

LEA 02	Discretionary Mandate	Gateway
<p>By default, assets for which we have responsibility are included for engagement. However, we may exclude assets from our engagement process if we believe that engagement is not in the best interests of our investors or if the asset is not a material ESG issue.</p> <p>Discretionary engagement may be used to address ESG issues that are not covered by the standard engagement process.</p>	<p><b>Type of engagement</b></p> <p>Individual/ internal staff engagements</p> <p>Collaborative engagements</p> <p>Service provider engagements</p>	<p><b>Reason for interaction</b></p> <p><input checked="" type="checkbox"/> To support investment decision-making in &amp; company reports</p> <p><input checked="" type="checkbox"/> To influence corporate transition or identify the need for additional or</p> <p><input checked="" type="checkbox"/> To engage investor ESG issues</p> <p><input type="checkbox"/> To engage investor ESG issues</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage: all internal staff</p> <p><input type="checkbox"/> To support investment decision-making in &amp; company reports</p> <p><input type="checkbox"/> To influence corporate transition or identify the need for additional or</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage: all collaborative engagements</p> <p><input type="checkbox"/> To support investment decision-making in &amp; company reports</p> <p><input type="checkbox"/> To influence corporate transition or identify the need for additional or</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> To engage investor ESG issues</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage: all service providers</p>

# PRIVATE RI REPORT

## 2016

BlueBay Asset Management LLP

## About this report

This report is an export of the individual Signatory organisation responses to the PRI Reporting Framework during the 2016 reporting period. It shows your responses to all completed indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders. The PRI will **not publish** this report on its website. Instead, you will be able to access the public RI Transparency report of your organisation and that of other signatories on the [PRI website](#).

The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

## Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at a glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator.
🔍	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

# Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Fixed income AUM breakdown	✓	Public							✓
OO 08	Segregated mandates or pooled funds	🔒	n/a							✓
OO 09	Breakdown of AUM by market	✓	Public							✓
OO 10	Additional information about organisation	✓	Public							✓
OO 11	RI activities for listed equities	🔒	n/a							✓
OO 12	RI activities in other asset classes	✓	Public							✓
OO 13	Modules and sections required to complete	✓	n/a							✓

Strategy and Governance				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SG 01	RI policy and coverage	✓	Public							✓
SG 02	Publicly available RI policy or guidance documents	✓	Public						✓	
SG 03	Conflicts of interest	✓	Public							✓
SG 04	RI goals and objectives	✓	Public							✓
SG 05	Main goals/objectives this year	✓	Public							✓
SG 06	RI roles and responsibilities	✓	Public							✓
SG 07	RI in performance management, reward and/or personal development	✓	Public							✓
SG 08	Collaborative organisations / initiatives	✓	Public				✓	✓		
SG 09	Promoting RI independently	✓	Public				✓			
SG 10	Dialogue with public policy makers or standard setters	✓	Public				✓	✓	✓	
SG 11	ESG issues in strategic asset allocation	✓	Public	✓						
SG 12	Long term investment risks and opportunity	✓	Public	✓						
SG 13	Allocation of assets to environmental and social themed areas	✓	Public	✓						
SG 14	ESG issues for internally managed assets not reported in framework	✓	Public							✓
SG 15	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
SG 16	RI/ESG in execution and/or advisory services	🔒	n/a	✓	✓					
SG 17	Innovative features of approach to RI	✓	Public							✓
SG 18	Internal and external review and assurance of responses	✓	Public							✓

Direct - Fixed Income				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
FI 01	Breakdown by passive,active strategies	✓	Public							✓
FI 02	Option to report on <10% assets	🔒	n/a							✓
FI 03	Breakdown by market and credit quality	✓	Public							✓
FI 04	Incorporation strategies applied	✓	Public	✓						
FI 05	ESG issues and issuer research	✓	Public	✓						
FI 06	Processes to ensure analysis is robust	✓	Public	✓						
FI 07	Types of screening applied	✓	Public	✓						
FI 08	Negative screening - overview and rationale	✓	Public	✓						
FI 09	Examples of ESG factors in screening process	✓	Public	✓						
FI 10	Screening - ensuring criteria are met	✓	Public	✓						
FI 11	Thematic investing - overview	🔒	n/a	✓						
FI 12	Thematic investing - themed bond processes	🔒	n/a	✓						
FI 13	Thematic investing - assessing impact	🔒	n/a	✓						
FI 14	Integration overview	✓	Public	✓						
FI 15	Integration - ESG information in investment processes	✓	Public	✓						
FI 16	Integration - E,S and G issues reviewed	✓	Public	✓						
FI 17	ESG incorporation in passive funds	🔒	n/a	✓						
FI 18	Engagement overview and coverage	✓	Public		✓					
FI 19	Engagement method	✓	Public	✓	✓					
FI 20	Engagement policy disclosure	✓	Public	✓	✓					
FI 21	Financial/ESG performance	✓	Public							✓
FI 22	Examples - ESG incorporation or engagement	✓	Public	✓	✓					
FI 23	Communications	✓	Public		✓					✓

Closing Module				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
CM 01	To what extent has the Reporting Framework captured your implementation of the Principles.	✓	n/a							✓
CM 02	Suggestions or comments on the Reporting and Assessment process	✓	n/a							✓
CM 03	Reporting & Assessment contact	✓	n/a							✓
CM 04	Final review before submission	✓	n/a							✓
CM 05	Submit your responses	✓	n/a							✓
CM Fin		-	n/a							

# BlueBay Asset Management LLP

## Reported Information

### Private version

### Organisational Overview

## PRI disclaimer

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## Basic Information

OO 01

Mandatory

Gateway/Peering

General

OO 01.1 Select the services you offer.

Fund management

% of assets under management (AUM) in ranges

<10%

10-50%

>50%

Fund of funds, manager of managers, sub-advised products

Other, specify

Execution and advisory services

OO 01.2 Additional information. [Optional]

Founded in 2001, BlueBay Asset Management LLP (BlueBay) is a specialist fixed income manager offering solutions to institutions, consultants and financial intermediaries. We invest across the fixed income spectrum, from active long-only 'benchmark aware' portfolios to hedge funds/private debt. We are active in the following investment strategies: investment grade debt, emerging market debt, high yield/distressed debt& loans, convertible bonds, private lending and multi-credit.

Based in London, with offices in the US, Japan, Hong Kong, Switzerland, Ireland and Luxembourg, we employ over 400 employees and manage over USD57 billion (as at 31 December 2015) for institutional investors, distribution networks and high net worth individuals.

BlueBay is a wholly-owned subsidiary of Royal Bank of Canada (RBC) and part of the RBC asset management division, RBC Global Asset Management group of companies.

OO 02

Mandatory

Peering

General

OO 02.1 Select the location of your organisation's headquarters.

United Kingdom

OO 02.2 Indicate the number of countries in which you have offices (including your headquarters).

1

2-5

6-10

>10

OO 02.3 Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE
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423

OO 02.4	Additional information. [Optional]
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**NOTE - OO 02.3:** total staff number: staff working less than full time counted as one each; includes Partners and Management Committee members, as at 31 December 2015.

OO 03	Mandatory	Descriptive	General
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OO 03.1	Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.
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- Yes
- No

OO 03.3	Additional information. [Optional]
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Our parent company, RBC, owns another asset management company, RBC Global Asset Management, which in August 2015, joined as a member of the PRI.

OO 04	Mandatory	Gateway/Peering	General
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OO 04.1	Indicate the year end date for your reporting year.
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31/12/2015

OO 04.2	Indicate your total AUM at the end of your reporting year, excluding subsidiaries you have chosen not to report on, and advisory/execution only assets.
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	trillions	billions	millions	thousands	hundreds
Total AUM		57	257	461	000
Currency	USD				
Assets in USD		57	257	461	000

OO 04.5	Additional information. [Optional]
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**NOTE - OO 04.2:** AUM excludes uncalled capital commitments in private lending funds.

OO 06	Mandatory	Descriptive	General
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**OO 06.1**

To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

- Publish our asset class mix as percentage breakdown

	Internally managed (%)	Externally managed (%)
Listed equity	0	0
Fixed income	96.5	0
Private equity	0	0
Property	0	0
Infrastructure	0	0
Commodities	0	0
Hedge funds	1	0
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	0	0
Other (1), specify	2.5	0
Other (2), specify	0	0

'Other (1)' specified

Private debt - our direct lending business

- Publish our asset class mix as broad ranges

OO 06.2

Publish our asset class mix as per attached image [Optional].

BlueBay is a Europe-based fixed income specialist



Assets under Management (US\$m)	
Investment Grade	28,269
Emerging Markets	13,900
Leveraged Finance <sup>1</sup>	7,252
Multi-Asset Credit	5,211
Convertibles	2,625
<b>Total company AuM</b>	<b>57,257</b>

Source: BlueBay Asset Management, as at 31 December 2015

Notes: AuM is exclusive of non-fee earning assets

<sup>1</sup> Leveraged Finance consists of High Yield, Leveraged Loans, Distressed and Direct Lending (drawn capital)

1

OO 07

Mandatory to Report Voluntary to Disclose

Gateway

General

OO 07.1

Provide to the nearest 5% the percentage breakdown of your Fixed Income AUM at the end of your reporting year, using the following categories.

<b>Internally managed</b>	SSA	41
	Corporate (financial)	15
	Corporate (non-financial)	44
	Securitised	0
	Total	100%

<b>OO 09</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Peering</b>	<b>General</b>
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**OO 09.1** Indicate the breakdown of your organisation's AUM by market.

Market breakdown	% of AUM
Developed Markets	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %
Emerging, Frontier and Other Markets	<input type="radio"/> 0% <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> >50 %

<b>OO 10</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>General</b>
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**OO 10.1** Provide any additional information about your organisation, its mission, strategies, activities or investments which are important to contextualise your responsible investment activities.

BlueBay is a specialist fixed income manager with a comprehensive offering across sub-asset classes. We are a wholly-owned subsidiary of Royal Bank of Canada, with full investment autonomy, flexibility and substantial operational independence.

BlueBay is committed to delivering: risk-adjusted returns for our clients over the long-term. Our investment approach to generate this is governed by a style incorporating the following investment principles:

- Focus on absolute returns across our funds;
- Strong emphasis on capital preservation;
- Dynamic, research driven approach;
- Disciplined, risk controlled environment, and
- Active management (both top down and bottom up inputs).

## Gateway asset class implementation indicators

OO 12	Mandatory	Gateway	General
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OO 12.1

Select internally managed asset classes where you implemented responsible investment into your investment decisions and/or your active ownership practices (during the reporting year)

- Fixed income – SSA
- Fixed income – corporate (financial)
- Fixed income – corporate (non-financial)
- Hedge funds
- Other (1)
- None of the above

'Other (1)' [as defined in OO 05]

Private debt - our direct lending business

OO 13	Mandatory	Gateway	General
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**You will need to make a selection in OO 13.1 only if you have any voluntary modules that you can choose to report on.**

OO 13.1

You are only required to report on asset classes that represent 10% or more of your AUM. You may report voluntarily on any applicable modules or sections by selecting them from the list below.

Core modules

- Organisational Overview
- Strategy and Governance

RI implementation directly or via service providers

Direct - Fixed Income

- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)

Closing module

- Closing module

# BlueBay Asset Management LLP

## Reported Information

### Private version

### Strategy and Governance

## PRI disclaimer

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## Responsible investment policy

SG 01

Mandatory

Core Assessed

General

SG 01.1

Indicate if you have an investment policy that covers your responsible investment approach.

Yes

SG 01.2

Indicate the components/types and coverage of your policy.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input type="checkbox"/> Formalised guidelines on environmental factors <input type="checkbox"/> Formalised guidelines on social factors <input type="checkbox"/> Formalised guidelines on corporate governance factors <input type="checkbox"/> Asset class-specific guidelines <input type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input checked="" type="checkbox"/> Other, specify (1) engagement and proxy voting <input checked="" type="checkbox"/> Other, specify(2)	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM
<div style="background-color: #0070C0; color: white; padding: 2px;">other (2) description</div> ESG governance structure, transparency	

<b>SG 01.3</b>	Indicate what norms have you used to develop your RI policy.
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- UN Global Compact Principles
- UN Guiding Principles on Business and Human Rights
- Universal Declaration of Human Rights
- International Bill of Human Rights
- International Labour Organization Conventions
- United Nations Convention Against Corruption
- OECD Guidelines for Multinational Enterprises
- Other, specify (1)
- Other, specify (2)
- Other, specify (3)
- None of the above

<b>SG 01.4</b>	Provide a brief description of the key elements of your investment policy that covers your responsible investment approach [Optional].
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BlueBay has a value driven approach to ESG investment risk management - where we believe ESG factors can potentially have a material impact on an issuer's long-term financial performance. Our ESG strategy focuses on a number of complementary ESG investment strategies: ESG integration (primary), engagement, ESG screening (our pooled funds), proxy voting (convertibles, high yield strategies). We apply a slightly modified approach for our private debt business.

BlueBay is committed to being transparent about our ESG investment risk effort.

No

<b>SG 01.5</b>	Additional information [Optional].
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**NOTE SG 01.3:** We have not ticked these as we have not explicitly/formally linked our ESG investment risk approach to specific norms. However we informally consider such standards, along with other ESG considerations in the actual ESG analysis and bench-marking expectations of companies.

<b>SG 02</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 6</b>
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<b>SG 02.1</b>	Indicate which of your investment policy documents (if any) are publicly available. Provide URL and an attachment of the document.
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- Policy setting out your overall approach

	URL
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<http://www.bluebay.com/globalassets/documents/esg-investment-risk-policy.pdf>

Attachment [Optional]

[BlueBay ESG Investment Risk Policy Dec 2014.pdf](#)

Screening / exclusions policy

URL

<http://www.bluebay.com/globalassets/documents/controversial-weapons-investment-policy.pdf>

Attachment [Optional]

[BlueBay Controversial Weapons Investment Policy December 2014.pdf](#)

Other, specify

Other, specify (1) description

Proxy voting

URL

<http://www.bluebay.com/globalassets/documents/proxy-voting-policy.pdf>

Attachment [Optional]

[BlueBay CG CR proxy voting Policy December 2014.pdf](#)

Other, specify

Other, specify (2) description

Statement on UK Stewardship Code

URL

<http://www.bluebay.com/globalassets/documents/statement-uk-stewardship-code.pdf>

Attachment [Optional]

[BlueBay Statement on UK Stewardship Code December 2014.pdf](#)

We do not publicly disclose our investment policy documents

SG 03	Mandatory	Core Assessed	General
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**SG 03.1**

Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

Yes

**SG 03.2**

Describe your policy on managing potential conflicts of interest in the investment process.

BlueBay has put in place policies to manage conflicts that may arise when trading for multiple clients, including its order execution, order allocation and cross-trade policies.

Our Conflicts of Interest Policy outlines current and potential conflicts of interest that may affect aspects of BlueBay's business and how they are addressed.

We believe the risk of potential conflicts of interest at BlueBay is mitigated to some extent by the fact that BlueBay does not:

- provide any services other than discretionary investment management for institutional clients
- undertake own account trading or run a proprietary book
- publish investment research
- participate in commission sharing or soft dollar arrangements
- hold client monies

RBC Capital Markets, an affiliate of BlueBay, has been included on BlueBay's Approved Counterparty List since before the acquisition. BlueBay is entitled to use RBC Capital Markets for brokerage services, as long as trades are executed at arm's length and in compliance with BlueBay's best execution policies and procedures. We do not have any minimum trading threshold to transact with RBC Capital Markets.

No

**SG 03.3**

Additional information. [Optional]

BlueBay maintains a register of potential conflicts within the firm which are monitored and controlled on an on-going basis.

BlueBay's arrangements for managing potential conflicts are reviewed at least annually and whenever a material change occurs that effects BlueBay's ability to manage its conflicts.

We have not identified any significant conflicts of interest at BlueBay. However, potential conflicting interests or duties may arise in a number of circumstances, including when, for example, BlueBay undertakes portfolio management activities for other clients, or when BlueBay may act as agent for a client in relation to trades in which it is also acting as agent for the accounts of other clients.

## Objectives and strategies

**SG 04**

**Mandatory**

**Gateway/Core Assessed**

**General**

**SG 04.1**

Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc basis
- It is not reviewed

**SG 04.2**

Additional information. [Optional]

Our ESG specialist has formalised annual ESG investment risk objectives which are set on an annual basis, with an interim review half way through the year, where objectives may be revised to ensure they remain relevant and focus on business priorities. However in practice, we review ESG efforts on a weekly basis and make revisions as appropriate.

Our formal annual ESG objectives tend to be quite high level, and categorised into terms of areas of ESG investment risk related policies & process; ESG investment process development; ESG data, communications & capacity building, and ESG integration, each with their own further underlying strategic objectives, and specific tasks.

SG 05	Voluntary	Descriptive	General
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**SG 05.1**

List the main responsible investment objectives that your organisation set for the reporting year.

Responsible investment processes

- Provide training on ESG incorporation

Key performance indicator

Corporate credit analysts participation in training on use of third party ESG provider online platform

Progress achieved

All corporate credit analysts trained on use of online platform

- Provide training on ESG engagement

Key performance indicator

'Live' training working in conjunction with sector analysts on issuer engagement

Progress achieved

Some instances where ESG specialist has worked closely with sector analysts on ESG engagement objectives, approaches and outcomes analysis, and this has helped informed on investment views

- Improved communication of ESG activities within the organisation

Key performance indicator

e.g.: Circulation of weekly ESG email newsletter; Conduct teach-ins for strategic business functions/teams (includes investment teams, but also other middle/back office departments as appropriate)

Progress achieved

Publication of e-newsletter; held some sessions with internal teams to educate about ESG

- Improved engagement to encourage change with regards to management of ESG issues

Key performance indicator

Hold internal meeting with key individuals within BlueBay to promote awareness and buy-in

Progress achieved

Meetings held with CEO and CIOs

- Improved ESG incorporation into investment decision making processes

Key performance indicator

Participation (by ESG) in sector analyst forums by sharing credit relevant ESG insights; Develop a framework/template for sector ESG briefings

Progress achieved

Actively participated in sector analyst forums - ESG now explicit in ToR; Finalised sector ESG briefing template, production of Energy& Mining sector briefing

- Other, specify (1)
- Other, specify (2)
- Other, specify (3)

Financial performance of investments

- Increase portfolio performance by consideration of ESG factors
- Other, specify (1)

other description (1)

Review and evaluate the correlation between financial and ESG performance

Key performance indicator

Monitor issuer/fund ESG performance, consider how financial performance correlates with ESG performance

Progress achieved

Formally track fund ESG performance; informally track issuer ESG and financial performance

- Other, specify (2)
- Other, specify (3)

ESG characteristics of investments

- Over or underweight companies based on ESG characteristics
- Improve ESG ratings of portfolio
- Setting carbon targets for portfolio
- Other, specify (1)

Other description (1)

Taking account of ESG performance

Key performance indicator

All other investment factors being equal, consider selecting issuer with superior ESG performance

Progress achieved

Some analysts are proactively seeking to understand ESG performance of issuers they are investing in

- Other, specify (2)
- Other, specify (3)

Other activities

- Joining and/or participation in RI initiatives

Key performance indicator

Active participation in PRI co-ordinated efforts

Progress achieved

Achieved active involvement in PRI: FI sub-committee; formal participation in ESG collaborative initiative on ESG disclosure for stock exchanges; participated in member consultations etc.

- Encouraging others to join a RI initiative

Key performance indicator

Share learning, experiences and value of being a PRI member

Progress achieved

Some have subsequently signed up (our feedback a contributing factor) e.g. RBC GAM

- Documentation of best practice case studies

Key performance indicator

Create ESG investment case study material for each investment team, to illustrate instances of ESG integration & engagement

Progress achieved

Documentation of case studies for each team (ongoing)

- Using case studies to demonstrate engagement and ESG incorporation to clients

Key performance indicator

Develop presentations for use externally with clients on instances of ESG integration

Progress achieved

Held meetings (face to face/conference calls) with clients and other key stakeholders on organisation's approach to ESG and case studies

- Other, specify (1)

other description (1)

Public transparency about ESG investment risk efforts

Key performance indicator

Launch ESG content on corporate website

Progress achieved
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New BlueBay corporate website with ESG investment risk content (as well as corporate responsibility) launched Q4 2015

- Other, specify (2)
- Other, specify (3)

<b>SG 05.2</b>	Additional information.
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Our formal annual ESG objectives tend to be quite high level, and categorised into terms of areas of ESG investment risk related policies & process; ESG investment process development; ESG data, communications & capacity building, and ESG integration, each with their own further underlying strategic objectives, and specific tasks.

## Governance and human resources

<b>SG 06</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>General</b>
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<b>SG 06.1</b>	Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.
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Roles present in your organisation
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- Board members or trustees
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify  
**Risk & Performance; Investment Risk**

- Oversight/accountability for responsible investment
- Implementation of responsible investment
- No oversight/accountability or implementation responsibility for responsible investment
- Portfolio managers
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Investment analysts
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Dedicated responsible investment staff
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- External managers or service providers
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Investor relations
- Other role, specify
- Other role, specify

<b>SG 06.2</b>	For the roles for which you have RI oversight/accountability or implementation responsibilities, indicate how you execute these responsibilities.
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The Co-CIOs are represented on the Market Risk Committee which has an ESG agenda item at regular times during the year to review ESG performance across the teams and for specific issuers/issues of ESG concern.

The Head of Risk & Performance has regular review meetings with the Head of Investment Risk (who the ESG specialist reports to) where ESG may be discussed.

The Head of Investment Risk has formal meetings with the ESG specialist to discuss implementation and developments in ESG.

The ESG specialist may discuss ESG matters with the CEO on an ad-hoc basis as appropriate.

<b>SG 06.3</b>	Indicate the number of dedicated responsible investment staff your organisation has.
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Number
--------

2

**SG 06.4**

Additional information. [Optional]

**NOTE SG 06.3:** We have one permanent dedicated ESG specialist, but additional from July 2015 we had a dedicated ESG intern resource on a temporary contract (12 months contract). Going forward, the intention is continue to have the ESG function staffed in this manner.

**SG 07**

**Voluntary**

**Additional Assessed**

**General**

**SG 07.1**

Indicate if your organisation's performance management, reward and/or personal development processes have a responsible investment element.

**Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee**

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- Responsible investment included in personal development and/or training plan
- None of the above

**Other C-level staff or head of department**

Risk & Performance; Investment Risk

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- Responsible investment included in personal development and/or training plan
- None of the above

**Portfolio managers**

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- Responsible investment included in personal development and/or training plan
- None of the above

**Investment analysts**

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- Responsible investment included in personal development and/or training plan
- None of the above

**Dedicated responsible investment staff**

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- Responsible investment included in personal development and/or training plan
- None of the above

**SG 07.3**

Provide any additional information on your organisation's performance management, reward and/or personal development processes in relation to responsible investment.

Given where we are in our current phase of rolling out ESG investment risk management, our focus has been focused on development investment related frameworks and processes, rather than the governance aspects which promote integration. However this is an area we will review in future.

## Promoting responsible investment

**SG 08**

**Mandatory**

**Core Assessed**

**PRI 4,5**

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

**SG 08.1**

Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

### Select all that apply

- Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Active involvement in FI Engagement sub-committee conference calls, CRA meetings, sharing insights and feedback on key documents (including drafting); feedback to member consultations; participation in co-ordinated engagement efforts

- AFIC – La Commission ESG
- Asian Corporate Governance Association
- Australian Council of Superannuation Investors
- BVCA – Responsible Investment Advisory Board
- CDP Climate Change
- CDP Forests
- CDP Water
- CFA Institute Centre for Financial Market Integrity
- Code for Responsible Investment in SA (CRISA)
- Council of Institutional Investors (CII)
- ESG Research Australia
- Eumedion
- EVCA – Responsible Investment Roundtable
- Extractive Industries Transparency Initiative (EITI)
- Global Investors Governance Network (GIGN)
- Global Impact Investing Network (GIIN)
- Global Real Estate Sustainability Benchmark (GRESB)
- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)
- Investor Group on Climate Change, Australia/New Zealand (IGCC)
- International Integrated Reporting Council (IIRC)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- Principles for Financial Action for the 21st Century
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)
- United Nations Global Compact
- Other collaborative organisation/initiative, specify

Allianz Global Investors/PRI stock exchanges and ESG listing disclosure

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

We were a signatory to the letter sent out to stock exchanges, encouraging the adoption of voluntary ESG listing disclosure

Other collaborative organisation/initiative, specify

BankingFutures - investor consultation

Your organisation's role in the initiative during the reporting year (see definitions)

Basic

Moderate

Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

We were a participant in the investor workshop looking to inform on the public consultation on how to ensure a healthy UK banking industry

Other collaborative organisation/initiative, specify

Other collaborative organisation/initiative, specify

**SG 08.2**

Additional information. [Optional]

We continue to monitor and review the possibility of formally being involved in other organisations.

**SG 09**

**Mandatory**

**Core Assessed**

**PRI 4**

**SG 09.1**

Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

Yes

**SG 09.2**

Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations

Provided financial support for academic or industry research on responsible investment

Encouraged better transparency and disclosure of responsible investment practices across the investment industry

Spoke publicly at events and conferences to promote responsible investment

Wrote and published in-house research papers on responsible investment

Encouraged the adoption of the PRI

Wrote articles on responsible investment in the media.

Other, specify

specify description

issuer/sector/thematic engagement; industry meetings; media opportunities

No

**SG 09.3** Additional information. [Optional]

**NOTE - SG 09.2:** education - we have participated in student academic research into ESG/RI including interviews and provided written responses. We have also outlines our thoughts on good/best practice for clients / other key stakeholders in the early stage of ESG adoption.

**SG 10** Voluntary Additional Assessed PRI 4,5,6

**SG 10.1** Indicate if your organisation - individually or in collaboration with others - conducted dialogue with public policy makers or regulators in support of responsible investment in the reporting year.

Yes

- Yes, individually
- Yes, in collaboration with others

**SG 10.2** Select the methods you have used.

- Endorsed written submissions to governments, regulators or public policy developed by others
- Drafted your own written submissions to governments, regulators or public policy markers
- Participated in face-to-face meetings with government members or officials to discuss policy
- Other, specify

specify description

e.g. BankingFutures project involved dialogue with regulators; sovereign investing - meetings with government officials to discuss good governance practices which promote investor confidence

**SG 10.3** Where you have made written submissions (individually or collaboratively) to governments and regulatory authorities, indicate if these are publicly available.

- Yes, publicly available
  - No
- No

**Implementation not in other modules**

**SG 11** Voluntary Descriptive PRI 1

<b>SG 11.1</b>	Indicate if your organisation executes scenario analysis and/or modelling in which the risk profile of future ESG trends at portfolio level is calculated.
----------------	--

- Yes
- No

<b>SG 11.2</b>	Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.
----------------	---

- Yes
- No

<b>SG 12</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Descriptive</b>	<b>PRI 1</b>
--------------	--	--------------------	--------------

<b>SG 12.1</b>	Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following you consider.
----------------	--

- Changing demographics
- Climate change

<b>SG 12.2</b>	Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity
----------------	--

- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify

	other description
--	-------------------

flag up as a material ESG risk for specific issuer/sector; shared insights and performance information; reviewed firm wide exposure to coal investments

- None of the above

<b>SG 12.3</b>	Indicate which of the following tools you use to manage emissions risks and opportunities
----------------	---

- Carbon footprinting
- Scenario testing
- Disclosure on emissions risk to clients/trustees/management/beneficiaries
- Target setting for emissions risk reduction
- Encourage internal and/or external portfolio managers to monitor emissions risk
- Emissions risk monitoring and reporting are formalised into contracts when appointing managers
- Other, specify

	other description
--	-------------------

consider this as an input where this is a material ESG risk for issuer/sector (source data from organisations such as CDP, CTI etc.)

- None of the above
- Resource scarcity
- Technology developments
- Other, specify(1)
- Other, specify(2)
- None of the above

<b>SG 13</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Descriptive</b>	<b>PRI 1</b>
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<b>SG 13.1</b>	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
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- Yes
- No

<b>SG 14</b>	<b>Mandatory</b>	<b>Descriptive</b>	<b>General</b>
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<b>SG 14.1</b>	Describe how you address ESG issues for internally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold.
----------------	--

Asset Class	Describe what processes are in place and the outputs or outcomes achieved
Hedge funds	sames as those applied to our long-only investment strategies
Other (1) [as defined in Organisational Overview module]	Direct lending: we apply our Controversial Weapons investment policy. Companies we review for lending do not tend to be covered in terms of their ESG performance, by our third party providers, however our standard due diligence process who include consideration of ESG related risk factors. We also leverage of the ESG sector insights generated from our public debt market work

<b>SG 14.2</b>	Additional information [Optional].
----------------	------------------------------------

- Direct lending:
- ESG risk factors are particularly pertinent to private lending strategies given the illiquid nature of the loans and the fact that we are taking a longer-term credit view on our borrowers
  - Of all the ESG factors, governance-related ones are the most significant per se in terms of having trust and confidence in the management to successfully executive the business strategy
  - Our investment strategy of having a strong loan position and partnership approach means we engage with borrowers much more closely than lenders in the broader syndicated leveraged loan market, for instance

## Innovation

SG 17	Voluntary	Descriptive	General
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**SG 17.1**

Indicate whether any specific features of your approach to responsible investment are particularly innovative.

Yes

**SG 17.2**

Describe any specific features of your approach to responsible investment that you believe are particularly innovative.

At BlueBay, given we view ESG as an investment risk factor, we have accordingly structured our management of this within our Risk and Performance function, and specifically the Investment Risk team. This explicitly illustrates and reinforces to others internally/externally that we view ESG as an investment risk issue which impacts performance.

With our ESG specialist working closely with the Investment Risk team, we have also established an ESG reporting/monitoring framework for internal team and client reporting, which incorporates conventional quantitative risk reporting, e.g., generation of portfolio-level ESG scores, analysis of the top 5 issuers in terms of worst/best ESG scores and worst/best contributions to portfolio scores, and highlighting the most ESG-controversial issuers. We complement this with the more narrative ESG reporting we began in late 2014 on the wider ESG efforts within BlueBay.

No

## Assurance of responses

SG 18	Voluntary	Additional Assessed	General
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**SG 18.1**

Indicate whether your reported information has been reviewed, validated and/or assured by internal and/or external parties.

Yes

**SG 18.2**

Indicate who has reviewed, validated and/or assured your reported information.

- Reviewed by Board, CEO, CIO or Investment Committee
- Validated by internal audit or compliance function
- Assured by an external independent provider, specify name
- Other, specify

**SG 18.3**

Describe the steps you have taken to review, validate and/or assure the content of your reported information.

We circulate our draft response internally to the above functions/individuals for review and sign off

No

# BlueBay Asset Management LLP

## Reported Information

Private version

Direct - Fixed Income

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Overview

FI 01

Mandatory to Report Voluntary to Disclose

Gateway

General

FI 01.1

Provide a breakdown of your internally managed fixed income securities by active and passive strategies

<p><b>SSA</b></p>	<p>Passive 0</p> <p>Active - quantitative (quant) 0</p> <p>Active - fundamental and active - other 100</p> <p>Total 100%</p>
<p><b>Corporate (financial)</b></p>	<p>Passive 0</p> <p>Active - quantitative (quant) 0</p> <p>Active - fundamental and active - other 100</p> <p>Total 100%</p>
<p><b>Corporate (non-financial)</b></p>	<p>Passive 0</p> <p>Active - quantitative (quant) 0</p> <p>Active - fundamental and active - other 100</p> <p>Total 100%</p>

<b>FI 01.2</b>	Additional information. [Optional]
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BlueBay is an active specialist fixed income manager

<b>FI 03</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Descriptive</b>	<b>General</b>
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<b>FI 03.1</b>	Indicate the approximate (+/- 5%) breakdown of your SSA investments, between developed markets and emerging markets.
----------------	--

<b>SSA</b>	Developed markets	50
	Emerging markets	50
	Total	100%

<b>FI 03.2</b>	Indicate the approximate (+/- 5%) breakdown of your corporate and securitised investments between investment grade or high-yield securities.
----------------	--

<b>Corporate (financial)</b>		High-yield	30
		Investment grade	70
		Total	100%
<b>Corporate (non-financial)</b>		High-yield	65
		Investment grade	35
		Total	100%

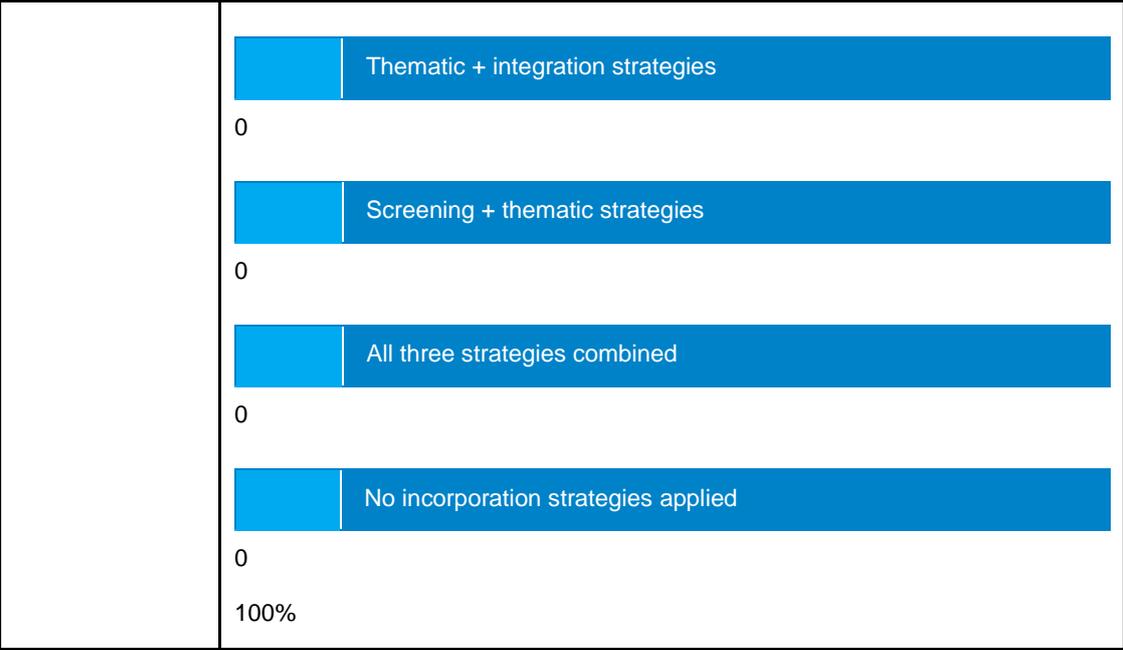
**ESG incorporation in actively managed fixed income**

**Implementation processes**

<b>FI 04</b>	<b>Mandatory</b>	<b>Gateway</b>	<b>PRI 1</b>
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<b>FI 04.1</b>	Indicate 1) Which ESG incorporation strategy and/or combination of strategies you apply to your actively managed fixed income investments; and 2) The proportion (+/- 5%) of your total actively managed fixed income investments each strategy applies to.
----------------	---

SSA	<table border="1"> <thead> <tr> <th>Strategy</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Screening alone</td> <td>0</td> </tr> <tr> <td>Thematic alone</td> <td>0</td> </tr> <tr> <td>Integration alone</td> <td>35</td> </tr> <tr> <td>Screening + integration strategies</td> <td>65</td> </tr> <tr> <td>Thematic + integration strategies</td> <td>0</td> </tr> <tr> <td>Screening + thematic strategies</td> <td>0</td> </tr> <tr> <td>All three strategies combined</td> <td>0</td> </tr> <tr> <td>No incorporation strategies applied</td> <td>0</td> </tr> <tr> <td><b>Total (any strategy)</b></td> <td><b>100%</b></td> </tr> </tbody> </table>	Strategy	Percentage	Screening alone	0	Thematic alone	0	Integration alone	35	Screening + integration strategies	65	Thematic + integration strategies	0	Screening + thematic strategies	0	All three strategies combined	0	No incorporation strategies applied	0	<b>Total (any strategy)</b>	<b>100%</b>
Strategy	Percentage																				
Screening alone	0																				
Thematic alone	0																				
Integration alone	35																				
Screening + integration strategies	65																				
Thematic + integration strategies	0																				
Screening + thematic strategies	0																				
All three strategies combined	0																				
No incorporation strategies applied	0																				
<b>Total (any strategy)</b>	<b>100%</b>																				
Corporate (financial)	<table border="1"> <thead> <tr> <th>Strategy</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Screening alone</td> <td>0</td> </tr> <tr> <td>Thematic alone</td> <td>0</td> </tr> <tr> <td>Integration alone</td> <td>40</td> </tr> <tr> <td>Screening + integration strategies</td> <td>60</td> </tr> </tbody> </table>	Strategy	Percentage	Screening alone	0	Thematic alone	0	Integration alone	40	Screening + integration strategies	60										
Strategy	Percentage																				
Screening alone	0																				
Thematic alone	0																				
Integration alone	40																				
Screening + integration strategies	60																				



Corporate (non-financial)	Screening alone	0
	Thematic alone	0
	Integration alone	50
	Screening + integration strategies	50
	Thematic + integration strategies	0
	Screening + thematic strategies	0
	All three strategies combined	0
	No incorporation strategies applied	0
	100%	

**FI 04.2** Describe your primary reasons for choosing a particular ESG incorporation strategy and how combinations of strategies are used.

We believe ESG integration strategies are best suited to fixed income investing given the technical characteristics of the asset class, and resulting differing investment risk profiles of bonds. As such this is the primary approach we apply across all our funds.

We use engagement (in combination with integration) where this is appropriate to do so, but recognise that we have less leverage than equity investors given we are not owners.

Proxy voting is applicable only in some instances such as for our convertibles and high yield mandates.

We apply a limited level of non-legal ESG exclusion screening to our pooled funds as these are the accounts where we control the investment strategy. However, our clients may provide us with bespoke screens to implement for segregated accounts.

**FI 04.3** Additional information [Optional].

NOTE for FI 4.1: We have determined the approx splits as defined as screens which are non-legal in nature (e.g. proactively applied by BlueBay or requested by our clients in segregated accounts). However in practice, all our funds apply screens based on legal reasons such as economic/financial sanctions.

**FI 05** **Mandatory to Report Voluntary to Disclose** **Core Assessed** **PRI 1**

**FI 05.1** Indicate which ESG factors you systematically research as part of your ESG analysis on issuers.

Select all that apply

	SSA	Corporate (financial)	Corporate (non-financial)	
Environmental data	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Social data	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Governance data	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	

**FI 05.2** Indicate what format your ESG information comes in and where you typically source it

Raw ESG company data

**Indicate who provides this information**

- ESG research provider
- Sell-side
- In-house – specialised ESG analyst or team
- In-house – FI analyst, PM or risk team
- Other, specify

specify description

Company itself (e.g. reports, PRs, mgmt. meetings); other stakeholders e.g. NGOs, academia

ESG factor specific analysis

**Indicate who provides this information**

- ESG research provider
- Sell-side
- In-house – specialised ESG analyst or team
- In-house – FI analyst, PM or risk team
- Other, specify

specify description

Other stakeholders e.g. NGOs, regulators, academia, media

- Issuer-level ESG analysis

**Indicate who provides this information**

- ESG research provider
- Sell-side
- In-house – specialised ESG analyst or team
- In-house – FI analyst, PM or risk team
- Other, specify

specify description

Company itself; other stakeholders e.g. NGOs, academia, media etc.

- Sector-level ESG analysis

**Indicate who provides this information**

- ESG research provider
- Sell-side
- In-house – specialised ESG analyst or team
- In-house – FI analyst, PM or risk team
- Other, specify

specific description

Company itself; other stakeholders e.g. NGOs, academia, media etc.

- Country-level ESG analysis

**Indicate who provides this information**

- ESG research provider
- Sell-side
- In-house – specialised ESG analyst or team
- In-house – FI analyst, PM or risk team
- Other, specify

specify description

Company itself; other stakeholders e.g. NGOs, academia, media etc.

<b>FI 05.3</b>	Provide a brief description of the ESG information used, highlighting any differences of sources of information across your ESG incorporation strategies.
----------------	---

We use a combination of internal and external resources for ESG-related data, which comes from a range of stakeholders. Some of the data we subscribe to and pay for (e.g., ESG research providers - we source sovereign and corporate data from different parties), others are publicly available and so free of charge. We access the data in written form (e.g., reports, PRs) or in person (e.g., meetings).

<b>FI 06</b>	<b>Mandatory</b>	<b>Additional Assessed</b>	<b>PRI 1</b>
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<b>FI 06.1</b>	Indicate how you ensure that your ESG research process is robust:
----------------	---

- Issuers are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- Issuer information and/or ESG ratings are updated regularly to ensure ESG research is accurate
- Internal audits of ESG research are undertaken in a systematic way
- ESG analysis is benchmarked for quality against other providers
- Other, specify
- None of the above

<b>FI 06.2</b>	Describe how your ESG information or analysis is shared among your investment team.
----------------	---

- ESG information is held within a centralised database and is accessible to all investment staff
- ESG information is a standard item on all individual issuer summaries, 'tear sheets', 'dashboards' or similar documents
- Investment staff are required to discuss ESG information on issuers as a standard item during investment committee meetings
- Records capture how ESG information and research was incorporated into investment decisions
- Other, specify  
our ESG specialist actively participates in the cross desk sector analyst forums sharing insights and views on investment exposures; regular ESG e-newsletter
- None of the above

<b>FI 06.3</b>	Additional information. [Optional]
----------------	------------------------------------

- **Issuer/sector:** investment teams have access to ESG data from external providers through an online platform. We routinely mine the ESG issuer database, cross referring it with our investment exposure to identify any potential conflicting positions and/or investments in issuers with high ESG risks and concerns
- **Sector:** in January 2015, BlueBay introduced a cross desk sector analyst forum initiative (currently 8 in total) each of which meets regularly as well as having ad-hoc communications. ESG is a key input into this initiative, communicating relevant sector news flow & developments and analysis of ESG concern levels of holdings in issuers with low ESG scores
- **Portfolio/team:** as well as regularly updates to teams on their fund ESG performance, we also conduct ad-hoc analysis as deemed appropriate. e.g. carried out an ESG review of our Brazilian corporate exposure for our EM corporate team, as well as ESG audit of EM Corp flagship funds.
- **Firm-wide:** e.g. on regular basis through the Market Risk Committee (membership includes the CIO), which looks at ESG performance of all key funds to determine if there are any emerging

material ESG risks. Also ad-hoc ESG reviews tabled for discussion e.g. review of coal investment exposure

## (A) Implementation: Screening

FI 07	Mandatory	Gateway	PRI 1
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FI 07.1	Indicate the type of screening you conduct.
---------	---

Select all that apply

	SSA	Corporate (financial)	Corporate (non-financial)	
Negative/exclusionary screening	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Positive/best-in-class screening	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Norms-based screening	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

FI 07.2	Describe the type of screening you apply to your internally managed active fixed income
---------	---

### Legal reasons

- **Economic/financial sanctions:** BlueBay must comply with applicable financial/economic sanctions in every jurisdiction where it operates. To ensure compliance, BlueBay restricts business (whether in terms of clients and/or investments) globally with entities and persons subject to embargo/sanctions laws. There are two broad types of sanctions related investment restrictions: comprehensive restrictions (outright ban on investments in these countries), and targeted restrictions (investments permitted on case by case basis, as sanctions targeted individuals/organisations/sectors as opposed to a blanket ban).
- **ESG related legal screening:** in some jurisdictions, there is a legal reason for funds to exclude investments in some Controversial weapons such as cluster munitions, in such instances, we will ensure compliance.

### Non-legal reasons

- **BlueBay determined:** proactively applied to BlueBay pooled funds where we control the investment policy for the funds (beyond those legally mandated). e.g. All apply the Controversial Weapons Investment policy, one also applies the exclusions of the Norwegian Government Pension Fund global/Norges Bank Investment Management.
- **Client determined:** for segregated account clients, we can tailor screening to those required by the client. If the client wishes, they can adopt BlueBay's Controversial Weapons Investment policy for their own fund.

FI 07.3	Additional information. [Optional]
---------	------------------------------------

**NOTE: FI 7.1:** we have included both screening for legal reasons (e.g. sanctions) as well as non-legal screening as this is what we have interpreted this Q to mean.

FI 08	Mandatory	Descriptive	PRI 1
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FI 08.1	Indicate why you conduct negative screening.
---------	--

**SSA**

	SSA
--	-----

- For legal reasons
- For non-legal reasons

**Corporate (financial)**

	Corporate (fin)
--	-----------------

- For legal reasons
- For non-legal reasons

**Corporate (non-financial)**

	Corporate (non-fin)
--	---------------------

- For legal reasons
- For non-legal reasons

FI 08.2	Describe your approach to ESG-based negative screening of certain issuers from your investable universe.
---------	--

**Legal reasons**

- **Economic/financial sanctions:** BlueBay must comply with applicable financial/economic sanctions in every jurisdiction where it operates. To ensure compliance, BlueBay restricts business (whether in terms of clients and/or investments) globally with entities and persons subject to embargo/sanctions laws. There are two broad types of sanctions related investment restrictions: comprehensive restrictions (outright ban on investments in these countries), and targeted restrictions (investments permitted on case by case basis, as sanctions targeted individuals/organisations/sectors as opposed to a blanket ban.
- **ESG related legal screening:** in some jurisdictions, there is a legal reason for funds to exclude investments in some Controversial weapons such as cluster munitions, in such instances, we will ensure compliance.

**Non-legal reasons**

- **BlueBay determined:** proactively applied to BlueBay pooled funds where we control the investment policy for the funds (beyond those legally mandated). e.g. All apply the Controversial Weapons Investment policy, one also applies the exclusions of the Norwegian Government Pension Fund global/Norges Bank Investment Management.
- **Client determined:** for segregated account clients, we can tailor screening to those required by the client. If the client wishes, they can adopt BlueBay's Controversial Weapons Investment policy for their own fund.

FI 08.3	Additional information. [Optional]
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**BlueBay's Controversial Weapons Investment policy**

In adopting this policy, BlueBay took into account a number of factors such as client and societal expectations as to what is least socially acceptable business activities to have investment exposure to, as well as investment implications in terms of ensuring we meet client investment objectives. In this instance, we felt there was a clear rationale for adopting this policy.

FI 09	Voluntary	Additional Assessed	PRI 1
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FI 09.1	Provide examples of how ESG factors are included in your screening criteria.
---------	--

Example 1

Type of fixed income
<input type="checkbox"/> SSA <input type="checkbox"/> Corporate (financial) <input checked="" type="checkbox"/> Corporate (non-financial)
ESG factors
<input type="checkbox"/> Environmental <input checked="" type="checkbox"/> Social <input type="checkbox"/> Governance
Screening
<input checked="" type="checkbox"/> Negative/ exclusionary
Description of how ESG factors are used as the screening criteria
<p><b>Non-legal reasons:</b></p> <p>Corporate manufacturers of cluster munitions and landlines are excluded under our Controversial Weapons Investment policy. Applicable to all our pooled funds.</p> <p>The data on which issuers to exclude is sourced from a third party, updated on a monthly basis.</p> <p>NOTE: A copy of the BlueBay Controversial Weapons Investment policy is publicly available:  <a href="http://www.bluebay.com/globalassets/documents/corporategovernance/bluebaycontroversialweap onsinvestmentpolicydecember2014.pdf?id=1749">http://www.bluebay.com/globalassets/documents/corporategovernance/bluebaycontroversialweap onsinvestmentpolicydecember2014.pdf?id=1749</a></p>

Example 2

Type of fixed income
<input type="checkbox"/> SSA <input checked="" type="checkbox"/> Corporate (financial) <input checked="" type="checkbox"/> Corporate (non-financial)
ESG factors
<input checked="" type="checkbox"/> Environmental <input checked="" type="checkbox"/> Social <input checked="" type="checkbox"/> Governance
Screening
<input checked="" type="checkbox"/> Negative/ exclusionary
Description of how ESG factors are used as the screening criteria
<p><b>Non-legal reasons</b></p> <p>Applicable to one of our retail funds, which has additional restrictions which are based on the Norwegian Government Pension Fund global/Norges Bank Investment Management exclusions list. The SRI guidelines on which this list is based on includes product-based exclusions (which includes coal/coal-based energy, nuclear weapons, tobacco) as well as conduct based exclusions (e.g, human rights, environmental damage, gross corruption, other serious violations of fundamental ethical norms). The conduct-based exclusions could potentially apply to any corporate issuer irrespective of their sector</p>

Example 3

Type of fixed income
<input checked="" type="checkbox"/> SSA <input checked="" type="checkbox"/> Corporate (financial) <input checked="" type="checkbox"/> Corporate (non-financial)
ESG factors
<input type="checkbox"/> Environmental <input checked="" type="checkbox"/> Social <input checked="" type="checkbox"/> Governance
Screening
<input checked="" type="checkbox"/> Negative/ exclusionary
Description of how ESG factors are used as the screening criteria
<p><b>Legal reasons</b></p> <p>BlueBay must comply with applicable financial/economic sanctions in every jurisdiction where it operates. To ensure compliance, BlueBay restricts business (whether in terms of clients and/or investments) globally with entities and persons subject to embargo/sanctions laws. There are two broad types of sanctions related investment restrictions: comprehensive restrictions (outright ban on investments in these countries), and targeted restrictions (investments permitted on case by case basis, as sanctions targetted individuals/organisations/sectors as opposed to a blanket ban.</p>

Example 4

Type of fixed income
<input checked="" type="checkbox"/> SSA <input checked="" type="checkbox"/> Corporate (financial) <input checked="" type="checkbox"/> Corporate (non-financial)
ESG factors
<input type="checkbox"/> Environmental <input checked="" type="checkbox"/> Social <input checked="" type="checkbox"/> Governance
Screening
<input checked="" type="checkbox"/> Negative/ exclusionary
Description of how ESG factors are used as the screening criteria
<p><b>Legal and non-legal reasons</b></p> <p>Some of our segregated account clients may also require us to apply legal and/or non-legal screenings which are applicable to them in the countries in which they are domiciled. In such instances, they supply us with the restrictions list.</p>

Example 5

FI 10	Mandatory	Core Assessed	PRI 1
FI 10.1	Indicate which systems your organisation has to ensure that fund screening criteria are not breached in fixed income investments.		

Type of screening	Checks
	<p><b>Negative/exclusionary screening</b></p> <p><input checked="" type="checkbox"/> Checks are performed to ensure that issuers meet screening criteria</p> <p><input checked="" type="checkbox"/> Data used for the screening criteria is updated at least every 2 years</p> <p><input checked="" type="checkbox"/> Automated IT systems prevent our portfolio managers from investing in excluded issuers or bonds that do not meet screening criteria</p> <p><input type="checkbox"/> Audits of fund holdings are undertaken regularly by internal audit or compliance functions</p> <p><input checked="" type="checkbox"/> Other, specify</p> <div style="background-color: #0070C0; color: white; padding: 2px; margin-top: 5px;">other description</div> <p>Our data on issuers to be excluded is updated on a monthly basis</p> <p><input type="checkbox"/> None of the above</p>

**FI 10.2** Additional information. [Optional]

BlueBay monitors compliance with exclusion lists and other investment guidelines using our portfolio management system, Charles River Investment Management System (Charles River). Automated Charles River compliance rules are independently managed by the BlueBay Compliance Team. Investment restrictions are programmed into Charles River using system-enforced 4-eyes review and validation functionality. Investment guidelines that cannot be programmed into Charles River are monitored using alternative techniques that are implemented and reviewed by the Compliance Team.

NOTE: the data associated with our Controversial Weapons Investment policy is sourced from a third party provider (MSCI ESG Research), with data updated on a monthly basis.

In a limited (but growing) number of instances, we perform checks to ensure issuers meet screening for clients with specific exclusions/concerns lists. This is performed at different frequencies e.g. monthly, six-monthly.

**(C) Implementation: Integration**

FI 14	Mandatory	Descriptive	PRI 1
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**FI 14.1** Describe your approach to integrating ESG into traditional financial analysis.

This occurs at four levels:

- Issuer level:** our investment teams are provided with access to the IT platforms of our ESG research providers for issuer/industry ESG data which they can review as part of their issuer research analysis. They can then determine whether these would be material considerations in terms of the risk-reward/valuation consideration. They may also receive issuer/sector/issue ESG-related insights from the ESG specialist when this is considered useful to share. We use the issuer ESG data from external third parties (which provide individual E, S and G scores ranging from 0 to 10 with 10 representing the best ESG-scoring issuer) to generate an issuer overall ESG score. As we believe Governance is more critical than Social and Environment for fixed

income investments, we have established our own weighting methodology to arrive at the overall issuer ESG score (50% of overall ESG score is derived from the G score, 25% each from the E and S scores).

- **Sector level:** mainly via the cross desk sector analyst forums as previously discussed
- **Portfolio level:** investment teams receive ESG data for their funds on a regular basis in terms of overall portfolio ESG scores (detailing top 5 long positions in low ESG-scoring issuers, short positions in high scoring issuers, best and worst contributors to fund ESG performance, and whether there are holdings in companies highlighted as being involved in severe ESG controversies, as defined by our external research provider). Such data can then be incorporated into portfolio construction as appropriate. Portfolio-level ESG scores are generated by taking individual issuer scores and weighting these in terms of percentage exposure of portfolio to the issuer. Where an issuer is not covered by MSCI ESG Research, we generate an internally-calculated score using industry averages.
- **Group level:** oversight of the ESG performance of funds across the desks is provided by the Market Risk Committee which reviews ESG risks and trends on a regular basis.

Given our primary ESG investment strategy is ESG integration, the role of our internal RI resource is to provide an input into the investment decision making by highlighting potential credit relevant ESG risks to investment teams. It is then for the investment team to consider the extent to which this is relevant to their investment decision in terms of potential valuation implications, as well as nature of the investment positioning. As the risk takers, the investment teams make the ultimate investment decision, which will be a balance of conventional financial and ESG factors. This means that our funds may still invest in issuers with low ESG performance scores as well as those with high ESG performance scores.

Currently the majority of our ESG efforts focus on post-investment (e.g. existing investment exposure), although we are also looking to complement this with pre-investment (new positions) ESG analysis.

**FI 14.2** Describe how your ESG integration approach is adapted to each of the different types of fixed income you invest in.

**SSA**

For sovereign bond investments, geo-political and social factors ( e.g. civil conflict, terrorism, issues of corruption etc.) are particularly credit relevant, as these factors can be dynamic and alter rates and currency parameters and so the credit attractiveness of countries

Environmental factors are generally the least credit relevant as the timescale over which the dynamics change does not overlap that much with investments in sovereigns which tend to be shorter. However, some environmental risks such as droughts/floods associated with changing climate can be more immediately credit relevant.

**Corporate (financial)**

Governance aspects of financial corporates are particularly credit relevant given the need to have confidence in the quality and integrity of the business. Public transparency of governance structures, mechanisms and approaches to managing lending/investment risk are key. Understanding of lending/investment exposures is important.

Corporate (non-financial)

Whilst Governance is a basic area of analysis (particularly in the case of distressed debt/private lending), the extent to which Environment or Social issues are credit relevant will depend on factors such as the business activities, geographical footprint, size of the company and so on.

FI 14.3 Additional information [OPTIONAL]

For all bond investments we consider 'Governance' as the most critical ESG risk factor. Generally speaking, different aspects/dimensions of an E, S and G issue may be more or less credit relevant for different debt instruments. In addition to adapting our approach for different debt instruments, we also modify our expectations of issuers in terms of their sector and geographic exposure - given ESG factors may be more credit relevant in the former, and also to reflect the state of ESG standards and awareness. We also adapt the ESG screening we apply for our pooled funds, such that our Controversial Weapons Investment policy only applies to corporates (manufacturer of landmines and cluster munitions), and not sovereigns, as they cannot be considered in the same way. We do not currently adopt any ESG screening for sovereigns.

FI 15 Mandatory Core Assessed PRI 1

FI 15.1 Indicate how ESG information is typically used as part of your investment process.

Select all that apply

	SSA	Corporate (financial)	Corporate (non-financial)	
ESG analysis is integrated into fundamental analysis	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
ESG analysis is integrated into security weighting decisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ESG analysis is integrated into portfolio construction decisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ESG analysis is a standard part of internal credit ratings or assessment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ESG analysis for issuers is a standard agenda item at investment committee meetings	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ESG analysis is regularly featured in internal research notes or similar	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
ESG analysis is a standard feature of ongoing portfolio monitoring	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
ESG analysis features in all internal issuer summaries or similar documents	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other, specify	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	

## FI 15.2

### Additional information [OPTIONAL]

NOTE: FI 15.1: ESG is a standing agenda item in our sector analyst forum meetings, and meetings will reference ESG discussions as appropriate. Furthermore, we share email communications on latest ESG sov/sector insights (we have counted this in 'ESG analysis is regularly featured in internal research notes or similar')

#### General comments

BlueBay's formal ESG framework/process was introduced relatively recently (2013) and as such the focus has been on building internal capability and processes, which have occurred on an ad hoc rather than systematic basis.

The emphasis has been on post-investment (existing holdings) ESG risk management, although we have initiated efforts on the pre-investment front in terms of making ESG assessment a standard part of internal credit analysts issuer research notes.

Furthermore our efforts have been more reactive rather than proactive in nature, responding to corporate/industry/thematic events for instance. However there were instances, where we have sought to be proactive e.g. review of coal investment exposure, review of wider Brazilian corporates ESG risks, and investment team fund audits.

The framework we have developed seeks to share ESG insights among our investment teams on 4 levels:

- **Issuer level**, in terms of credit analysis e.g. what is BlueBay's ESG risk exposure on an individual issuer by issuer level? Do we have positions in (corporate) issuers with the most severe ESG controversy exposure?
- **Sector level**, as part of the issuer analysis e.g. what are the material ESG risks for certain industries/sectors, and to what degree are there common ESG risks across sectors?
- **Portfolio level**, in terms of portfolio characteristics e.g. what is the ESG investment risk exposures at a fund level? and at the;
- **Group level**, in terms of oversight of ESG risks across BlueBay's portfolio strategies e.g. what is BlueBay's ESG investment risk exposure across all the investment desks?

FI 16	Mandatory	Additional Assessed	PRI 1
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**FI 16.1** Indicate the extent to which ESG issues are reviewed in your integration process.

	Environment	Social	Governance
SSA	<div style="background-color: #0072bc; color: white; padding: 2px;">Environmental</div> <input checked="" type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<div style="background-color: #0072bc; color: white; padding: 2px;">Social</div> <input checked="" type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<div style="background-color: #0072bc; color: white; padding: 2px;">Governance</div> <input checked="" type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all
Corporate (financial)	<div style="background-color: #0072bc; color: white; padding: 2px;">Environmental</div> <input checked="" type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<div style="background-color: #0072bc; color: white; padding: 2px;">Social</div> <input checked="" type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<div style="background-color: #0072bc; color: white; padding: 2px;">Governance</div> <input checked="" type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all
Corporate (non-financial)	<div style="background-color: #0072bc; color: white; padding: 2px;">Environmental</div> <input checked="" type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<div style="background-color: #0072bc; color: white; padding: 2px;">Social</div> <input checked="" type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<div style="background-color: #0072bc; color: white; padding: 2px;">Governance</div> <input checked="" type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all

**FI 16.2** Please provide more detail on how you review E, S and G factors in your integration process.



We source sovereign issuer ESG data from a third party, Verisk Maplecroft, which provides overall scores for each sovereign, as well as company profiles which break down performance in different areas. They also produce annual reviews and ad hoc analysis. The scores are available to the investment teams via an online platform and our investment risk IT system. The ESG function shares ESG performance of desks on a regularly basis, as well as ad-hoc when events or developments happen which warrant sharing with teams.

We may also participate in webinars or request meetings from Verisk Maplecroft on issue of interest. For instance, during 2015, we organised a meeting to discuss ESG concerns in EM countries of Guatemala and Paraguay.



We source corporate issuer ESG data from a third party, MSCI ESG Research, which provides overall ESG ratings and scores (including for individual E, S and G pillars) for each issuer, as well as company profiles which break down performance in different areas. They also produce annual sector reviews and ad hoc analysis. The scores are available to the investment teams via an online platform and our investment risk IT system.

The ESG function shares ESG performance of desks on a regular basis, as well as monitors investment exposure data in terms of issuer's ESG performance, and highlights those of particularly high concern.

Via the cross team sector analyst forum initiative we share ESG insights formally on a monthly basis. This network has also initiated efforts to develop sector ESG briefing documents, which set out our view of the most credit relevant ESG risk for the sector, how we believe this impacts valuation, and the key questions for consideration/engagement. To date, we have produced such a note for the Energy& Mining sector.



We source corporate issuer ESG data from a third party, MSCI ESG Research, which provides overall ESG ratings and scores (including for individual E, S and G pillars) for each issuer, as well as company profiles which break down performance in different areas. They also produce annual sector reviews and ad hoc analysis. The scores are available to the investment teams via an online platform and our investment risk IT system.

The ESG function shares ESG performance of desks on a regular basis, as well as monitors investment exposure data in terms of issuer's ESG performance, and highlights those of particularly high concern.

Via the cross-team sector analyst forum initiative we share ESG insights formally on a monthly basis. This network has also initiated efforts to develop sector ESG briefing documents, which set out our view of the most credit relevant ESG risk for the sector, how we believe this impacts valuation, and the key questions for consideration/engagement. To date, we have produced such a note for the Energy& Mining sector.

## Fixed income - Engagement

FI 18	Mandatory to Report Voluntary to Disclose	Core Assessed	PRI 2
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FI 18.1	Indicate if you engage on your fixed income assets. Please exclude any engagements carried out solely in your capacity as a shareholder.
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Category	Proportion of assets
<b>SSA</b>	<input type="radio"/> >50% <input type="radio"/> 26-50% <input checked="" type="radio"/> 5-25% <div style="background-color: #0070C0; color: white; padding: 2px; margin-top: 10px;"> <b>FI 18.2</b>   Indicate your motivations for conducting engagement.         </div> <input checked="" type="checkbox"/> To gain insights into ESG (i.e. enhance disclosure) <input checked="" type="checkbox"/> To effect change (i.e. ask an issuer to manage ESG risk and/or opportunity) <input type="checkbox"/> Other, specify <input type="radio"/> More than 0%, less than 5% <input type="radio"/> We do not engage
<b>Corporate (financial)</b>	<input type="radio"/> >50% <input type="radio"/> 26-50% <input checked="" type="radio"/> 5-25% <div style="background-color: #0070C0; color: white; padding: 2px; margin-top: 10px;"> <b>FI 18.2</b>   Indicate your motivations for conducting engagement.         </div> <input checked="" type="checkbox"/> To gain insights into ESG (i.e. enhance disclosure) <input checked="" type="checkbox"/> To effect change (i.e. ask an issuer to manage ESG risk and/or opportunity) <input type="checkbox"/> Other, specify <input type="radio"/> More than 0%, less than 5% <input type="radio"/> We do not engage
<b>Corporate (non-financial)</b>	<input type="radio"/> >50% <input type="radio"/> 26-50% <input checked="" type="radio"/> 5-25% <div style="background-color: #0070C0; color: white; padding: 2px; margin-top: 10px;"> <b>FI 18.2</b>   Indicate your motivations for conducting engagement.         </div> <input checked="" type="checkbox"/> To gain insights into ESG (i.e. enhance disclosure) <input checked="" type="checkbox"/> To effect change (i.e. ask an issuer to manage ESG risk and/or opportunity) <input type="checkbox"/> Other, specify <input type="radio"/> More than 0%, less than 5% <input type="radio"/> We do not engage

<b>FI 18.3</b>	Additional information.[OPTIONAL]
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BlueBay believes that providers of debt do have a role in engaging with issuers on matters with the potential to impact investment returns. As part of the routine investment research process, our investment teams do meet issuers (particularly with primary issuances) and are therefore able to raise questions, including on ESG related matters. Given BlueBay's approach of not automatically excluding issuers from investment based on their ESG performance, actions to mitigate such risks are raised with investments teams where appropriate. Our focus is on the most credit relevant ESG risk factors, with engagement conducted to inform on our investment decisions.

However client expectations of the scale and effectiveness of such engagement should be made in recognition of the fact that as debt investors, we are not owners and as such have more limited legal

mechanisms to influence issuers. Furthermore, trying to engage a non-corporate issuer such as a sovereign is potentially more challenging than influencing a company.

The aim of engagement will to generate:

- **Additional insights** into the issuer's ESG practices which may have investment implications and/or,
- To **facilitate change** by setting out a request for change/improvement in specific ESG areas e.g. climate change or human rights supply chain management.

FI 19	Mandatory to Report Voluntary to Disclose	Additional Assessed	PRI 1,2
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**FI 19.1** Indicate how you typically engage with issuers as a fixed income investor, or as both a fixed income and listed equity investor. (Please do not include engagements where you are both a bondholder and shareholder but engage as a listed equity investor only.)

Select all that apply

Type of engagement	SSA	Corporate (financial)	Corporate (non-financial)
Individual/Internal staff engagements	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Collaborative engagements	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Service provider engagements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**FI 19.2** Indicate how your organisation prioritises engagements with issuers

Select all that apply

	SSA	Corporate (financial)	Corporate (non-financial)
Based on potential materiality of ESG factors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Based on systemic risks to global portfolios	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Based on our exposure (holdings) to ESG risks	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other, describe	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

**FI 19.3** Indicate when your organisation conducts engagements with issuers.

Select all that apply

	SSA	Corporate (financial)	Corporate (non-financial)
Engagements are conducted pre-investment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Engagements are conducted post-investment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other, describe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**FI 19.4**

Indicate how your organisation conducts engagements with issuers.

Select all that apply

	SSA	Corporate (financial)	Corporate (non-financial)
We systematically engage prior to ESG-related divestments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
We engage proactively in anticipation of specific ESG risks and/or opportunities	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
We engage in reaction to ESG issues which have already affected the issuer	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Investment and ESG analysts systematically conduct ESG-related engagements together	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other, describe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**FI 19.5**

Indicate what your organisation conducts engagements with issuers on.

Select all that apply

	SSA	Corporate (financial)	Corporate (non-financial)
We conduct engagements with individual issuers	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
We conduct engagements across sectors and industries	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
We conduct engagements on specific ESG themes (e.g. human rights)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other, describe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**FI 19.6**

Indicate how your organisation shares the outcomes of the engagements internally.

Select all that apply

	SSA	Corporate (financial)	Corporate (non-financial)
We have a systematic process to ensure the outcomes of engagements are made available	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
We occasionally make the outcomes of engagements available	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other, describe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
We do not make this information available	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**FI 19.7**

Additional information.[OPTIONAL]

**ESG engagement overview**

The engagement maybe:

- **Investor led**, this can be as part of a proactive or reactive engagement programme involving a single or group of investors looking to address a specific issue/theme within a certain sector or more generally e.g. extractives industry and human rights management
- **Company led**, this is often as part of a proactive effort by the company to engage with investors on its ESG practices e.g. annual ESG investor road show, or a stakeholder consultation exercise covering its ESG strategy or a specific ESG issue (e.g. access to medicines in the pharma sector)

The engagement may take the form of face-to-face meetings with management or through conference calls and e-communications. The discussions may be solely between issuer and investor, or involve other investor and stakeholder groups.

Where ESG engagement is deemed necessary, this will be prioritised using a risk-based approach. This means taking account of the following:

- Focusing on issuers considered to have the most exposure to significant ESG controversies (e.g. for corporates, our third party provider assigns a 'red' flag status to such companies)
- The absolute/relative size of our exposure to the issuer (fund level/firm wide level)
- Our investment thesis e.g. do we have strong conviction in the issuer and is this a long-term holding or is it a short term trade idea based solely on valuations
- The ESG ratings and scores of the company overall, and/or on specific E, S and G areas where we may have a proactive engagement programme centred around a specific issue/theme

### Communication of engagement outcomes

We provide quarterly ESG reports to segregated account clients, which provides some illustration of engagement activities and their outcomes. Our investment teams/ESG specialist may also meet with clients in meetings to brief them on our effort.

Some of our engagement efforts are reported on our corporate website, although the current focus has been on detailing the activities rather than the outcomes.

FI 20	Mandatory to Report Voluntary to Disclose	Additional Assessed	PRI 1,2
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FI 20.1	Indicate if your publicly available policy documents explicitly refer to fixed income engagement separately from engagements in relation to other asset classes.
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Yes

FI 20.2	Please attach or provide a URL to your fixed income engagement policy document. [Optional]
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	URL
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<http://www.bluebay.com/globalassets/documents/esg-investment-risk-policy.pdf>

	Attach document
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[BlueBay ESG Investment Risk Policy Dec 2014.pdf](#)

No

FI 20.3	Additional information [OPTIONAL]
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We do not have a stand-alone ESG engagement policy, as this is covered within our overall ESG investment risk policy.

## Outputs and outcomes

FI 21	Mandatory to Report Voluntary to Disclose	Additional Assessed	General
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**FI 21.1**

Indicate whether your organisation measures how your incorporation of ESG analysis in fixed income has affected investment outcomes and/or ESG performance.

Select all that apply

	SSA	Corporate (financial)	Corporate (non-financial)
We measure whether incorporating ESG impacts funds' reputation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
We measure whether incorporating ESG impacts financial returns	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
We measure whether incorporating ESG impacts risk	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
We measure whether incorporating ESG impacts funds' ESG performance	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**FI 21.2**

Describe how your organisation measures how your incorporation of ESG analysis in fixed income has affected investment outcomes and/or ESG performance. [OPTIONAL]

Our efforts to date have been on an ad-hoc rather than systematic basis. They have also involves a combination of approaches such as:

- **Quantitative:** overall fund ESG/E/S/G performance scores; top 5 best/worst contributor (issuer) to fund ESG score, top 5 long/short positions in low/high ESG scoring issuers, exposure to corporate issuers with the highest ESG controversy status. EXAMPLE: our EM Sovereign team continue to use political/governance scores from our sovereign ESG research provider, which they plot against the spreads of their fair value scores for the hard currency universe. This has continued to help inform insight into the degree to which the political/governance scores for certain issuers are impacting spreads.
- **Qualitative:** we monitor, the impact of the ESG analysis we do with our investment teams in terms of impact on investment views and outcomes for specific issuers or sectors. In such instances, in the majority of cases we have observed that whilst there has not been a change in the investment allocation, the credit analysts have gained increased awareness and appreciation of the potential risk of the ESG issue to the credit risk, and this has been incorporated the overall view of the issuer.

**FI 21.3**

Additional information.[OPTIONAL]

As we have yet to systematically track outcomes of ESG analysis and engagement, we tend to find this out on an ad-hoc basis from dialogue with the investment teams, such as through the cross-desk sector analyst forum meetings, and/or one-to-one dialogue.

As stated in FI 21.2, in the majority of instances we have not necessarily observed a change in the investment view/allocation decision. However, we see an instance in 2015, where an analyst has shown

how our ESG analysis was a contributing factor in a decision to reduce a position exposure, which benefited the fund, as shortly after, negative ESG news flow about them resulted in a negative bond price move (part of our Brazilian corporates ESG review).

FI 22	Voluntary	Descriptive	PRI 1,2
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FI 22.1	Provide examples of how your incorporation of ESG analysis and/or your engagement of issuers has affected your fixed income investment outcomes during the reporting year.
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Example 1

Type of fixed income
<input checked="" type="checkbox"/> SSA <input type="checkbox"/> Corporate (financial) <input type="checkbox"/> Corporate (non-financial)
ESG issue and explanation
<p><b>Latam country - Brazil</b></p> <p>Third party analysis of natural capital risks within the country where natural capital assets are a key driver of economic income and growth-cattle ranching, agriculture, fishing, and food and beverage</p>
RI strategy applied
<input type="checkbox"/> Screening <input checked="" type="checkbox"/> Integration <input type="checkbox"/> Engagement
Impact on investment decision or performance
<p>No immediate investment implications resulting from this, but highlights the need to consider how the quality of natural capital assets (and their management) needs to be monitor as an indication of potential direction of economic growth, and important of managing these sustainably</p>

Example 2

Type of fixed income
<input type="checkbox"/> SSA <input checked="" type="checkbox"/> Corporate (financial) <input type="checkbox"/> Corporate (non-financial)
ESG issue and explanation
BankingFutures project looking to make recommendations to promote a healthy UK banking sector - investor perspective
RI strategy applied
<input type="checkbox"/> Screening <input type="checkbox"/> Integration <input checked="" type="checkbox"/> Engagement
Impact on investment decision or performance
Informed on our understanding of societal expectations of the sector; understanding of how the regulators view the sector and potential investment risks of any future regulation

Example 3

Type of fixed income
<input type="checkbox"/> SSA <input type="checkbox"/> Corporate (financial) <input checked="" type="checkbox"/> Corporate (non-financial)
ESG issue and explanation
<p><b>Mining, utilities, banks - global</b></p> <p>Review of investment exposure to coal; focus on mining and utility issuers</p>
RI strategy applied
<input type="checkbox"/> Screening <input checked="" type="checkbox"/> Integration <input type="checkbox"/> Engagement
Impact on investment decision or performance
<p>No change to investment positioning but intent to monitor exposure over time as we develop thinking/view on coal investments</p>

Example 4

Type of fixed income
<input type="checkbox"/> SSA <input type="checkbox"/> Corporate (financial) <input checked="" type="checkbox"/> Corporate (non-financial)
ESG issue and explanation
<p><b>Brazilian corporates</b></p> <p>Review of potential ESG risks associated with investment positions in our EM corporate investment strategies</p>
RI strategy applied
<input type="checkbox"/> Screening <input checked="" type="checkbox"/> Integration <input type="checkbox"/> Engagement
Impact on investment decision or performance
<p>No immediate investment implications although made analyst more cautious, such that in one instance, did reduce position in an issuer (which subsequently faced ESG related negative news flow) which negatively impacted bond prices (something we were able to avoid)</p>

Example 5

Type of fixed income
<input type="checkbox"/> SSA <input type="checkbox"/> Corporate (financial) <input checked="" type="checkbox"/> Corporate (non-financial)
ESG issue and explanation
Guatemalan cement producer: engagement to better understand risk exposure from material ESG issues
RI strategy applied
<input type="checkbox"/> Screening <input type="checkbox"/> Integration <input checked="" type="checkbox"/> Engagement
Impact on investment decision or performance
No change in investment thesis, but analysis added to confidence of any investment to add to issuer in light of non-negative ESG views

FI 22.2	Additional information.
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NOTE: we have not provided a comprehensive list of engagement, but selected a range.

## Communication

FI 23	Mandatory	Core Assessed	PRI 2,6
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FI 23.1	Indicate if your organisation proactively discloses information on your approach to RI across all of your fixed income investments.
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We disclose it publicly

Provide URL
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<http://www.bluebay.com/en/environmental-social-and-governance/overview/#Olink>

**FI 23.2**

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

- Yes
- No

**FI 23.3**

Indicate the information your organisation proactively discloses to the public regarding your approach to RI incorporation.

- Broad approach to RI incorporation
- Detailed explanation of RI incorporation strategy used

**FI 23.4**

Indicate how frequently you typically report this information to the public.

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc/when requested

**FI 23.5**

Indicate the information your organisation proactively discloses to clients/beneficiaries regarding your approach to RI.

- Broad approach to RI incorporation
- Detailed explanation of RI incorporation strategy used

**FI 23.6**

Indicate how frequently you typically report this information to clients/beneficiaries.

- Quarterly or more frequently
  - Biannually
  - Annually
  - Less frequently than annually
  - Ad-hoc/when requested
- We disclose it to clients and/or beneficiaries only
  - We do not proactively disclose it to the public and/or clients/beneficiaries

**FI 23.7**

Additional information. [Optional]

We launched the ESG Investment risk management section on our corporate website in late 2015. The intention is to provide a broad overview of our policies, systems and performance, where possible, and to fill this in with greater detail over time. As such, our ESG presentation material which we share with clients and other key stakeholders will tend to provide more in-depth information on specific processes, and case studies. However over time, we hope to be able to narrow the difference in disclosure of publicly vs. privately where it is appropriate to do so (in line with compliance/legal requirements).

# BlueBay Asset Management LLP

## Reported Information

### Private version

### Closing Module

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Feedback

CM 01	Voluntary	Descriptive	General
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CM 01.1	Indicate to what extent the PRI reporting framework captures your implementation of the Principles.
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Select the most appropriate

- To a large extent
- To a moderate extent
- To a small extent
- Not at all

CM 02	Voluntary	Descriptive	General
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CM 02.1	If you have any additional suggestions or comments on the Reporting and Assessment process, share them here.
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**General for fixed income module:** we do not feel the necessity to divide the FI instrument types in the way chosen e.g. SSA, corporate (financials) and corporate (non-financials) etc. as our ESG approach for corporates does not differ, and also our funds may have exposures to these within the same fund which has added to the challenging of getting the AUM data disaggregated in this way.

**Word count limitations:** in some places, the limit appears to be too low and restricts the explanation possible. having a range of 200-1000 seems quite big, would recommend including to 500 as max where currently this is 200.

**FI 21.1:** we would encourage the review of this Q as feel it is currently phrased awkwardly and answering it is not straight forward when the reality is that we do informally do aspects of this.

## Contact details

CM 03	Mandatory	Descriptive	General
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CM 03.1	Provide a primary and secondary contact person.
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	Primary contact
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First Name	My-Linh
Last Name	Ngo
Email address	mngo@bluebay.com

Secondary contact [optional]

First Name	ESG
Last Name	function
Email address	ESG@bluebay.com

**Final review and submission**

<b>CM 04</b>	<b>Mandatory</b>	<b>Descriptive</b>	<b>General</b>
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**CM 04.1** Thank you for completing the PRI reporting framework. Click the links below to review how your reported information will be presented in two separate reports: the public RI Transparency Report (to be published on the PRI website) and the Private RI report (confidential, for internal review and use). If you have responded incorrectly to any indicators, please return to these indicators in the Online Reporting Tool and adjust accordingly

Download your reports:

Your private RI report (confidential)			
Your public RI Transparency report (to be published on the PRI website)			

**CM 04.2** Indicate if you give PRI permission to publish your RI Transparency Report. Once your report is submitted, you will not be able to modify your responses and information you have marked as public will automatically be published on the PRI website

I give the PRI permission to publish any information I have marked as public.

**CM 04.3** In addition to the RI Transparency Report, PRI will also produce an individual assessment report providing feedback on your RI implementation activities and progress. This report and the new PRI assessment methodology is being piloted with signatories. PRI will treat your assessment report as confidential and will not publish it. You will receive a copy of your confidential assessment report in July 2016 once the 2016 reporting period ends and submissions from all signatories have been processed. Indicate if you would like to opt-out of receiving your assessment report

- I would like to receive a copy of my confidential pilot assessment report
- Do not send me a copy of my confidential pilot assessment report

<b>CM 05</b>	<b>Mandatory</b>	<b>Descriptive</b>	<b>General</b>
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You can submit your responses to the PRI reporting framework by clicking "I hereby submit my response" and the "Confirm" button.

I hereby submit my response

