

BOUSSARD & GAVAUDAN

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Remuneration Policy

1. Introduction

The purpose of this Remuneration Policy is to set out how Boussard & Gavaudan Group¹ ("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 employees.

As BG 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 amending Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings investment in transferable securities ("UCITS V Directive").

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:

- Deferral over 3 years
- Awards in instruments, at least 50%
- Retention of the instruments for 6 months (only Code Staff)
- Performance adjustment => malus and clawback possible

¹ For the avoidance of doubt BG will apply the same policy to all employees, partners and members of the following entities:

Boussard & Gavaudan Partners Limited,
Boussard & Gavaudan Asset Management LP
Boussard & Gavaudan Investment Management LLP
Boussard & Gavaudan Gestion SAS
Boussard & Gavaudan America
Compagnie des Ecréhous SE
BG SAS

- The Policy will be effective on 1st January 2016

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. 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

The Remuneration Code applies to all BG members. However, some parts only apply to 'Remuneration Code Staff' ('Code Staff'). This Code Staff includes:

- senior management or Directors
- partners
- risk takers, i.e. analysts and traders,
- staff engaged in control functions, i.e. risk management, internal audit and compliance
- and any employee receiving a total remuneration of more than 100.000€ (or £80.000) (see appendix II with the current list of people concerned).

The Code Staff 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. In order to take a proportionate approach, given the size and non-complex nature of both the activities undertaken and the organization, BG has decided that the MCC will act as the Remuneration Committee. This is in line with guidance provided by the FCA for tier 4 firms under the Remuneration Code. The MCC will be responsible for setting BG's policy on remuneration.

The BG remuneration policy, in order to be in compliance with the AIFMD rules and in anticipation of UCITS V implementation, will be implemented as of 1st January 2016. This will include bonuses received in 2016 and relating to the 2015 activity.

Link between pay and performance

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.

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 variable remuneration, 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.

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

Deferral

50% of the variable remuneration will be deferred over 3 years, up to 60% for those receiving more than £500,000 (equivalent of €700,000 or \$600,000) of variable remuneration (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 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 shares or units which depends on the contribution to the performance of the funds managed by BG of the individual during those three years.

Awards in instruments

BG awards at least 50% of variable remuneration 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 Code Staff.

BG considers that the retention period of 6 months should not apply if the employees/partners hold **already** at least the same number of BGHL shares or BG Fund units. BG reviews this criteria on 15th February N. In that case all the deferred variable remuneration can be paid in cash and, in that case, the employee/partner will commit to keep at least the same number of BGHL shares or BG Fund units for a minimum of 6 months.

Performance adjustment

Variable remuneration 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 the AIF, the business unit and the individual concerned. Where financial performance is subdued or negative, BG will ensure that variable remuneration is "considerably contracted" through malus or claw back arrangements.

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

Payment (31st March N+1)

50% (or 40%) of the bonus is paid on 31 March N+1, of which, for Code Staff, 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 criteria on 15th February N. 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. For others individuals, the payment on 31 March N+1 is in cash.

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

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

1/3 of the variable remuneration deferred is vested, of which :

* for Code Staff : 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. For others individuals, the payment is in cash.

The payment is made under the following conditions:

- The individual is still with Boussard & Gavaudan,
- The share price applied will normally be the average price paid (or received) by BG for those shares or units unless a specific situation arises,
- A potential claw back may be applied. It depends on the contribution to the performance of the individual during that year.

Awards will reflect the financial performance of BG and as such variable remuneration may be contracted where subdued or negative financial performance occurs. BG 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 MCC, in conjunction with the Compliance Officer, will consider and document whether such an award would be in line with the Remuneration Policy.