2</sub> reduction targets and undertakes to only invest in utility companies that have stated commitment to:

- reducing their absolute level of CO<sub>2</sub> emissions by at least 50% by 2030 compared to their 2019 levels;
- not investing in new coal power generation facilities and treating coal operations as a legacy investment;
- actively working to decommission existing coal power plants with a clear closure calendar before the end of their operational life; and,
- actively engage in renewable and low carbon power generation activity such as wind and solar plants, conversion of existing sites to CCGTs and hydrogen-related R&D investments.

The Group considers investments on a case by case basis using data from Sustainalytics, Bloomberg and in-house analysis of company reports. This enables the investment team to identify companies that have exposure to coal and determine whether the proposed investee company is committed to the transition away from coal-fired power generation. Any investment made in companies exposed to coal is documented with a detailed rationale of the investee companies standing on the phase out of coal.

Whilst all reasonable steps are taken to implement this policy, the Group may have indirect exposure to companies that do not meet the Group’s policy through the use of index funds for hedging purposes. In addition, the Group’s quantitative strategies seek to take advantage of short term moves and opportunities in the market and do not allow for a case by case qualitative assessment of an investee company’s exposure and commitment to the transition from Coal.

The Group believes its approach positions BG well as an asset manager to better support the transition away from coal-fired power generation.

## ANNEX 4 - DIVERSITY & INCLUSION POLICY

The Boussard & Gavaudan group of companies (“BG” or the “Group”) is committed to encouraging equality, diversity and inclusion among our workforce, and eliminating unlawful discrimination.

Operating from the US, UK and France, the Group firmly believes that having a diverse mix of skills, perspectives and expertise is a key driver for success. Employees are encouraged to express themselves freely, are rewarded based on merit and the success of the Group as a whole. The Group’s mission of seeking the best ideas in pursuit of the deepest understanding of special situations and market anomalies — naturally lead us to embrace diversity and treasure our differences.

BG understands and acknowledges that its strength and path to continued success lies in the diverse talents and skills of its employees who can understand and develop different perspectives. Diverse teams bring diverse perspectives that enhance value for our stakeholders and communities. The Group is therefore committed to attracting, retaining and developing employees regardless of age, gender, ethnicity, sexual orientation, disability, religious beliefs or other characteristics. It also means creating an environment where people can be themselves and express their ideas freely – which we believe benefits both the Group and its clients.

The ultimate aim is for our workforce to be truly representative of all sections of society and our clients, and for each employee to feel respected and able to give their best. The Group - in its provision investment services - is also committed against unlawful discrimination of clients and the wider public.

This policy’s purpose is to:

- provide equality, fairness and respect for all in our employment, whether temporary, part-time or full-time
- not unlawfully discriminate on the basis of protected characteristics such as age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race (including colour, nationality, and ethnic or national origin), religion or belief, sex and sexual orientation
- oppose and avoid all forms of unlawful discrimination. This includes in pay and benefits, terms and conditions of employment, dealing with grievances and discipline, dismissal, redundancy, leave for parents, requests for flexible working, and selection for employment, promotion, training or other developmental opportunities

The Group commits to:

- Encourage equality, diversity and inclusion in the workplace as they are good practice and make business sense.
- Create a working environment free of bullying, harassment, victimisation and unlawful discrimination, promoting dignity and respect for all, and where individual differences and the contributions of all staff are recognised and valued.

This commitment includes training managers and all other employees about their rights and responsibilities under the equality, diversity and inclusion policy. Responsibilities include staff conducting themselves to help the organisation provide equal opportunities in employment, and prevent bullying, harassment, victimisation and unlawful discrimination.

All staff should understand they, as well as their employer, can be held liable for acts of bullying, harassment, victimisation and unlawful discrimination, in the course of their employment, against fellow employees, customers, suppliers and the public.

- Take seriously complaints of bullying, harassment, victimisation and unlawful discrimination by fellow employees, customers, suppliers, visitors, the public and any others in the course of the organisation’s work activities.

Such acts will be dealt with as misconduct under the organisation’s grievance and/or disciplinary

procedures, and appropriate action will be taken. Particularly serious complaints could amount to gross misconduct and lead to dismissal without notice.

Further, sexual harassment may amount to both an employment rights matter and a criminal matter, such as in sexual assault allegations. In addition, harassment – which is not limited to circumstances where harassment relates to a protected characteristic – is a criminal offence in the jurisdictions in which BG operates.

- Make opportunities for training, development and progress available to all staff, who will be helped and encouraged to develop their full potential, so their talents and resources can be fully utilised to maximise the efficiency of the organisation.
- Decisions concerning staff being based on merit (apart from in any necessary and limited exemptions and exceptions allowed).
- Review employment practices and procedures when necessary to ensure fairness, and also update them and the policy to take account of changes in the law.

Monitoring includes assessing how the equality, diversity and inclusion policy, and any supporting action plan, are working in practice, reviewing them annually, and considering and taking action to address any issues.

This diversity and inclusion policy is fully supported by senior management and reviewed regularly by the Management and Control Committee.

Details of the organisation's grievance and disciplinary policies and procedures can be found in the Employee Handbook or by contacting Human Resources. This includes with whom an employee should raise a grievance.

Use of the organisation's grievance and/or disciplinary procedures does not affect an employee's right to make a claim to an employment tribunal.

## ANNEX 5 - GOOD GOVERNANCE POLICY

### 1. INTRODUCTION

This document sets out the policy of the Boussard & Gavaudan Group companies (“BG” or the “Group”) on the assessment of the governance practices of investee companies as required under the Sustainable Finance Disclosure Regulation (“SFDR”).

BG believes good governance promotes the success of its investee companies and has, since inception, assessed governance at its investee companies when making investments in its fundamental strategies.

BG’s investment analysts are responsible for determining that the governance practices of investee companies are good or, where they are deficient or could be improved, they ensure that all governance issues are identified, assessed, and included in their investment thesis. Companies with governance issues will only be eligible for investment if a path to improvement or resolution of issues has been identified.

This policy outlines how BG defines Good Governance and the processes by which it determines whether governance meets the required standard.

### 2. SCOPE

#### **Instruments Covered**

The policy applies to all investments made directly or indirectly in a single corporate issuer. Derivative instruments, other than those used to specifically gain long exposure to a company, are not subject to this Policy.

Short positions and positions entered into solely for hedging purposes will not typically be assessed for Good Governance.

Quantitative trading strategies are designed to take advantage of short term moves and temporary arbitrage opportunities with trading conducted in baskets often across hundreds of individual stocks. The volume and speed of trading does not allow for application of qualitative analysis of an inherently subjective definition of Good Governance. Investments made in corporate issuers as part of a quantitative trading strategy are thus excluded from this policy.

#### **Funds Covered**

All funds classified as Article 8 products under SFDR are subject to this Policy.

### 3. GOOD GOVERNANCE DEFINITION

Corporate governance is the process by which a company makes decisions, implements decisions, and oversees its own decision making. There is a wide variety of rules and standards across the world, which makes it difficult to closely define good governance using a one-size-fits-all approach. Consequently, it is important to understand the fundamental principles behind what defines good governance.

Corporate governance comes down to accountability and alignment of interests, and at its heart, good governance is about having the right people and the right processes.

In this context, BG defines “good governance” to be a standard of governance which is broadly reflective of industry-established norms and standard practices with regards to management structures and decision-making, accountability to shareholders, compensation structures, corporate culture, compliance with applicable law and the absence of adverse media coverage which is likely to have a material negative impact on the financial returns of the company.

#### 4. ASSESSMENT

Investment analysts are responsible for assessing governance and the ongoing monitoring of the governance practices of the companies in which they invest in. Such an assessment is inherently subjective and must be made in the context of the investment strategy and the availability of data and research. The assessment of governance at investee companies is complex and may be based on data which is not always accurate or complete, or out of date. Investment analysts therefore reconsider their initial analysis on an ongoing basis where they become aware of any material issues. Investment analysts will often engage with investee company management to address concerns, seek clarification or determine action to improve governance where relevant.

BG's investment analysts will typically review the following features of governance at an investee company when building an investment thesis to be presented to the Investment Committee:

- Board composition
- Board independence
- Executive compensation
- Related-party transactions
- Shareholder representation and the share class structure
- Management structures
- Employee relations
- Tax compliance

BG's investment approach is not a best-in-class approach which would systematically exclude companies with potential governance issues. Companies that present governance issues and that are resolving them are supported as they represent potential investment opportunities, as the resolution of governance issues is a strong catalyst for a re-rating of the underlying company.

Consequently, within BG's fundamental strategies, all assets are subject to the good governance assessment. If a governance issue is identified, then its assessment must be included in the investment case presented to the Investment Committee and a path to resolution must be identified. In addition, BG's investment team may, from time to time, engage directly with companies to address concerns and/or to remedy issues with respect to governance. Such activity is recorded and reported to BG's clients on a quarterly basis.

#### 5. OVERSIGHT

BG's ESG committee is responsible for overseeing compliance with this policy and the Group's ESG and Responsible Investment Policy. The Group's Compliance function performs periodic monitoring to ensure compliance with this policy.

For more information on the Group's ESG policy and procedures, please visit <https://www.boussard-gavaudan.com/en/p/24/esg-policy>