

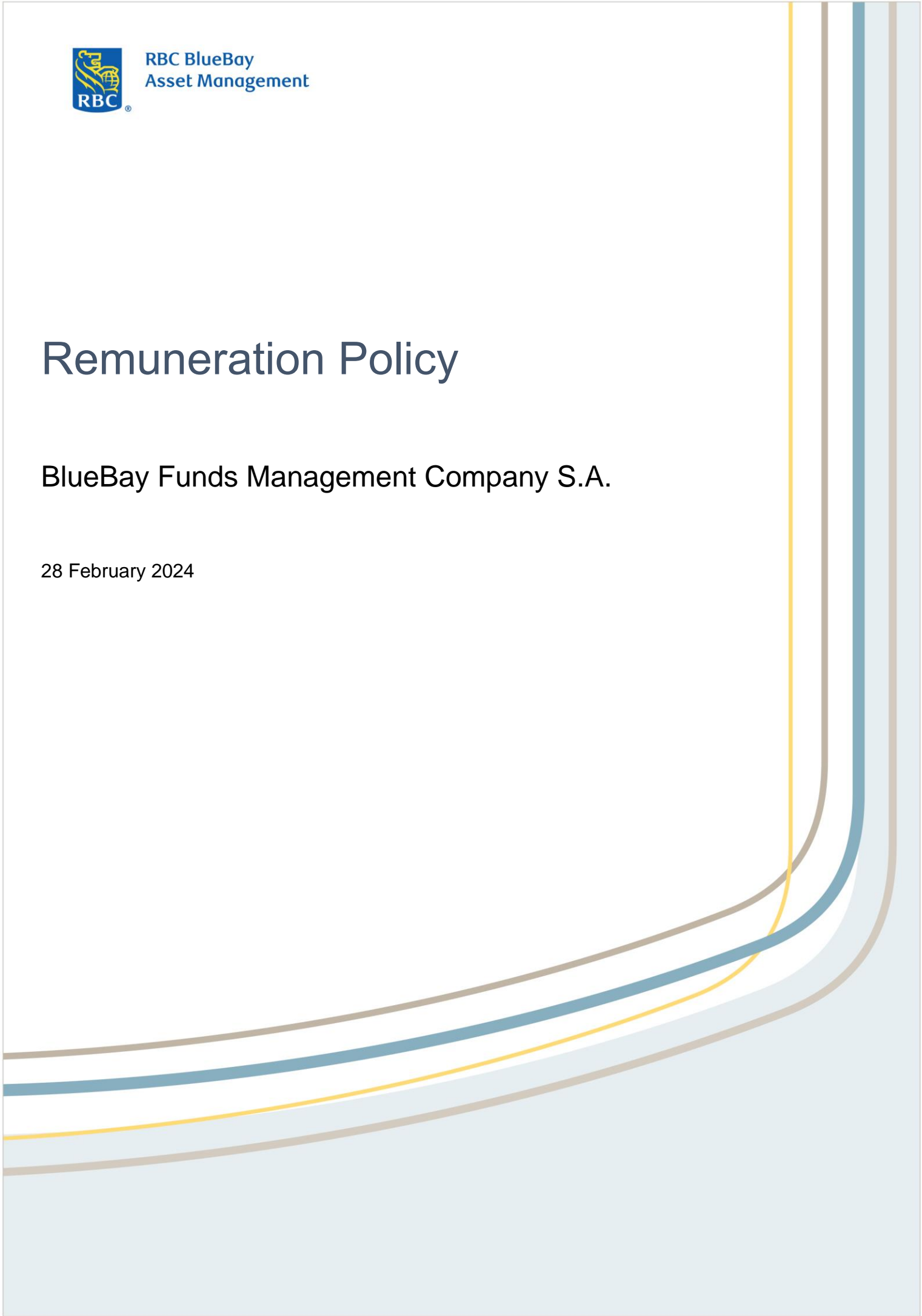


RBC BlueBay  
Asset Management

# Remuneration Policy

BlueBay Funds Management Company S.A.

28 February 2024



## A. Overview

### 1. Key terms and concepts

**Board or Board of Directors:** means the board of directors of the BlueBay Funds Management Company S.A.;

**Conducting Officers:** refers to the conducting persons also referred to as officer(s) of the BlueBay Funds Management Company S.A. and appointed by the Board of Directors and subsequently approved by the CSSF;

**Delegate Portfolio Manager:** refers to RBC Global Asset Management (UK) Limited ("RBC GAM UK") having its registered office and principal place of business at 100 Bishopsgate, London EC2N 4AA England. RBC GAM UK is authorised and regulated by the Financial Conduct Authority. RBC GAM UK is the delegated portfolio manager appointed by the Company.

**Branches:** means the Company's branches in Germany, the Netherlands, Spain and, Italy (for the time being);

**Policy:** means this Company's Remuneration Policy;

**Remuneration Committee:** means the non-executive Directors of BlueBay Funds Management Company S.A.

**Identified Staff:** as defined in section 3 of current Policy;

**Company:** refers to the BlueBay Funds Management Company S.A. a société anonyme incorporated under Luxembourg law on 1 August 2002 for an unlimited period of time with registered office at 4, Boulevard Royal, L-2449 Luxembourg and registered with the Registre du Commerce et des Sociétés under number B. 88. 445 and its Branches.

### 2. Summary

The directors of the Company are responsible for the adoption of the Policy, for reviewing its general principles at least annually, for overseeing its implementation and for ensuring compliance with relevant Luxembourg legislation and regulation including the UCITS/AIFMD remuneration requirements.

The Policy has been designed with the objective to ensure an approach consistent with promoting sound and effective risk management and not to encourage risk-taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the funds under management.

This Policy, is designed to support the Company's business strategy, objectives and values, including prudent risk management, by attracting, retaining and motivating key talent to achieve these outcomes. This Policy takes into account the Company's interests, and also those of the Company's funds and the investors in such funds.

The Company has determined that, in accordance with the provisions of AIFMD and UCITS V, certain of the remuneration requirements shall be applied in a manner that is proportionate to the Company's size, internal organisation and the nature, scope and complexity of activities.

### 3. Review

The Board is responsible for approving and maintaining the Policy and overseeing its implementation. The Policy will not be controlled by any executive members of the Board and any decision in that respect that might give rise to a potential conflict of interest will require the relevant director to excuse him-/herself from participating in the vote. The Board will approve any subsequent material exemptions or changes to the Policy and carefully consider and monitor their effects. The Board will review this Policy (and the list of Identified Staff) periodically as necessary and no less

frequently than annually. As part of this process the Board will seek input from the local Compliance, Risk, other control functions and independent third parties as required.

In addition, this Policy will be reviewed should the Company become subject to additional regulation in respect of remuneration structures.

The implementation of the Policy and its proper disclosure will be subject to a specific and regular review by the compliance function as well as the internal audit function.

#### 4. Legal references

- Law of 17 December 2010 on undertakings for collective investment;
- Law of 12 July 2013 on alternative investment fund managers;
- CSSF circular 10/437 Guidelines concerning the remuneration policies in the financial sector;
- ESMA Final Report – Guidelines on sound remuneration policies and practices under the UCITS Directive and the AIFMD (ESMA/2016/411) of 31st March 2016;
- CSSF Circular 18/698 Authorisation and organisation of investment fund managers incorporated under Luxembourg law; Specific provisions on the fight against money laundering and terrorist financing applicable to investment fund managers and entities carrying out the activity of registrar agent;
- Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (SFDR).

## B. Scope and Purpose

This Policy applies to those categories of staff, including senior management, risk takers, control functions and any employee receiving total remuneration that falls into the remuneration bracket of senior management and risk takers, whose professional activities have a material impact on the risk profile of the Company or the risk profile of the funds managed by the Company ("Identified Staff").

The Policy covers all aspects of remuneration paid by the Company to the Identified Staff including salaries, bonuses, incentive plans, hiring and severance packages and pension arrangements.

Where any aspect of this Policy would contravene local laws or regulations, then the local laws or regulations shall override.

## C. Identified Staff

### 1. Identified Staff

The Company has identified its Identified Staff as:

1. Any Executive Director of the Company;
2. Conducting Officers of the Company.
3. Staff in control functions, notably the head of compliance, risk if they are not conducting persons. It is worth noting that the internal audit function is excluded since it is externalised to KPMG;
4. Any employee receiving total remuneration that falls within the remuneration bracket of senior management.

Identified Staff have been identified on the basis that they make decisions that may have a material impact on the Company's risk profile or the risk profile of the funds.

Each member of Identified Staff has been informed that they have been so designated.

A record of Identified Staff is maintained and regularly reviewed by the Board and at least annually.

### 2. Staff in control functions

Control function compensation is not linked to the performance of the activities and teams they control / oversee.

The remuneration of the senior members of the risk management and compliance functions is directly overseen by the Remuneration Committee.

## D. Components of Remuneration

### 1. Fixed remuneration

In setting and reviewing fixed remuneration, the Company takes account of the need to ensure that fixed and variable components of total remuneration are appropriately balanced, with the fixed element being set at a sufficient level to ensure that the policy on the variable component can be operated in a fully flexible manner, including the possibility of there being zero variable remuneration in any particular year.

### 2. Setting annual discretionary bonus pools and determining bonuses

The Remuneration Committee reviews annually the methods for calculating bonuses, each of which is based on a combination of the assessment of the performance of the individual (in terms of both results and behaviours) and of the Company or the funds concerned and of the overall results of the Company as well as the overall group performance. Individual performance is managed on an ongoing basis through informal discussions between individuals and their line managers, which may include a mid-year check-in, and with a formal end of year review each year. In the year-end annual review, managers assess performance against the objectives set in a multi-year framework appropriate, where relevant, to the life-cycle of the fund(s) in which the individual is involved (directly or indirectly) and to the retention period recommended to the investors. The review also considers behaviour within key competencies, set objectives for the coming year linked to the group's strategic objectives, and agreed development activities. In that context, financial as well as non-financial criteria are taken into account. All bonuses awarded are discretionary.

### 3. Buy-out awards

Buy-out awards are only be offered exceptionally and will reflect the amount and terms (including the form, and any deferral or retention periods) of the variable remuneration awarded or offered by the individual's previous employer.

### 4. Guaranteed bonuses

A guaranteed bonus will generally not be awarded, paid or provided unless:

- there are exceptional circumstances for granting a guaranteed bonus which have to be substantiated in detail (e.g. retention bonus of a key employee);
- it is awarded in the context of hiring a new employee, and
- it is limited to the first year of service.

The rationale for all guaranteed variable awards will be fully documented.

## E. Payment of Variable Remuneration

The provisions of this Policy apply in respect of any variable and discretionary remuneration paid by the Company in relation to the business of the Company, including the management of funds. The provisions of this Policy are subject to the application of proportionality in relation to certain individual members of Identified Staff as defined under section I below.

### 1. Deferral of annual discretionary bonuses

Consistent with sound compensation practices, bonuses equal or higher than EUR 200,000 and equal or higher than 200% over their fixed remuneration will receive their variable remuneration subject to deferral.

For an employee who is Identified Staff, 40% of the discretionary bonus is subject to deferral. In such case, vesting will be at the end of a three-year period. Any Identified Staff member whose variable remuneration is at a level of €500,000 or above will be subject to deferral of 60% of such variable remuneration, with vesting at the end of a three-year period. Where only a portion of a Identified Staff member's remuneration relates to activities governed by the AIFMD or UCITS V, this deferral requirement will only apply to such portion of remuneration.

All awards will be subject to forfeiture provisions.

### 2. Payment of non-deferred variable remuneration

Identified Staff will (subject to the legal structure of any relevant fund and its constitutional documents) be required to receive 50% of their (post-tax) non-deferred variable remuneration in "Own instruments". Such instruments must (subject to the legal structure of any relevant fund and its constitutional documents) be retained by the individual, before redemption, for a period of at least six months from award, but will not be subject to any forfeiture provisions. The Company has arranged for such instruments to be held on behalf of the Identified Staff member by a nominee where necessary.

"Own instruments" includes shares/units in one or more of the Company's funds in respect of which the individual has influence (or equivalent share/unit-linked instruments) or an index representing the funds in respect of which the individual has influence or another suitable instrument as determined by the Remuneration Committee (which may include an index representing the performance of RBC Global Asset Management (of which the Company forms part)).

Any amount of non-deferred variable remuneration not receivable in instruments shall be paid in cash subject to certain conditions.

### 3. Payment of deferred variable remuneration

Identified Staff will (subject to the legal structure of any relevant fund and its constitutional documents) be required to receive 50% of their deferred variable remuneration in Own instruments (as defined above). Upon vesting (i.e. when the deferral is no longer subject to forfeiture provisions), such instruments must (subject to the legal structure of any relevant fund and its constitutional documents) be retained by the individual, before redemption, for a period of at least six months. The Company has arranged for such instruments to be held (or continue to be held) on behalf of the Identified Staff member by a nominee, on a post-tax basis (where necessary).

### 4. Performance adjustment of deferred variable remuneration

Deferred variable remuneration will only vest if it is sustainable according to the Company's financial situation, and is justified according to the Company's performance, the performance of the relevant fund, and the individual concerned. Examples of where such a reduction (i.e. forfeiture/malus) in deferred variable remuneration may occur include (i) where there is reasonable evidence of misbehaviour or material error of the individual; (ii) where the Company or a relevant fund or business unit suffers a material downturn in financial performance; or (iii) where the Company or a relevant fund or business unit suffers a material failure of risk management. Deferred bonus arrangements set out specific contractual provisions to deal with forfeiture/malus in these circumstances.

## F. Arrangements on Cessation

### 1. Severance

Severance pay is at the Company's absolute discretion.

Any payments related to early termination of contract will reflect performance achieved over time and will be designed in a way which does not reward failure. Severance packages for Identified Staff and any material severance payments are subject to the approval of Remuneration Committee.

### 2. Pensions

The Company provides enhanced pension benefits to employees, which are determined as a fixed percentage of the annual salary applicable similarly to all employees falling in the same category as defined by the Board. As per Luxembourg Law, there is no capacity to individualise the benefits granted to the respective employees, including Identified Staff.

## G. Ensuring Compliance

Working closely with the Remuneration Committee, the Board and management body, the control functions shall assist in determining the overall remuneration strategy applicable to the Company, having regard to the promotion of sound and effective risk management.

The implementation of the remuneration policy is subject to central and independent internal review for compliance with policies and procedures for remuneration adopted by the management body in its supervisory function on an annual basis.

The Internal Audit function periodically carries out an independent audit of the design and implementation of the Policy. The work performed and results are presented in the internal audit report which is then reviewed and approved by the Board.

Employees must not use personal hedging strategies, including contracts of insurance, relating to remuneration which could undermine the risk alignment effects embedded in their remuneration arrangements. Identified Staff will be required to undertake (such undertaking to be renewed on an annual basis) that they will not use such personal hedging strategies/insurance, or any other method or vehicle which could lead to avoidance of any provision of this Policy.

Breach of this undertaking and/or the use of such personal hedging strategies/insurance may constitute gross misconduct and will render the individual liable to dismissal without notice or payment in lieu.

The Company will review from time to time the personal account dealing records of Identified Staff to ensure that Identified Staff are not using personal hedging strategies in breach of their undertakings.

## H. Related Terms and Policies

### 1. Remuneration Committee

The objectives, constitution and responsibilities of the Remuneration Committee are documented separately. The Remuneration Committee is constituted such that it is able to exercise competent and independent judgment in relation to the matters in respect of which it has responsibility. The Remuneration Committee is made up of directors other than those who participate in the daily management of the Company or who represent the employees of the Company.

The key objectives and responsibilities include:

- oversight of this Policy, to ensure this Policy is operated in a way that promotes sound and effective risk management and does not encourage risk taking which exceeds the stated risk appetite and framework;
- ensuring that the risks associated with the operation of remuneration policies are considered;
- giving due regard to any relevant legal or regulatory requirements, and associated guidance, as well as to the risk and risk management implications of its decisions; and
- reviewing and, if thought fit, approving the remuneration proposals for employees who are impacted by any local regulations (if any) from time to time.

The Remuneration Committee will take into account any current and future risks (including sustainability risks) facing the Company and specific funds.

## 2. Conflicts of interest

This Policy is designed to avoid conflicts of interests between the Company and the interests of the Company's funds and the investors in such funds. This Policy reflects the Company's obligations regarding the fair treatment of investors and is designed to promote appropriate corporate behaviours by all of our staff.

Where the Company identifies potential conflicts of interest of a specific nature, additional policies and procedures are established to manage such conflicts, compliance with which is considered within the context of the performance review process.

### I. Application of This Policy (Including Proportionality)

Non-executive members of the management body do not receive variable remuneration in relation to their roles and so the provisions under "Payment of Variable Remuneration" will not apply to such individuals.

Where an Identified Staff member receives variable remuneration in an amount which the Remuneration Committee considers "small", the Remuneration Committee has determined that, based on the principle of proportionality, the provisions under "Payment of Variable Remuneration" will not apply to such individual.

In this context, the non-executive Board members have approved that variable remuneration will be considered "small" if the variable remuneration that the specific employee is entitled to receive for a specific assessment period is lower than EUR 200,000 or lower than 200% over their fixed remuneration. No deferral or payment in own instruments will be applicable to such variable remuneration, which shall be paid in cash.

Certain members of the management body are employees of other RBC BlueBay group entities and do not receive any additional remuneration from the Company in respect of their roles for the Company.

### J. Delegate Portfolio Manager

Under SFDR, the Company is required to include information in its remuneration policy on how sustainability risks are integrated. The business model implemented by the Company is that it delegates all portfolio management activities to RBC GAM UK which has its own remuneration policy which includes information on the consideration of sustainability risks. The Company ensures however that the Delegate Portfolio Manager is subject to regulatory requirements on remuneration that are equally as effective as those applicable to the Company.

### K. Disclosure

Without prejudice to confidentiality and data protection provisions, relevant information on the remuneration policy and any updates in case of policy changes shall be disclosed by the Company in a clear and easily understandable way to relevant stakeholders.



Such disclosure may take the form of an independent remuneration policy statement, a periodic disclosure in annual financial statements or any other form.

The following information shall be disclosed to the Company:

- a) information concerning the decision-making process used for determining the remuneration policy, including if applicable, information about the composition and the mandate of a remuneration committee, the name of the external consultant whose services have been used for the determination of the remuneration policy and the role of the relevant stakeholders;
- b) information on the link between pay and performance;
- c) information on the criteria used for performance measurement and risk adjustment;
- d) information on the performance criteria on which the entitlement to shares, options or variable components of remuneration is based;
- e) the main parameters and rationale for any annual bonus scheme and any other non-cash benefits.

The level of the information to be disclosed may take into account the nature, the size as well as the specific scope of activities of the financial undertakings concerned.

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