

**a) Decision-making process for remuneration policy**

BlueBay Asset Management LLP (BBAM) has formed a Remuneration Committee (“the Committee”) which meets regularly to consider human resource issues relating to the Partnership and members, terms and conditions of employment, remuneration and retirement benefits. Within the authority delegated by the Board, the Committee is responsible for approving remuneration policy and in doing so considers the pay and conditions across our Group. This includes the terms of bonus plans, member’s plans and the individual remuneration packages of the Management Committee and other senior Group Partners and employees, including all Code Staff.

There were 4 meetings of the Committee during 2018. The terms of reference of the Committee are available at:

<http://www.bluebay.com/globalassets/documents/tor-remuneration-committee.pdf>

The members of the Committee during 2018 were A. Gibbins (Chairman), D. Guzman, D.Chornous, D. Williams and S. Krag. A.Gibbins resigned from the Committee with effect from 31 December 2018. M.Bentley was appointed Chairman with effect from 1 January 2019. All members are non-executive Board Members and the Chairman is an independent non-executive Board Member.

**b) External consultants**

The Committee received independent advice on executive remuneration issues from Herbert Smith Freehills reward consultants. Other consultants are used from time to time to advise on specific issues.

During the year, the Chief Executive provided regular briefings to the Committee and the Committee received advice from the Head of Human Resources, Head of Risk and Performance and the Head of Compliance, who provided advice to the Committee on the implications of the remuneration policy on risk and risk management.

No individual is involved in decisions relating to his or her own remuneration.

**c) Role of the relevant stakeholders**

The Committee takes full account of BBAM’s strategic objectives in setting remuneration policy and is mindful of its duties to relevant stakeholders. The Committee seeks to preserve stakeholder value by ensuring the successful retention, recruitment and motivation of its Partners and employees.

**d) Code Staff criteria**

All Partners who are “senior managers” (that is those responsible for the management of the risks of the business, together with heads of control functions) and “risk takers” (those who have, or could have, a material impact on the risks of the firm) and registered SIFs have been classified as Code Staff. The list of Code Staff does not include non-executive and independent non-executive Directors because they carry out a supervisory oversight role and do not carry out day-to-day management of the business and therefore have little, or no, direct impact on the risk profile of BlueBay or the organisation’s response to the risks it is exposed to. Sales Professionals are also not included

because the control framework is such that these individuals work within specified risk tolerances and do not have a material impact on the risk profile of the business.

**e) The link between pay and performance for Code Staff**

Remuneration is made up of fixed pay (drawings or salary and benefits) and performance-related variable pay. Performance related variable pay can comprise of an award through the BBAM Class B Units Deferral plan, the Annual Discretionary Bonus Scheme and/or an award through the Additional Discretionary Reward Bonus Scheme.

*Annual discretionary bonuses* are considered by the Committee on an annual basis. BlueBay operates a deferral ratio of between 40% and 60% for all Partners and employees who are awarded discretionary profit allocations (Partners) or discretionary bonuses (employees) over £100,000. Any AIFM Remuneration Code Staff member whose AIF-related variable remuneration is at a level of £500,000 or above will be subject to deferral of 60% of such AIF-related variable remuneration. BlueBay operates a three-year cliff vesting period for all deferrals. This aligns the interests of relevant Partners and employees to that of clients and investors and obviates any advantage a Partner or employee may have in seeking to maximise short term profits to enhance a bonus payment. Deferrals will track BlueBay funds and/or a combination of BlueBay funds and the reference index. The reference index is a shadow equity vehicle aligned to the performance of BBAM and RBC Global Asset Management.

*Additional discretionary reward bonuses* are not made in cash and will only be awarded in exceptional circumstances. These 100% deferred awards have a three-year vesting period and all awards must be approved by the Committee.

Pay is designed to reflect success or failure against a range of competencies which are assessed annually. This reviews competencies for staff covering both financial and non-financial metrics, specific behavioural competencies including compliance matters. When determining compensation, including any variable compensation, managers and the Committee will give consideration to:

- overall firm performance;
- collective performance of the relevant team;
- individual performance relative to role requirements (including performance against agreed financial and non-financial objectives where relevant) and with specific attention to stand-out performance; and
- competitive market benchmarking data

**f) Aggregate remuneration cost for Code Staff split by Senior Management and Other Code Staff**

	<b>Senior Management</b>
<b>Number of Code Staff (as at 31 December 2018)</b>	31
<b>Aggregate total remuneration</b> *(based on 2018 total compensation for the relevant 31 Code Staff)	£25.5 million

This document is proprietary information of the BlueBay group, and it has been issued by BlueBay Asset Management LLP (“BlueBay”) which is authorised and regulated by the UK Financial Conduct Authority (FCA). BlueBay is also registered with the US Securities and Exchange Commission (SEC) and the US Commodity Futures Trading Commission (CFTC), and is a member of the National Futures Association (NFA). Policy wording is subject to change without notice. No part of this document may be reproduced, redistributed or passed on, directly or indirectly, to any other person, or published for any purpose without the prior written consent of BlueBay. Copyright 2019 © BlueBay is a wholly-owned subsidiary of Royal Bank of Canada (RBC), and BlueBay may be considered to be related and/or connected to RBC and its other affiliates. ® Registered trademark of RBC. RBC GAM is a trademark of RBC. BlueBay Asset Management LLP, registered office 77 Grosvenor Street, London W1K 3JR, partnership registered in England and Wales number OC370085. All rights reserved.