



**PUBLIC CLIMATE REPORT**

**2021 PILOT**

**BlueBay Asset Management LLP**

**Generated 2022-08-18**

# About this report

Climate is a top priority for PRI signatories. More than 85% of asset owners report that they view climate change as a long-term trend resulting in investment risks. As a result, the PRI introduced climate-specific indicators to the Reporting Framework.

The climate-specific indicators are aligned to the FSB Task Force on Climate-Related Financial Disclosure's (TCFD) guidance, which aims to create a single framework for disclosure on assessment and management of climate-related risk.

This **Public Climate Report** is an export of the signatory's responses to the climate-related indicators from the 2021 Reporting Framework. It includes their responses to mandatory indicators, as well as responses to voluntary indicators that the signatory has agreed to make public. It is a climate-focused subset of the full **Public RI Report**, which is [available here](#).

The information is presented exactly as it was reported. Where an indicator offered a multiple-choice response, all options that were available to select from are included for context. While presenting the information verbatim results in lengthy reports, the approach is informed by signatory feedback that signatories prefer that the PRI does not summarise the information.

## Context

In consultation with signatories, between 2018 and 2020 the PRI extensively reviewed the Reporting and Assessment processes and set the ambitious objective of launching in 2021 a completely new investor Reporting Framework, together with a new reporting tool.

We ran the new investor Reporting and Assessment process as a pilot in its first year, and such process included providing additional opportunities for signatories to provide feedback on the Reporting Framework, the online reporting tool and the resulting reports. The feedback from this pilot phase has been, and is continuing to be analysed, in order to identify any improvements that can be included in future reporting cycles.

## PRI disclaimer

This document presents information reported directly by signatories in the 2021 reporting cycle. This information has not been audited by the PRI or any other party acting on its behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented.

The PRI has taken reasonable action to ensure that data submitted by signatories in the reporting tool is reflected in their official PRI reports accurately. However, it is possible that small data inaccuracies and/or gaps remain, and the PRI shall not be responsible or liable for such inaccuracies and gaps.

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# Climate change

## Public support

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection     | PRI Principle |
|-----------|-------------------|--------------|------------|------------|----------------|---------------|
| ISP 26    | CORE              | N/A          | N/A        | PUBLIC     | Public support | General       |

Does your organisation publicly support the Paris Agreement?

- (A) Yes, we publicly support the Paris Agreement Add link(s) to webpage or other public document/text expressing support for the Paris Agreement:
- (B) No, we currently do not publicly support the Paris Agreement

# Climate change

## Public support

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection     | PRI Principle |
|-----------|-------------------|--------------|------------|------------|----------------|---------------|
| ISP 27    | CORE              | N/A          | N/A        | PUBLIC     | Public support | General       |

Does your organisation publicly support the Task Force on Climate-Related Financial Disclosures (TCFD)?

- (A) Yes, we publicly support the TCFD Add link(s) to webpage or other public document/text expressing support for the TCFD:
- (B) No, we currently do not publicly support the TCFD

# Climate change

## Governance

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|------------|---------------|
| ISP 28    | CORE              | N/A          | N/A        | PUBLIC     | Governance | General       |

**How does the board or the equivalent function exercise oversight over climate-related risks and opportunities?**

**(A) By establishing internal processes through which the board or the equivalent function are informed about climate-related risks and opportunities. Specify:**

Periodic updates are provided to board/Management Committee on ESG investment related activities including, where relevant, those pertaining to climate-related risks and opportunities, as part of the same oversight structure and process as that of our ESG investment management framework and ESG integration approach more broadly.

**(B) By articulating internal/external roles and responsibilities related to climate. Specify:**

The board/Management Committee has delegated to our ESG team the primary responsibility for leading on topics such as climate change across the firm in terms of our strategic approach, with input from relevant teams/investment teams within BlueBay as appropriate including our investment teams (such as our engagement with Pemex as part of the CA100+ initiative, which involves both our ESG team and investment teams) and Investment Risk function. Internally, consideration of climate related risks and opportunities from an investment perspective is the responsibility of both our investment teams and ESG team, where it is considered investment relevant and material, and is undertaken at the issuer, sector, portfolio and firm level.

**(C) By engaging with beneficiaries to understand how their preferences are evolving with regard to climate change. Specify:**

We engage with beneficiaries to understand their expectations in relation to climate change, such as exclusions to climate sensitive sectors (e.g fossil fuels), which we then use to inform product development, as well as from a reporting perspective in terms of portfolio carbon analytics, to ensure we have the tools internally to meet such needs. We also engage with beneficiaries to understand their future expectations in relation to climate change given its long-term nature. This has been delegated to various teams within BlueBay by the board/Management Committee including the ESG team and our investment teams.

**(D) By incorporating climate change into investment beliefs and policies. Specify:**

We outline our investment philosophy and beliefs with regards to ESG in our ESG Investment Policy. Whilst we currently do not have a standalone policy with regards to climate change, instead this is included within our ESG Investment Policy, which outlines our approach to identifying and managing ESG risk factors within our ESG investment management framework including those relating to climate change, where it is considered investment relevant and material. The board/Management Committee has delegated primary responsibility of incorporating ESG, and climate change where it is considered investment material, to the ESG team and other teams within BlueBay including our investment teams and the ESG IWG.

**(E) By monitoring progress on climate-related metrics and targets. Specify:**

Periodic updates are provided to our Board/Management committee on ESG investment related activities, including climate-related metrics relating to our portfolios. Monitoring is done at the portfolio and desk level by ESG, investment and risk functions.

**(F) By defining the link between fiduciary duty and climate risks and opportunities. Specify:**

BlueBay's ESG investment approach is rooted in our belief that ESG considerations can potentially impact an issuer's long-term financial performance. Therefore, ensuring our investment management approach provides holistic oversight of risks by integrating ESG factors alongside conventional credit analysis is not only prudent but also in line with BlueBay's fiduciary duty. Therefore, as part of this philosophy, we would consider climate change risk, like any other ESG risk within the ESG investment integration framework we use, which aligns with a focus on investment material factors.

- (G) Other measures to exercise oversight, please specify:
- (H) The board or the equivalent function does not exercise oversight over climate-related risks and opportunities

# Climate change

## Governance

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|------------|---------------|
| ISP 29    | CORE              | N/A          | N/A        | PUBLIC     | Governance | General       |

**What is the role of management in assessing and managing climate-related risks and opportunities?**

**(A) Management is responsible for identifying climate-related risks/opportunities and reporting them back to the board or the equivalent function. Specify:**

Management-level roles that assess and manage climate-related issues follow the same oversight structure and process as that of our ESG investment management framework and ESG integration approach more broadly. As part of this framework, whilst management-level roles provide oversight of risks including those pertaining to climate implicitly from an investment perspective, the day-to-day management of such risks is undertaken by various teams within BlueBay, including the ESG investment team, the Market Risk Committee, the Investment Risk team and the ESG IWG, as well as the Technology and Operational Risk team from an operational perspective, with periodic reporting the board as required.

**(B) Management implements the agreed-upon risk management measures. Specify:**

ESG risks are monitored by our investment risk team and the Market Risk Committee (MRC) as part of our investment risk management framework, and the risk exposure of BlueBay's portfolios to a range of risk factors. Within this context climate change risks are assessed where it is considered to be investment relevant and material, as per our focus on material ESG risks.

**(C) Management monitors and reports on climate-related risks and opportunities. Specify:**

Management-level roles that monitor and report on climate-related issues follow the same oversight structure and process as that of our ESG investment management framework and ESG integration approach more broadly. As part of this framework, whilst management-level roles provide oversight of risks including those pertaining to climate implicitly, the day-to-day management of risks is undertaken by various teams within BlueBay, including the ESG investment team, the Market Risk Committee, the Investment Risk team and the ESG IWG, as well as the Technology and Operational Risk team.

**(D) Management ensures adequate resources, including staff, training and budget, are available to assess, implement and monitor climate-related risks/opportunities and measures. Specify:**

BlueBay continually reviews whether the level of resources in place is adequate, or where further resourcing may be needed, across the firm, and will increase/change resourcing to reflect this as appropriate, including those relating to climate change and broader ESG considerations. During 2020, this included undertaking a review of dedicated third-party carbon providers, which led to the selection of a new specialised carbon provider at the end of the year, further enhance our carbon and climate capabilities.

**(E) Other roles management takes on to assess and manage climate-related risks/opportunities, please specify:**

Management committee members have access to climate-related metrics within our internal proprietary systems, where we have integrated ESG data from our third-party providers, including specific climate-related metrics.

(F) Our management does not have responsibility for assessing and managing climate-related risks and opportunities

# Climate change

## Strategy

| Indicator | Type of indicator | Dependent on | Gateway to             | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------------------|------------|------------|---------------|
| ISP 30    | CORE              | N/A          | Multiple, see guidance | PUBLIC     | Strategy   | General       |

**Which climate-related risks and opportunities has your organisation identified within its investment time horizon(s)?**

(A) **Specific financial risks in different asset classes. Specify:**

Such climate-related risks are considered as part of our ESG investment management framework and our ESG analysis, where considered investment relevant and material.

(B) **Specific sectors and/or assets that are at risk of being stranded. Specify:**

Such climate-related risks are considered as part of our ESG investment management framework and our ESG analysis, where considered investment relevant and material.

(C) **Assets with exposure to direct physical climate risk. Specify:**

Such climate-related risks are considered as part of our ESG investment management framework and our ESG analysis, where considered investment relevant and material.

(D) **Assets with exposure to indirect physical climate risk. Specify:**

Such climate-related risks are considered as part of our ESG investment management framework and our ESG analysis, where considered investment relevant and material.

(E) **Specific sectors and/or assets that are likely to benefit under a range of climate scenarios. Specify:**

Such climate-related risks are considered as part of our ESG investment management framework and our ESG analysis, where considered investment relevant and material.

(F) Specific sectors and/or assets that contribute significantly to achieving our climate goals. Specify:

(G) Other climate-related risks and opportunities identified. Specify:

(H) We have not identified specific climate-related risks and opportunities within our organisation's investment time horizon

# Climate change

## Strategy

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|------------|---------------|
| ISP 30.1  | CORE              | ISP 30       | N/A        | PUBLIC     | Strategy   | General       |

For each of the identified climate-related risks and opportunities, indicate within which investment time-horizon they were identified.

|                                                                                                                 | (1) 3–5 months                      | (2) 6 months to 2 years             | (3) 2–4 years                       | (4) 5–10 years                      |
|-----------------------------------------------------------------------------------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| (A) Specific financial risks in different asset classes [as specified]                                          | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| (B) Specific sectors and/or assets that are at risk of being stranded [as specified]                            | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| (C) Assets with exposure to direct physical climate risk [as specified]                                         | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| (D) Assets with exposure to indirect physical climate risk [as specified]                                       | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| (E) Specific sectors and/or assets that are likely to benefit under a range of climate scenarios [as specified] | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
|                                                                                                                 | (5) 11–20 years                     | (6) 21–30 years                     | (7) >30 years                       |                                     |
| (A) Specific financial risks in different asset classes [as specified]                                          | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |                                     |

(B) Specific sectors and/or assets that are at risk of being stranded [as specified]

(C) Assets with exposure to direct physical climate risk [as specified]

(D) Assets with exposure to indirect physical climate risk [as specified]

(E) Specific sectors and/or assets that are likely to benefit under a range of climate scenarios [as specified]

# Climate change

## Strategy

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|------------|---------------|
| ISP 31    | CORE              | N/A          | N/A        | PUBLIC     | Strategy   | General       |

**Which climate-related risks and opportunities has your organisation identified beyond its investment time horizon(s)?**

- (A) Specific financial risks in different asset classes. Specify:**  
Such climate-related risks are considered as part of our ESG investment management framework and our ESG analysis, where considered investment relevant and material.
- (B) Specific sectors and/or assets that are at risk of being stranded. Specify:**  
Such climate-related risks are considered as part of our ESG investment management framework and our ESG analysis, where considered investment relevant and material.
- (C) Assets with exposure to direct physical climate risk. Specify:**  
Such climate-related risks are considered as part of our ESG investment management framework and our ESG analysis, where considered investment relevant and material.
- (D) Assets with exposure to indirect physical climate risk. Specify:**  
Such climate-related risks are considered as part of our ESG investment management framework and our ESG analysis, where considered investment relevant and material.
- (E) Specific sectors and/or assets that are likely to benefit under a range of climate scenarios. Specify:**

Such climate-related risks are considered as part of our ESG investment management framework and our ESG analysis, where considered investment relevant and material.

- (F) Specific sectors and/or assets that contribute significantly to achieving our climate goals. Specify:
- (G) Other climate-related risks and opportunities identified, please specify:
- (H) We have not identified specific climate-related risks and opportunities beyond our organisation's investment time horizon

# Climate change

## Strategy

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|------------|---------------|
| ISP 32    | PLUS              | N/A          | N/A        | PUBLIC     | Strategy   | General       |

**Describe the impact of climate-related risks and opportunities on your organization's investment strategy, products (where relevant) and financial planning.**

From an investment/portfolio climate risk exposure and strategy perspective, we incorporate ESG factors and climate risks through our ESG integration approach that is applied to all managed assets. This means identifying and factoring in investment material ESG and climate risk factors rather than automatically excluding issuers from investment on ESG grounds. In this way, our investment teams are aware of key ESG risks and can make informed decisions. Similarly, we consider transition and physical climate-related risks and opportunities where they are deemed to be investment relevant and material (and refer to this explicitly in our ESG investment risk policy).

In terms of our ESG product offering, for our 'ESG Orientated' strategies, we have formal exclusions on issuers with exposure to thermal coal mining and power generation, in terms of revenues and operations. We have also explored widening this exclusion to an absolute exposure basis for thermal coal, and to other types of fossil fuels (such as oil sands), given the inherent sensitivities of the sector in relation to climate change, and have sought feedback from clients and beneficiaries in this regard. Within our issuer ESG evaluation framework, issuers that are viewed to be fossil fuel intensive, or highly exposure to both physical and transition climate risks, with limited mitigation, may also be formally excluded from such funds on a proactive basis.

Our analysis regarding climate change tends to focus on the risks, and we consider each one in isolation as well as in combination. In our day-to-day ESG investment activities. Given our focus on material ESG risks, there is an implicit element of incorporating how future ESG trends may impact our investments. Our formal issuer ESG evaluation framework also enables the systematic quantification and documentation of ESG risks including physical climate risks and the extent to which they are considered investment relevant/material. Such analysis may be in the form of issuer-specific carbon risks (e.g. investment in an oil & gas exploration company), sector/industry risks (e.g. power utility), or country/regional risk (e.g. EU Emissions trading scheme, US Clean Power Plan for utilities, Brazilian water drought risk). We complement this with analysis at the portfolio and firm-wide level, evaluate our absolute and relative positioning, and review whether we should have an underweight/overweight/neutral benchmark positioning as a result.

In recognition of the increasing importance of climate risks, in 2020, we undertook a strategic market review of climate/carbon and impact analytics providers, as well as those that could support our ability to meet upcoming European regulatory requirements for ESG portfolio reporting. This involved having an initial discussion with many different providers in the market, reviewing the coverage and data from each and how this might enhance both our reporting and stewardship activities. Following this, we narrowed the providers down to a shortlist, with whom we had a second detailed discussion to determine which would best suit our needs and that of our clients. As a result of this review, we secured agreements for new services in these areas, including with a new dedicated carbon provider.

# Climate change

## Strategy: Scenario analysis

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection                  | PRI Principle |
|-----------|-------------------|--------------|------------|------------|-----------------------------|---------------|
| ISP 33    | CORE              | N/A          | ISP 33.1   | PUBLIC     | Strategy: Scenario analysis | General       |

Does your organisation use scenario analysis to assess climate-related investment risks and opportunities? Select the range of scenarios used.

- (A) An orderly transition to a 2°C or lower scenario
- (B) An abrupt transition consistent with the Inevitable Policy Response
- (C) A failure to transition, based on a 4°C or higher scenario
- (D) Other climate scenario, specify:
- (E) We do not use scenario analysis to assess climate-related investment risks and opportunities

# Climate change

## Risk management

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection      | PRI Principle |
|-----------|-------------------|--------------|------------|------------|-----------------|---------------|
| ISP 34    | PLUS              | ISP 30       | N/A        | PUBLIC     | Risk management | General       |

Which risk management processes do you have in place to identify and assess climate-related risks?

- (A) Internal carbon pricing. Describe:
- (B) Hot spot analysis. Describe:
- (C) Sensitivity analysis. Describe:
- (D) TCFD reporting requirements on external investment managers where we have externally managed assets. Describe:
- (E) TCFD reporting requirements on companies. Describe:
 

BlueBay became a formal signatory to the TCFD in March 2020. We routinely promote the adoption of the TCFD framework as a reporting standard with issuers we interact with and are committed to producing a dedicated TCFD report in due course.
- (F) Other risk management processes in place, please describe:
 

Climate-related risks form part of our ESG analysis, where we consider it to be investment relevant and material. Our issuer ESG evaluation framework includes an explicit section on environmental risks for both corporates and sovereigns, where climate risks can be highlighted if they are considered material. We have also integrated climate related data points into our internal systems and platforms, to aid monitoring and inform our view of the issuer, and identification of such risks.
- (G) We do not have any risk management processes in place to identify and assess climate-related risks

# Climate change

## Risk management

| Indicator | Type of indicator | Dependent on           | Gateway to | Disclosure | Subsection      | PRI Principle |
|-----------|-------------------|------------------------|------------|------------|-----------------|---------------|
| ISP 35    | PLUS              | Multiple, see guidance | N/A        | PUBLIC     | Risk management | General       |

### In which investment processes do you track and manage climate-related risks?

(A) In our engagements with investee entities, and/or in engagements conducted on our behalf by service providers and/or external managers. Describe:

Given our primary focus on ESG integration as a firm, a decision to prioritise engagements on carbon risks will depend on a combination of how credit relevant we believe this to be, as well as the materiality of our investment exposure (e.g. absolute and relative exposure within single fund/aggregated across the firm, whether it is a core long term holding or an opportunistic investment etc.). Where engagement does occur, the aim maybe either to gain insight as to how well this is being managed and/or to seek specific improvements in management of the risk. The outcome of the engagement can potentially have a bearing on any revised investment view.

(E) In the asset class benchmark selection process. Describe:

(F) In our financial analysis process. Describe:

Climate-related risks form part of our ESG analysis, where we consider it to be investment relevant and material. Our issuer ESG evaluation framework includes an explicit section on environmental risks for both corporates and sovereigns, where climate risks can be highlighted if they are considered material. In such cases, this can be discussed with the credit analyst to understand the extent to which climate risk could negatively impact valuations, and so potentially influence investment decisions, and is monitored on an ongoing basis.

(G) Other investment process(es). Describe:

We have integrated climate related data points into our internal systems and platforms, to aid monitoring and inform our view of the issuer in relation to climate change risk.

(H) We are not tracking and managing climate-related risks in specific investment processes

# Climate change

## Risk management

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection      | PRI Principle |
|-----------|-------------------|--------------|------------|------------|-----------------|---------------|
| ISP 36    | PLUS              | N/A          | N/A        | PUBLIC     | Risk management | General       |

**How are the processes for identifying, assessing and managing climate-related risks incorporated into your organisation's overall risk management?**

(A) The risk committee or the equivalent function is formally responsible for identifying, assessing and managing climate risks.

**Describe:**

Our investment risk function monitors ESG risks across the firm, including those pertaining to climate-related risk, where these are considered to be investment material, as part of our investment risk management framework. This includes the ongoing monitoring by our investment risk function and the Market Risk Committee (MRC), which meets weekly to discuss the investment risk exposure of BlueBay's portfolios, including that pertaining to ESG and climate change where this is viewed to be investment relevant and material.

(B) Climate risks are incorporated into traditional risks (e.g. credit risk, market risk, liquidity risk or operational risk).

**Describe:**

ESG analysis, and climate related risks, form part of our ESG analysis where it is considered to be investment relevant and material, which is incorporated into our fundamental credit research across our investments. Our issuer ESG evaluation framework includes an explicit section on environmental risks for both corporates and sovereigns, where climate risks can be highlighted if they are considered material. In such cases, this can be discussed with the credit analyst to understand the extent to which climate risk could negatively impact valuations, and so potentially influence investment decisions, and is monitored on an ongoing basis. We have also integrated climate related data points into our internal systems and platforms, to aid monitoring and inform our view of the issuer.

(C) Climate risks are prioritised based on their relative materiality, as defined by our organisation's materiality analysis.

**Describe:**

Within our issuer ESG evaluation framework we include a dedicated section on environmental related risks within which climate risks are assessed where we perceive them to be investment material. For corporates, our focus is on management/measures in place to minimise the environmental footprint, and regulatory compliance related to environmental misconduct, in order to direct the assessment on the risks considered to be most material. We have sector ESG materiality information to aid our investment teams in identifying whether climate change is a material risk, given the materiality of climate change for corporates will vary as typically it is a function of the business activities, geographical footprint and size of the issuer (for instance, climate change is considered more of a material risk factor for companies in the extractives sector but may be less of an issue for a support service company). In the case of sovereigns, material factors will depend on the status of economic, social and political development, availability and dependence on natural resources, and potential regional issues, as such our analysis includes a specific focus on vulnerability to climate change and carbon transition, and policy responses.

(D) Executive remuneration is linked to climate-related KPIs. Describe:

(E) Management remuneration is linked to climate-related KPIs. Describe:

We have incorporated ESG related performance objectives across our investment teams, Board/Management Committee, and client facing roles, which are considered as part of the broader annual performance review of an individual, informing remuneration decisions. However, these are broader than just climate and focus on wider ESG considerations.

(F) Climate risks are included in the enterprise risk management system. Describe:

Our investment risk function monitors ESG risks across the firm, including those pertaining to climate-related risk, as part of our investment risk management framework, where they are perceived to be investment material. We have also integrated climate related data points into our internal systems and platforms, to aid monitoring of such risk exposure for our portfolios. In addition, our Head of Technology and Operational Risk maintains a Group Risk Register, which is reported to the Board annually. The Register documents risks under the following broad categories (each have further sub-categories): business, investment risk, group financial, and operational risks. There is a monthly dashboard where performance is tracked. Being owned by RBC, BlueBay reports up material risks, including environmental ones as part of RBC's enterprise risk management and reputational risk management frameworks, which are reviewed and approved annually by the Risk Committee of the Board of RBC. RBC's Group Risk Management (GRM) has oversight over the management of E&S risks, with a dedicated team responsible for identifying, assessing, managing and, where possible, mitigating those issues that may pose risks to RBC.

(G) Other methods for incorporating climate risks into overall risk management, please describe:

Climate-related risks form part of our ESG analysis and investment risk management framework, where we consider it to be investment relevant and material. Our issuer ESG evaluation framework includes an explicit section on environmental risks for both corporates and sovereigns, where climate risks can be highlighted if they are considered material. In such cases, this can be discussed with the credit analyst to understand the extent to which climate risk could negatively impact valuations, and so potentially influence investment decisions, and is monitored on an ongoing basis.

(H) Processes for identifying, assessing and managing climate-related risks are not integrated into our overall risk management

# Climate change

## Metrics and targets

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection          | PRI Principle |
|-----------|-------------------|--------------|------------|------------|---------------------|---------------|
| ISP 37    | PLUS              | N/A          | ISP 37.1   | PUBLIC     | Metrics and targets | General       |

**Have you set any organisation-wide targets on climate change?**

- (A) Reducing carbon intensity of portfolios
- (B) Reducing exposure to assets with significant climate transition risks
- (C) Investing in low-carbon, energy-efficient climate adaptation opportunities in different asset classes
- (D) Aligning entire group-wide portfolio with net zero
- (E) Other target, please specify:
- (F) No, we have not set any climate-related targets

# Climate change

## Metrics and targets: Transition risk

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection                           | PRI Principle |
|-----------|-------------------|--------------|------------|------------|--------------------------------------|---------------|
| ISP 38    | PLUS              | N/A          | ISP 38.1   | PUBLIC     | Metrics and targets: Transition risk | General       |

What climate-related metric(s) has your organisation identified for transition risk monitoring and management?

- (A) Total carbon emissions
- (B) Carbon footprint
- (C) Carbon intensity
- (D) Weighted average carbon intensity
- (E) Implied temperature warming
- (F) Percentage of assets aligned with the EU Taxonomy (or similar taxonomy)
- (G) Avoided emissions metrics (real assets)
- (H) Other metrics, please specify:
  - 1) Sovereign GHG intensity
  - 2) Sovereign climate transition risk vulnerability
- (I) No, we have not identified any climate-related metrics for transition risk monitoring

# Climate change

## Metrics and targets: Transition risk

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection                           | PRI Principle |
|-----------|-------------------|--------------|------------|------------|--------------------------------------|---------------|
| ISP 38.1  | PLUS              | ISP 38       | N/A        | PUBLIC     | Metrics and targets: Transition risk | General       |

Provide details about the metric(s) you have identified for transition risk monitoring and management.

|                            | (1) Coverage of AUM                | (2) Purpose                                     |
|----------------------------|------------------------------------|-------------------------------------------------|
| (A) Total carbon emissions | (2) for the majority of our assets | Determine issuer risk exposure to climate risks |

|                                       |                                                     |                                                                                                       |
|---------------------------------------|-----------------------------------------------------|-------------------------------------------------------------------------------------------------------|
| (B) Carbon footprint                  | (2) for the majority of our assets                  | Determine issuer risk exposure to climate risks                                                       |
| (C) Carbon intensity                  | (2) for the majority of our assets                  | Determine issuer risk exposure to climate risks                                                       |
| (D) Weighted average carbon intensity | (2) for the majority of our assets                  | Determine issuer risk exposure to climate risks                                                       |
| (H) Other metrics [as specified]      | (2) for the majority of our assets                  | 1) Determine issuer risk exposure to climate risks 2) Determine issuer risk exposure to climate risks |
|                                       | <b>(3) Metric unit</b>                              | <b>(4) Methodology</b>                                                                                |
| (A) Total carbon emissions            | tCO <sub>2</sub> e                                  | As provided by issuer themselves or external sources (MSCI, CDP)                                      |
| (B) Carbon footprint                  | tCO <sub>2</sub> e                                  | As provided by issuer themselves or external sources (MSCI, CDP)                                      |
| (C) Carbon intensity                  | tCO <sub>2</sub> e per USD sales                    | As provided by issuer themselves or external sources (MSCI, CDP)                                      |
| (D) Weighted average carbon intensity | tCO <sub>2</sub> e per USD sales                    | As provided by issuer themselves or external sources (MSCI, CDP)                                      |
| (H) Other metrics [as specified]      | 1) t/USD million GDP nominal 2) Vulnerability score | 1) External sources (MSCI) 2) External sources (Verisk Maplecroft)                                    |
|                                       | <b>(5) Disclosed value</b>                          |                                                                                                       |
| (A) Total carbon emissions            | tCO <sub>2</sub> e                                  |                                                                                                       |
| (B) Carbon footprint                  | tCO <sub>2</sub> e                                  |                                                                                                       |
| (C) Carbon intensity                  | tCO <sub>2</sub> e per USD sales                    |                                                                                                       |
| (D) Weighted average carbon intensity | tCO <sub>2</sub> e per USD sales                    |                                                                                                       |
| (H) Other metrics [as specified]      | 1) t/USD million GDP nominal 2) Vulnerability score |                                                                                                       |

# Climate change

## Metrics and targets: Physical risk

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection                         | PRI Principle |
|-----------|-------------------|--------------|------------|------------|------------------------------------|---------------|
| ISP 39    | PLUS              | N/A          | ISP 39.1   | PUBLIC     | Metrics and targets: Physical risk | General       |

What climate-related metric(s) has your organisation identified for physical risk monitoring and management?

- (A) Weather-related operational losses for real assets or the insurance business unit
- (B) Proportion of our property, infrastructure or other alternative asset portfolios in an area subject to flooding, heat stress or water stress
- (C) Other metrics, please specify:
  - █ Sovereign climate physical risk vulnerability
- (D) Other metrics, please specify:
- (E) We have not identified any metrics for physical risk monitoring

# Climate change

## Metrics and targets: Physical risk

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection                         | PRI Principle |
|-----------|-------------------|--------------|------------|------------|------------------------------------|---------------|
| ISP 39.1  | PLUS              | ISP 39       | N/A        | PUBLIC     | Metrics and targets: Physical risk | General       |

Provide details about the metric(s) you have identified for physical risk monitoring and management.

|                                  | (1) Coverage of AUM                | (2) Purpose                                     |
|----------------------------------|------------------------------------|-------------------------------------------------|
| (C) Other metrics [as specified] | (2) for the majority of our assets | Determine issuer risk exposure to climate risks |
|                                  | (3) Metric unit                    | (4) Methodology                                 |
| (C) Other metrics [as specified] | Vulnerability score                | External sources (Verisk Maplecroft)            |

(5) Disclosed value

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(C) Other metrics [as specified]

Vulnerability score

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