
ENGAGEMENT POLICY

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1. ENGAGEMENT POLICY

In its capacity as an asset manager, Boussard & Gavaudan Investment Management LLP (“the Firm” or “BG”) engages with investee companies on behalf of the Funds it manages. BG recognises that it has a fiduciary duty to act in the best interest of the investors in its funds 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.

In accordance with the Shareholder Rights Directive II, 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.

2. INVESTMENT PROCESS AND ENGAGEMENT

BG operates a number of different investment strategies, and in its flagship multi-strategy fund aims to provide investors with uncorrelated and diversified returns. BG has a 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 analysts use their extensive knowledge and experience in their sector to make investment recommendations to the firm’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.

In formulating the investment thesis to be proposed to the Investment Committee, analysts will seek to identify specific value catalysts and engagement strategies to realise shareholder value. Their engagement strategies often include direct communication with management on a particular issue and supporting corporate actions or capital restructuring through the exercise of voting rights.

Areas of particular interest for engagement 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.

Depending on the type of issue to engage, BG typically has three engagement strategies available:

- Direct Meetings: One-on-one discussions with company management.
- Collaborative Sessions: Group meetings with investors and investee companies.
- Insights from Events: Participation in industry conferences 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.

During engagement meetings, analysts delve into specific concerns, potential opportunities, and broader topics. These discussions enhance our understanding of investee companies’ business, culture, and governance processes. To ensure accuracy, we maintain an internal record of these interactions, cross-referencing it with data from brokers.

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.

A record of investee company engagement meetings is maintained and reported annually in BG’s Engagement Report.

3. 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.

4. COLLABORATION WITH OTHER INVESTORS

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.

Given the size of the Firm, engagement with other shareholders collectively is often the most effective means of achieving positive outcomes for BG's clients. Opportunities for collaborative engagement often arise organically, with shareholders identifying and communicating with other shareholders to amplify the effect of engagement. BG also monitors the UN PRI Collaboration Platform to identify situations in which it can join forces with other shareholders to enhance its influence over investee companies on ESG related issues.

5. ESCALATION PROCESS

BG typically hopes to address any concerns it has about an investee company during its regular meetings with company management. Where it becomes apparent that concerns have not been addressed, the Firm may decide to enhance its engagement activity by requesting further meetings with senior management. Should persistence prove unsuccessful, the Firm may choose to employ the following methods of escalation:

- Communication with the company's board
- Seeking collaborative intervention with other investors
- Filing/co-filing/submitting a shareholder resolution or proposal
- Publicly engaging the entity (e.g. formal letter to the board)
- Voting against management at meetings
- Voting against the re-election of one or more board directors
- Voting against the chair of the board of directors
- Voting against the annual financial report
- Divesting or implementing an exit strategy

Where a vote against the management of a company with which a dialogue have been engaged becomes the sole option, the management is made aware of BG concerns and voting intention prior to the vote. When a vote take place against a management recommendation, it is informed of our decision, the reason behind it and it is invited to future dialogue. The last resort is always to divest from the Company.

Escalation activity is recorded and reported to BG's clients on a quarterly basis with oversight provided by the Investment Committee and ESG Committee.

6. CONFLICTS OF INTEREST

Boussard & Gavaudan is fully committed to maintaining the highest standards of professionalism, integrity and governance, and is committed to upholding its duty to act in the best interests of its clients. The Firm is 100% owned by its management with their interests strongly aligned with the Firm's clients through their personal holdings in the funds managed by the Firm.

6.1 APPROACH

BG recognises that during the course of normal business activity, from time to time, conflicts of interest may arise, particularly in the context of stewardship activities and company engagement. At BG, we maintain a rigorous Conflicts of Interest Policy that identifies potential conflicts and implements necessary controls.

Our commitment is to uphold effective organisational and administrative processes, allowing us to identify,

prevent, or manage both potential and actual conflicts within our business. The key elements of our policy are detailed below:

Structured Disclosure Escalation Procedure: To address conflicts effectively, we have established a structured procedure for disclosure escalation. This process involves assessing conflicts, implementing mitigating controls where feasible, and making appropriate disclosures.

Conflicts of Interest Committee: As part of our governance structure, an ad-hoc Conflicts of Interest Committee is convened by our Compliance team. This committee reviews new conflicts of interest and takes measures to control and mitigate them. When conflicts cannot be adequately managed, the matter is escalated to our Management and Control Committee.

Conflict Logging and Regular Review: All conflicts are meticulously logged in our Conflict of Interest Register. Our Compliance team conducts regular reviews to ensure compliance with our policies and procedures.

Focus Areas: In our engagement with listed companies, we recognise specific areas of higher risk:

- **Gifts and Hospitality:** We closely monitor the provision of gifts and hospitality to prevent any undue influence.
- **Personal Account Dealing:** Rigorous oversight ensures that staff adhere to guidelines regarding personal account dealings.
- 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. Specific market abuse surveillance and monitoring are in place to ensure Compliance with applicable regulation.

6.2 POLICIES

Our policies are designed to protect the Firm and its investors from potential conflicts of interest and cover different potential conflicts at the firm:

Conflicts of Interest Policy

Where staff undertake outside business activities which may conflict with the interests of the funds managed by the Firm.

No employee may engage in any additional occupation without the consent of the Board. In certain circumstances, consent may be withheld. Employees must not accept personal fiduciary appointments (such as trusteeships or executorships other than those resulting from family relationships) without first obtaining written approval from the Board. All approved outside interests are recorded in the Conflicts Register.

Proxy Voting Policy

A conflict could arise where a firm does not vote in the best long-term interests of its clients. This could be the case where a firm has a contractual relationship as well as being a shareholder in a company.

The Firm has procedures and controls in place to ensure that all voting is completed in the best interests of clients. Any potential conflicts of interest are reported to Compliance. Such controls are documented in the Firm's Proxy Voting Policy.

PA Dealing Policy

A conflict arises where an employee trades for their own personal account. This could give rise to market abuse issues such as frontrunning of fund trades. It can also give rise to conflicts where the employee's personal interests affect decisions the fund takes in relation to the stocks owned by the employee.

Given the significant conflict, most PA Dealing is prohibited at BG with limited exceptions from the prohibition such as investments in Exchange Traded Funds, collective investment schemes and private equity. Employees may only undertake personal investment activities that do not breach applicable law or regulation, do not unduly distract from their employment responsibilities and do not create an unacceptable risk to the company's reputation. Transactions should also be free from business and ethical conflicts of interest. Employees must never misuse proprietary or client confidential information in their personal dealings and must ensure that clients are never disadvantaged as a result of their dealings. BG's Personal Account Dealing Policy extends to dealings by staff on behalf of close associates and prohibits the passing of information relating to our funds to any third party.

All staff are required to seek pre-approval from the Personal Account Dealing Committee for personal dealing in non-exempt instruments and a complete record of transactions made by staff is maintained and reviewed regularly.

Gifts & Hospitality Policy

The policy aims to manage the risk from inducements that may arise from gifts and hospitality received or provided to brokers, companies or other service providers which could exercise undue influence on the business relationship.

No employee may accept from, or give to, any person any gift or other benefit that cannot properly be regarded as justifiable in all circumstances. Policies and procedures have been implemented to ensure that staff and their connected persons do not offer or accept gifts or inducements which may give the perception that decisions or actions are not impartial. Above €150 in value, all gifts or hospitality require approval from Compliance. Below this threshold, a record is kept by Compliance of the gift or hospitality received or provided by the Firm. The register is reviewed regularly, and periodic monitoring is conducted by Compliance to identify any patterns which could cause concern.

6.3 ATTESTATIONS AND TRAINING

All staff at BG are required to avoid any activity or interest that may conflict with the interests of the Firm or its clients. All staff are required to complete an annual attestation confirming that all external activities which could give rise to a conflict of interest have been disclosed in accordance by the Firm's policy.

Staff at BG are also required to complete an annual Conflicts of Interest online training module and assessment, ensuring all staff understand and comply with the Firm's Conflicts of Interest Policy.

7. DISCLOSURE

The Firm publishes its annual Engagement Report on its website (see link below). As a signatory of the UK Stewardship Code the Firm further publishes an annual Stewardship Report that contains case studies and more details on engagement activity.

<https://www.boussard-gavaudan.com/en/p/24/esg-policy>