

Customer Oriented Business Conduct Inputs
BlueBay Asset Management International (Japan)

February 2021

Policy Inputs

Overview

BlueBay Asset Management International (Japan) (“BlueBay Japan”) is part of the BlueBay Asset Management group of companies (“BlueBay”) and is a wholly owned subsidiary of the Royal Bank of Canada (“RBC”). As such it is part of a values-based organization which promotes a culture of integrity that is aligned with the Financial Services Agency of Japan’s Principles for Customer-Oriented Business Conduct.

RBC is one of the largest banks in the world based on market capitalisation and established in 1869 it is one of North America’s leading diversified financial services companies.

RBC carries out its activities in five business segments; Personal and Commercial Banking; Wealth Management; Insurance; Investor and Treasury Services; and Capital Markets. BlueBay forms part of RBC Global Asset Management, a Group included in RBC’s Wealth Management business segment. As a member of the RBC Group, BlueBay is subject to oversight on corporate governance matters and standards via RBC as well as embedding its own internal governance structures and processes for complying with its fiduciary responsibilities.

We believe financial services companies depend on a foundation of trust and effective risk management for their long-term success.

Approach

The [RBC Code of Conduct](#) and the BlueBay Code of Ethics reflect our fundamental values and are integral to the way we do business and set out our aspirations as a firm.

Our Code of Conduct and Code of Ethics are a set of written standards that make explicit our expectations regarding integrity and ethical behavior. It applies to everyone who performs work for, or on behalf of, RBC and BlueBay and touches on all areas of workplace governance.

In addition, they reflect relevant laws and regulations in the jurisdictions in which we operate and are supplemented by several internal policies and controls addressing our expectations and obligations.

Our approach, policies and controls are regularly reviewed and consider a number of factors:

- Responsible governance, compensation and conflict management
- Effective business practices, which take into account local and global risks
- Direct and indirect impact on our communities
- Transparency and accountability of our actions

“Clients are at the heart of our business. We actively seek to partner with them to provide investment solutions to meet their requirements.”

Erich Gerth, BlueBay Asset Management CEO

Alignment with Principles for Customer Oriented Business

BlueBay Japan is required to comply with the RBC's Code of Conduct and the BlueBay Code of Ethics. These codes are aligned to the Japan Financial Services Agency's Principles for Customer Oriented Business and demonstrate the firm's commitment to investors and to its fiduciary responsibilities.

BlueBay Japan believes it is best to recognize and implement the Principles for Customer Oriented Business via existing structures which is the most appropriate course of action to support the FSA's initiative particularly given BlueBay Japan is part of two global organizational groups.

Highlighted below are parts from the overall framework which have alignment with the Principles for Customer Oriented Business and facilitate our implementation of the Principles for Customer Oriented Business.

Vision and Values

RBC's Values define what it stands for everywhere it does business. They are reflected in our behavior and the way we build relationships and deliver value to all our stakeholders — clients, employees, shareholders, communities and others we deal with. Guided by our shared Values and united in a common purpose, we believe we can achieve our strategic goals and accomplish great results.

We demonstrate our Vision – To be Among the World's Most Trusted and Successful Financial Institutions - by living our Values in the decisions and actions we take every day.

These five Values set the tone for our culture and unifies RBC across geographies and businesses:

CLIENT FIRST: We will always earn the right to be our clients' first choice.

- Put client needs above our own whatever our role, to build lasting relationships
- Listen with empathy, understand client needs to offer the right advice and solutions
- Bring the best of RBC to deliver excellent value and differentiated client experiences

COLLABORATION: We win as One RBC.

- Believe in each other and trust in teamwork and colleagues' intentions
- Share knowledge, listen, and teach to learn and achieve more together
- Look beyond ourselves to see the bigger picture for opportunities and solutions

ACCOUNTABILITY: We take ownership for personal and collective high performance.

- Be bolder, reach higher, act with courage to realize potential and make a difference
- Own it; seek out accountability and empowerment to grow and excel
- Be curious and learn continuously to build skills and careers

DIVERSITY & INCLUSION: We embrace diversity for innovation and growth.

- Speak up for inclusion and empower people to grow and achieve more
- Seek out and respect different perspectives to challenge conventional approaches
- Identify and act on the opportunities and needs that client diversity brings

INTEGRITY: We hold ourselves to the highest standards to build trust.

- Be respectful, transparent and fair in all relationships
- Stand up for what we believe; speak with candour; constructively challenge
- Build trust of clients, colleagues and community partners by listening to and understanding their interests and needs

Code of Ethics

The BlueBay Code of Ethics requires Covered Persons (BlueBay Partners and Employees (permanent, contract, consultants and temporary employees of the firm)) to:

- Act with integrity, competence, diligence, respect and in an ethical manner with clients/investors, prospective clients/investors, and all other persons with whom they deal with in the course of business activities;
- Place the interests of clients/investors above their personal interests;
- Use reasonable care and exercise independent and objective professional judgement when carrying out duties for clients/investors, and prospective clients/investors, and with persons with whom they interact in the course of carrying out duties;
- Promote the integrity of and uphold the laws and rules governing capital markets and the investment management profession;
- Maintain and improve professional competence and strive to maintain and improve the competence of other investment professionals with whom interaction occur; and
- Ensure that all verbal and written communication, are professional and do not include any material that could be regarded as inappropriate or offensive.

Conflicts of Interest

By acting without bias, we can assure our stakeholders of our integrity. This means that the decisions we make in our work must be objective and we put our clients' interests above our personal interests.

Obligations arising from our other business, family and social relationships must not play a role in our work. A conflict of interest — actual, potential or perceived — is a situation that could cause others to doubt our ability to perform our jobs effectively and objectively, without bias. Mindful that a conflict of interest can exist even where we have not behaved improperly or unethically. Even the impression of a conflict of interest can affect our reputation.

We cannot prevent or avoid all conflicts of interest, as some arise naturally out of our various relationships with RBC, BlueBay, its clients/investors and others. We must manage those that we cannot avoid to ensure objectivity.

We have an ongoing responsibility to identify conflicts of interest in relation to RBC, BlueBay, its clients and its suppliers.

BlueBay has developed a publicly available [Conflicts of Interest Statement](#).

Clear, Fair and not Misleading

We have a duty to never mislead others, even by omission, about products or services we offer.

We must be mindful in our communications to provide information that is clear and not misleading.

We must make every reasonable effort to provide full and fair information and correct errors or ambiguity in any statement made on RBC or BlueBay's behalf. This is especially important with regard to our sales representations, marketing and advertising.

We ensure our sales practices are fair and not misleading by ensuring that we:

- Are knowledgeable about the products and services we promote to clients
- promote products and services based on an understanding of a client's needs and never only to meet performance incentive goals or other targets
- clearly and accurately explain the terms and conditions outlined, and give appropriate disclosures about a product or service in clear, simple language

- obtain proper and informed consent in line with policies

In addition, where investors pay fees to us, regardless of how they are named, we should ensure we provide a detailed description of what our services are that the investor is paying for in a way which is understandable for our investor base.

Remuneration

In order to ensure remuneration practices are appropriate BlueBay has established a Remuneration Committee to review and approve the remuneration philosophy and policies of the BlueBay Group. It meets regularly to consider human resource issues relating to the partners and employees, terms and conditions of employment, remuneration and retirement benefits.

The Committee receives independent advice on executive remuneration issues from external consultants and internal Senior Managers who provide 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.

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. 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 behavioral competencies including compliance matters.

All members of the Remuneration Committee are non-executive Directors and the Chairman is an independent non executive Director. Our remuneration policy can be found [here](#).

Conclusion

The [RBC Code of Conduct](#) and the BlueBay Code of Ethics reflect our fundamental values and are integral to the way we do business, these together with our BlueBay Remuneration Policy, Remuneration Committee, Conflicts of Interest Policy and Conflicts of Interest Committee show our commitment to treating customers fairly and to the Principles for Customer Oriented Business.