
Remuneration Policy

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1. INTRODUCTION

The purpose of this Remuneration Policy is to set out how Boussard & Gavaudan Group (“BG” or “the Firm”) will provide remuneration in a form and amount that is consistent with the Remuneration Code as set out in FCA and AMF rulebooks, whilst being able to attract, motivate and maintain high-calibre staff.

The Code applies to all entities of BG Group:

- Boussard and Gavaudan Investment Management (‘BGIM’)
- Boussard and Gavaudan Gestion (‘BGG’)
- Boussard and Gavaudan Americas (‘BGA’)

As BG Group also comprises AIFs and UCITS managers, the Remuneration Policy has been designed to comply with the relevant provisions of the directive 2011/61/UE of the 8 June 2011 alternative Investment Fund Manager (AIFMD) and the Directive 2014/91/EU of 23 July 2014 (“UCITS V Directive”).

Risk Management

BG aims to create a remuneration structure that fosters satisfactory remuneration for staff which encourages innovation and performance while ensuring staff are not encouraged to take inappropriate or excessive risks. To this end, bonus of Material Risk Takers (MRTs) is subject to deferral over 4 years ensuring MRTs take a long term view on performance which is more closely aligned to BG Funds’ investment horizon. In addition, deferred bonus which has not yet vested is invested in BGHL and or shares of BG’s main Fund, thus aligning the interests of staff and investors and discouraging excessive risk taking. Finally, MRTs are subject to claw back provisions, whereby bonuses allocated during one period could be clawed back in subsequent periods in the case of negative performance or policy breaches.

Fixed to Variable Ratio

BG distinguishes its remuneration structures for MRTs and non-MRTs staff members.

For non-MRTs, annual discretionary bonus + partnership profit distribution will not generally exceed 300% of fixed remuneration. Non-MRTs bonus will not be subject to deferral.

For MRTs, annual discretionary bonus + deferred bonus + partnership profit distribution will not generally exceed a 20 times multiple of fixed remuneration. However, in cases of exceptional performance the Remuneration Committee may agree to exceed this multiple where it is deemed appropriate due to exceptional performance, is consistent with the Firm’s risk management policies and does not risk BG’s overall financial soundness.

Gender Neutral

BG understands and acknowledges that its strength and path to continued success lies in the diverse talents and skills of its staff members 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 staff members 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. To this end, BG’s Remuneration Policy is designed to reward staff based on merit and the overall success of the Group as a whole. The Remuneration Policy is therefore designed to be gender neutral. Pursuant to the UK Equality Act 2010, discrimination on the basis of an individual’s protected characteristics both before and after employment is offered, is prohibited. This applies to pay and all other contractual terms, including bonus.

Therefore, the main rules deriving from both the AIFM regulation and the UCITS V Directive regarding remuneration policy as implemented by BG can be summarized as follows:

- Annual discretionary bonus
- Deferral over 3 years (only MRTs)
- Awards in instruments, at least 50% (only MRTs)
- Retention of the instruments for 6 months (only MRTs)
- Performance adjustment => clawback possible (only MRTs)

BG Remuneration Policy will be reviewed annually by the Management and Control Committee (“MCC”) to ensure that it remains compliant with the AIFM Remuneration Code Principles and the UCITS V Directive. In addition, the Compliance Officer, as part of BG regulatory monitoring, will perform a review of the implementation of this Policy by all group entities.

2. APPLICATION

This Remuneration policy applies to all BG members. However, some parts only apply to MRTs, as defined by guidance provided by the regulators, which include:

- Senior managers and members of the management body (1)
- Heads of Investment departments (1)
- Portfolio managers and traders (1),
- Heads of Support functions (1)
- Risk manager, CCO, RCCI (1)- and any staff member with a significant impact, or who has authority to take decision approving or vetoing that could have a significant impact on the firm or funds’s risk profile, AND with a significant remuneration (ie. equivalent or more than the average remuneration of the 5 smaller remunerations of MRTs for the year N-1)

(1) Except if the staff member has no significant impact on the firm or its funds’ risk profile

The List of MRTs will be updated every year in March.

Boussard & Gavaudan Partners Limited (“BGPL”), is the Managing Member of Boussard & Gavaudan Investment Management LLP (“BGIM”), a limited liability partnership. Members of BGIM are not employees and receive all their remuneration through member’s distribution. BG has set up a Remuneration Committee which reviews the performance of the Group’s staff and decides on the level of remuneration which should be awarded to each member of staff, and how this should be awarded. It also takes decisions on claw backs where these are relevant. The MCC is responsible for setting BG’s policy on remuneration.

Link between pay and performance

Remuneration at BG is made up of 3 components:

- fixed (‘salary’)
- bonus
- Additionally, members and partners of the partnership may receive distributions from the residual profits of the group.

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 the bonus, which is discretionary, 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.

The bonus is discretionary, so its payment for one year does not assure a payment of bonus in the following year.

In keeping with BG's long-term objectives, the assessment of performance will take into account the Firm's business cycle:

Deferral

For MRTs, 50% of the bonus will be deferred over 3 years, up to 60% for those receiving more than £500,000 (equivalent of €700,000 or \$600,000) of bonus (second component above).

According to the FCA Guidance Note of January 2014, distributions received from the partnerships as residual profits of BG (after payment of the first 2 components) will not be subject to deferral.

For the purpose of clarity in the following examples:

N is the year when the activity is performed

31 March N+1 is the date when the bonus is granted

31 March N+2, 31 March N+3 and 31 March N+4 are the dates when conditional and deferral amounts are vested

The performance related bonuses are determined on 31st March. Those amounts, minus any mandatory tax payable from BG on those invested amounts, are then invested in Boussard & Gavaudan Holding Limited ("BGHL") shares (as defined below) and/or in BG Fund units (the underlying fund of BGHL) in principle on 1st April or as soon as possible.

BGHL is a closed ended fund listed in Amsterdam and London stock exchanges. It is almost exclusively invested into BG Fund, the flagship fund managed by BG.

1/3 of the deferred portion of the performance-related bonuses will be vested on 31 March of the 3 following years. Because the deferral is invested into BGHL shares or BG Fund units, the amount paid, as soon as possible after 31 March, will include the market price or NAV evolution (positive or negative) of the shares or units for the invested portion.

There will be a potential claw back on those conditional and deferred bonuses, shares or units which depends on the contribution to the performance of the funds managed by BG of the individual, on his/her behaviour and on his/her respect of all the BG's rules during those three years.

Awards in instruments

For MRTs, BG awards at least 50% of bonus in the form of shares of BGHL and/or units of BG Fund. The shares or units are subject to an appropriate retention policy that is designed to align incentives with the long-term interests of BG and the AIFs that BG manage.

The 6 months retention period will only be applied to MRTs.

BG considers that the retention period of 6 months should not apply if the MRTs hold already at least instruments of BG Group for the same amount. BG reviews this criteria on 15th February. In that case all the deferred bonus can be paid in cash and, in that case, the MRT will commit to keep at least instruments for the same amount for a minimum of 6 months.

Adjustment to the performance of BGHL and/or BG Fund

Bonus awarded should only vest or be paid if it is sustainable according to the financial situation of the AIFM as a whole and justified according to the performance of BGHL and/or BG Fund, the business unit and the individual concerned. Where financial performance is subdued or negative, BG will ensure that bonus is "considerably contracted" through claw back arrangements.

Bonuses should not be distributed until the BG funds' accounts have been established.

Payment (31st March N+1)

For MRTs, 50% (or 40%) of the bonus is paid on 31 March N+1, of which half in cash and half in BGHL shares and/or BG Fund units with a retention period of 6 months if the individual cannot justify he already holds a number of BGHL shares or BG Fund units at least equal to the number he receives. BG reviews this criterion on 15th February. If the individual does already hold enough shares or units the 50% part will be paid in cash (40% when the second component of the remuneration exceed 500k£). If the individual does not, then BG will keep the amount during 6 months and BG will pay the individual these 50% part in cash on 30 September N+1.

50% (or 60%) is held by the company and invested in BGHL shares and/or BG Fund units.

For non-MRTs, the payment on 31 March N+1 is in cash.

During each of the following 3 years (31 March N+2, 31 March n+3, 31 march N+4) payments to MRTs are made on the following basis

For MRTs, 1/3 of the conditional and deferred bonus is vested, of which :

: half in cash and half in shares or units with a retention period of 6 months if the individual cannot justify he already holds a number of BGHL shares or BG Fund units at least equal to the number he receives. Otherwise, the individual will receive all in cash. In the first case, BG will keep the amount during 6 months and BG will pay the individual these 50% part in cash on 30 September N+2, N+3 and N+4.

The payment is made under the following conditions:

- The individual is still with Boussard & Gavaudan at the date of the payment,
- The share price applied will normally be the average price paid (or received) by BG for the shares of BGHL or BG Fund unless a specific situation arises,
- A potential claw back may be applied, as determined by the regulators, when a specific event arise due to personal or collective misconduct, failings or poor performance. The potential claw back will be defined based on the degree of culpability, involvement or responsibility of an individual and the impact of the event based on all relevant criteria, including:
 - Depending on the personal performance of the PR or the collective performance of the fund;
 - The impact on BG's customers, counterparties or the wider market;
 - The impact of the failure on BG's relationships with its other stakeholders including shareholders, employees, creditors, the taxpayer and regulators;
 - The cost of fines and other regulatory actions;
 - Direct and indirect financial losses attributable to the relevant failure; and
 - Reputational damage.

In case a relevant event happens, BG will ensure Compliance, Finance, HR and Legal can provide relevant information and contribute to discussion to ensure the process to determine ex-post claw backs is fair, factual and consistent.

The claw-back will be applied on the next vested date of the deferral and so on and so forth until the amount of the claw-back is aligned with the total amount to be recovered.

Awards will reflect the financial performance of BG and as such conditional and deferred bonus may be contracted where subdued or negative financial performance occurs. BG will not ordinarily make any bonus awards should the Firm make a loss. In exceptional circumstances such payments may need to be considered. In such cases the Remuneration Committee, in conjunction with the Compliance Officer, will consider and document whether such an award would be in line with the Remuneration Policy.
