

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 takes into account 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 2019. The terms of reference of the Committee are available at:

<https://www.bluebay.com/globalassets/documents/approved---remuneration-committee--terms-of-reference---2020-02-04.pdf>

The members of the Committee during 2019 were M. Bentley (Chairperson), D. Guzman, D. Chornous and D. Williams. All members are non-executive Board Members and the Chairman is an independent non-executive Board Member.

b) External consultants

The Committee received legal and regulatory advice on executive remuneration issues from Herbert Smith Freehills LLP. Other advisers/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 and employees who are “senior management” (that is members of the Board or Management Committee, all Senior Managers under SMCR, and others who are responsible for the management of the risks of the business), heads of control functions and other “risk takers” (those who have, or could have, a material impact on the risk profile of the firm) have been classified as Code Staff. Although the list of Code Staff includes non-executive and independent non-executive Directors, such individuals either do not receive any remuneration from BBAM or receive only a fixed fee and no variable remuneration. They carry out a supervisory oversight role and do not carry out day-to-day management of the business. Sales Professionals are not included as Code Staff 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

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 costs

Given the nature of BBAM's activities, BBAM considers that it does not operate with distinct business areas/units and so it is more appropriate to provide aggregate information across the firm.

Aggregate fixed pay	£46.7 million
Aggregate performance-related variable pay	£57.6 million

	Code Staff
Number of Code Staff (as at 31 December 2019)	17
Aggregate total remuneration *(based on 2019 total compensation for the relevant 17 Code Staff)	£25.2 million

As a result of the limited number of Code Staff members within each of the categories of “senior management” and other “risk takers”, BBAM considers it appropriate to provide the aggregate quantitative information required across all Code Staff in order not to prejudice individuals with regard to the processing of personal data.

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