



CLIMATE TRANSPARENCY REPORT

2019

BlueBay Asset Management LLP

About the Climate-related Disclosure Indicators

Climate has been identified as a top priority for PRI signatories, with over 70% of asset owners reporting this as the most important long-term trend they are acting on.

The FSB Task Force's guidance on climate-related financial disclosure aim to create a single framework for disclosure on assessment and management of climate-related risk. The recommendations, supported by investors representing US\$22 trillion, identify four main disclosures, Governance, Strategy, Risk Management, Metrics and Targets, and include specific guidance for asset owners and managers.

As a result, the PRI introduced climate-related disclosure indicators that can be used to align with the TCFD recommendations in the 2019 PRI Reporting Framework.

About this report

This report is an export of only the climate-related indicators from the 2019 Reporting Framework response. The full Public Transparency Report is available here (https://guestreporting.unpri.org/surveys/PRI-reporting-framework-2019/-D5297BB6-0532-4E01-BD09-EACB8D20111B/00000000-0000-0000-0000-000000000000/doc/2/-%7C%7C*complete*%7C*public*/Merged/). It shows the responses to all the completed climate 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 if you have designated your 2019 climate reporting as “private”. Otherwise, you will be able to access the Climate Transparency Report of your organisation and that of other signatories on the [PRI website](#) and on the [Data Portal](#).

To easily locate information, there is a **Recommendation index** which summarises the indicators that signatories complete and disclose. The report presents information exactly as it was reported as per signatory preference. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory are presented in this report.

TCFD Recommendations Index

Strategy and Governance - CC			TCFD Recommendation			
Indicator	Reported	Disclosure	Governance	Strategy	Risk Management	Metrics & Targets
SG 01.1	✓	Private				
SG 01.2	✓	Private				
SG 01.3	✓	Private				
SG 01.4	✓	Private				
SG 01.5	✓	Private				
SG 01.6 CC	✓	Public				
SG 01.7 CC	✓	Public				
SG 01.8 CC	-	Public				
SG 01.9 CC	✓	Public				
SG 01.10 CC	✓	Public				
SG 01.11 CC	✓	Public				
SG 01.12 CC	✓	Public				
SG 02.2	✓	Public				
SG 07.5 CC	✓	Public				
SG 07.6 CC	-	Public				
SG 07.7 CC	-	Public				
SG 07.8 CC	-	Public				
SG 13.1	✓	Public				
SG 13.2	-	Public				
SG 13.4 CC	-	Public				
SG 13.5 CC	-	Public				
SG 13.6 CC	-	Public				
SG 13.7 CC	-	Public				
SG 13.8 CC	-	Public				
SG 14.1	✓	Public				
SG 14.2	✓	Public				
SG 14.3	✓	Public				
SG 14.4	-	Public				
SG 14.5	✓	Public				
SG 14.6 CC	-	Public				
SG 14.7 CC	-	Public				

SG 14.8 CC	✓	Public				
SG 14.9 CC	✓	Public				
SG 15.1	✓	Public				
SG 15.2	-	Public				
SG 15.3	-	Public				

Symbol	Status
✓	The signatory has completed this sub-indicator
-	The signatory did not complete this sub-indicator.
	This indicator is relevant to the named TCFD recommendation
Within the first column "Indicator", indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.	

ORGANISATIONAL OVERVIEW

This section provides an overview of your organisation. These characteristics are used to define your peer groups.

MAIN CHARACTERISTICS

Name	BlueBay Asset Management LLP
Signatory Category	Fund Management - Majority
Signatory Type	Investment Manager
Size	US\$ > 50 billion AUM
Main Asset Class	Multi-Asset
Signed PRI Initiative	2013
Region	Europe
Country	United Kingdom
Disclosure of Voluntary Indicators	100% from 38 Voluntary indicators

BlueBay Asset Management LLP

Reported Information

Private version

Strategy and Governance

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.

Investment policy

SG 01

Mandatory

Public

Core Assessed

General

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

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 checked="" type="checkbox"/> Formalised guidelines on corporate governance factors <input type="checkbox"/> Fiduciary (or equivalent) duties <input type="checkbox"/> Asset class-specific RI guidelines <input type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input checked="" type="checkbox"/> Other, specify (1) Statement on UK Stewardship Code <input checked="" type="checkbox"/> Other, specify(2) Statement on UK MSA	<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

SG 01.3

Indicate if the investment policy covers any of the following

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Climate change
- Understanding and incorporating client / beneficiary sustainability preferences
- Other RI considerations, specify (1)
- Other RI considerations, specify (2)

SG 01.4

Describe your organisation's investment principles and overall investment strategy, interpretation of fiduciary (or equivalent) duties, and how they consider ESG factors and real economy impact.

BlueBay does not have a formalised policy setting our investment beliefs. However in terms of our investment philosophy, we are committed to delivering attractive 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).

Our ESG Investment Risk policy sets out our view on ESG related factors and investing. BlueBay believes that ESG factors can potentially have a material impact on an issuer's long-term financial performance. Poorly managed ESG risks can lead to inefficiencies, operational disruption, litigation and reputational damage, which may ultimately impact an issuer's ability to meet their financial responsibilities. Given the limited upside and potentially significant downside of fixed income investments, the main focus of its ESG analysis is on understanding downside risks. Supplementing traditional financial analysis by reviewing ESG related management practices and performance is, therefore, not only prudent but also in line with BlueBay's fiduciary duty to optimise investor returns.

SG 01.5

Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]

Our ESG Investment Risk policy sets out:

- What we consider as being ESG related factors
- Our ESG investment philosophy
- Our ESG investment risk related policies
- Our ESG investment risk management approach and the strategies we employ (within which we outline the scope of the different ESG investment strategies such as negative screening, proxy voting etc., as well as make a distinction between our conventional strategies as compared with explicitly labelled ESG strategies
- Our position on collaboration and promoting best practices
- Our ESG investment risk governance framework
- Our approach to transparency and accountability

No

I confirm I have read and understood the Accountability tab for SG 01

I confirm I have read and understood the Accountability tab for SG 01

SG 01 CC	Voluntary	Public	Descriptive	General
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SG 01.6 CC	Indicate the climate-related risks and opportunities that have been identified and factored into the investment strategies and products, within the organisation's investment time horizon.
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Investment products

NOTE: we refer to climate change explicitly as an example of an environmental risk for corporates and sovereigns.

Some of our HY pooled funds have an explicit screen on corporate issuers with a material exposure to thermal coal operations (mining/power). They would also generally take a considered and proactive approach to exposure to fossil fuels per se and in terms of how this issue is being addressed.

Investment strategies/process

BlueBay primarily employs an ESG integration investment strategy. ESG integration describes an approach where material ESG risk factors are considered as part of the broader investment process.

In line with BlueBay's active management philosophy, ESG integration involves considering both:

- *Top-down macro-level ESG analysis:* analysing and evaluating trends and development at a global/regional/country level in terms of the political, legal and regulatory, environmental and social megatrends shaping the operating environment of governments and economic development, and which set the stage for corporate activities;
- *Bottom-up micro level ESG issuer analysis:* at the corporate level, this involves fundamental analysis and evaluation of ESG management and performance trends and developments for a given industry.

The scope of BlueBay's ESG integration strategy is to factor in ESG factors at different levels:

- *Issuer:* in terms of credit analysis e.g. what is BlueBay's ESG risk exposure on an individual issuer by issuer level? During 2018, we launched a formal issuer ESG evaluation process for all public debt investments
- *Sector:* 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? Since 2015 we have operated cross-desk sector analysis forums in which the ESG investment risk team are active participants, sharing sector ESG insights
- *Portfolio/team:* in terms of portfolio characteristics e.g. what is the ESG investment risk exposures at a fund level? We conduct portfolio level ESG analysis to inform on potential investment risks. Now we have the issuer ESG evaluation process, the two issuer ESG metrics can be more formally taken into account
- *Group:* in terms of oversight of ESG risks across BlueBay's portfolio strategies e.g. what is BlueBay's ESG investment risk exposure across all investment desks? We review and identify ESG investment risks across the firms holdings. Now we have the issuer ESG evaluation process, the two issuer ESG metrics can be more formally taken into account

Our ESG integration overlay for all our funds means we proactively seek to monitor and identify material ESG climate risks across sectors, regions and companies, including considering the transition to a lower carbon economy and associated physical, transitional and liability related risks. We utilise climate related data from a range of resources and stakeholders as part of the integration process.

We could also conduct engagement on an issuer / sector basis to help improve our understanding and/or help mitigate risks.

SG 01.7 CC	Indicate whether the organisation has assessed the likelihood and impact of these climate risks?
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- Yes
- No

SG 01.9 CC	Indicate whether the organisation publicly supports the TCFD?
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- Yes
- No

SG 01.10 CC	Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.
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- Yes
- No

SG 01.11 CC	Describe how and over what time frame the organisation will implement an organisation-wide strategy that manages climate-related risks and opportunities.
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We are reviewing the potential for a firm-wide policy document on climate related risks and opportunities, with the view to look to have this within the next year.

SG 1.12 CC	Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.
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- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other

SG 02	Mandatory	Public	Core Assessed	PRI 6
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 02.1	Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.
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- Policy setting out your overall approach

	URL/Attachment
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- URL

URL

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

Attachment (will be made public)

Attachment

[File 1:BlueBay ESG Investment Risk Policy Aug 2017.pdf](#)

Formalised guidelines on corporate governance factors

URL/Attachment

URL

URL

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

Attachment (will be made public)

Attachment

[File 1:BlueBay CG CR proxy voting Policy December 2014.pdf](#)

Screening / exclusions policy

URL/Attachment

URL

URL

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

Attachment (will be made public)

Attachment

[File 1:BlueBay Controversial Weapons Investment Policy February 2018 FINAL.pdf](#)

Other, specify (1)

Other, specify (1) description

Statement on UK Stewardship Code

URL/Attachment

URL

URL

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

Attachment (will be made public)

Attachment

[File 1:BlueBay_Statement on UK Stewardship Code_December 2014.pdf](#)

Other, specify (2)

Other, specify (2) description

Statement on UK MSA

URL/Attachment

URL

URL

<https://www.bluebay.com/globalassets/esg/bluebay-transparency-modern-slavery-statement.pdf>

Attachment (will be made public)

Attachment

[File 1:Bluebay-transparency-modern-slavery-statement_March 2018.pdf](#)

We do not publicly disclose our investment policy documents

SG 02.2 Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

We do not publicly disclose any investment policy components

SG 02.3 Additional information [Optional].

While we do have sector level ESG guidelines in place and share these externally on an ad-hoc basis with stakeholders such as clients, we are yet to publish these publicly.

We have a dedicated microsite on the BlueBay corporate website which focuses on our ESG investment risk management approach (<http://www.bluebay.com/en/environmental-social-and-governance/approach-performance/#AaPlink>)

Furthermore on the corporate website, we provide information on BlueBay's corporate responsibility efforts i.e. ESG issues as they relate to BlueBay as a company, rather than its investment activities (<http://www.bluebay.com/en/corporate-responsibility/overview/>)

NOTE SG 02.1:

- *Proxy Voting:* We adopted a proxy voting policy on corporate governance and corporate responsibility in December 2014. We set out that whilst we have this, given BlueBay's specialist focus on fixed income assets, our involvement in proxy voting activities is limited and not material, and confined mainly to response to corporate action. As such, we have not set guidelines on voting position on specific issues e.g. remuneration, board structure etc. Rather we have general principles in place, which focus on promoting action to ensure the long-term viability of the business, and constructive stakeholder relations. Our decisions are informed by taking into consideration local, regional and global standards of practice.
- *Engagement:* This is included in our ESG Investment Risk policy.
- *ESG Sector Briefings:* We have started to develop sector specific ESG briefing documents which outline key ESG credit issues and questions to consider and discuss with companies' management. These have yet to be publicly disclosed on our website, although we may share these on a case by case basis such as with clients.

Governance and human resources

SG 07 CC	Voluntary	Public	Descriptive	General
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SG 07.5 CC	Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.
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	Board members or trustees
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues
- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues
- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues
- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues
- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues
- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

External managers or service providers
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

ESG issues in asset allocation

SG 13	Mandatory	Public	Descriptive	PRI 1
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SG 13.1	Indicate whether the organisation undertakes scenario analysis and/or modelling and provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).
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- Yes, to assess future ESG factors
- Yes, to assess future climate-related risks and opportunities
- No, not to assess future ESG/climate-related issues

SG 13.3	Additional information. [OPTIONAL]
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BlueBay has yet to conduct any formal scenario planning to determine the resilience of our business to ESG or climate specific risks to different levels of temperature rise. Although in our day to day ESG investment risk activities, and given our focus on material ESG risks, we would say there is an implicit element of taking into account how future ESG trends may impact our investments.

NOTE:

In July 2017, our parent company RBC became a participant in a global project to pilot the TCFD recommendations, coordinated by the United Nations Environment Programme - Finance Initiative (UNEP FI). 20 global financial institutions in total will work collaboratively with the support of external experts on developing guidelines towards a first set of climate-related investor disclosures in alignment with the recommendations of the FSB's TCFD. The TCFD Investor Pilot Project Report is expected to be published in early 2019. We will look to leverage their insights to apply to our own business, where appropriate and relevant to do so.

SG 14	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	PRI 1
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SG 14.1	Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.
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- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)

other description (1)

Governance/Corruption Trends, cyber security

- Other, specify(2)
- None of the above

SG 14.2 | 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
- Phase out your investments in your fossil fuel holdings
- 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

- Identified and prioritised monitoring of issuers/sectors where climate change represents a material credit risk
- None of the above

SG 14.3 | Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

- Scenario analysis
- Disclosures on emissions risks to clients/trustees/management/beneficiaries
- Climate-related targets
- Encouraging internal and/or external portfolio managers to monitor emissions risks
- Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- Weighted average carbon intensity
- Carbon footprint (scope 1 and 2)
- Portfolio carbon footprint
- Total carbon emissions
- Carbon intensity
- Exposure to carbon-related assets
- Other emissions metrics
- Other, specify

other description

- Climate change risk is an input into issuer/sector credit analysis. Data sourced from companies directly/ based on analysis from external organisations (CDP, CTI etc.)
- None of the above

SG 14.5	Additional information [Optional]
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We continue to explore portfolio carbon footprinting - the outputs of these are envisaged to provide baseline information at this stage.

On the sector and issuer level we have adopted qualitative metrics to evaluate companies where climate is considered a material risk (these are contained in our sector ESG briefing documents). Within the issuer ESG evaluation process (formally launched in August 2018) we include a dedicated section on environmental related risks. For corporates, our focus is broader and focuses on management/measures in place to minimise the environmental footprint, and regulatory compliance related to environmental misconduct, in order to direct the assessment on the risks considered to be most material. In the case of sovereigns, our environmental assessment includes a specific focus on vulnerability to climate change and carbon transition, and policy responses.

Whilst we are committed to ensuring ESG issues such as climate change are included in our investment analysis and decision making as part of our ESG investment risk management framework (where these are material or where mandated by specific strategies), the dynamic and interconnected nature of climate risk, in addition to current limitations in some necessary data sets and useful tools (such as in the area of scenario analysis), means understanding and managing climate related risks remains a challenge for us.

SG 14 CC	Voluntary	Public	General
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SG 14.6 CC	Please provide further details on these key metric(s) used to assess climate related risks and opportunities.
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Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
Carbon footprint (scope 1 and 2)	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets			

SG 14.8 CC	Indicate whether climate-related risks are integrated into overall risk management and explain the risks management processes for identifying, assessing, and managing climate-related risks.
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- Process for climate-related risks is integrated into overall risk management

Please describe

Group risk management

BlueBay relies on 3 layers of 'controls', 'oversight' and 'assurance' - often referred to as the 'three lines of defence' model, for risk management.

A Group Risk Register is maintained by our Head of Technology and Operational Risk. The Register is shared with the LLP Board on an annual basis for formal approval. In practice, the Board would be made aware of, and would discuss, any material risk issues as and when appropriate to do so. The Register documents risks under the following broad categories (each have further sub-categories): business, investment risk, group financial, and operational risks. There is a monthly dashboard where performance is tracked.

Being owned by RBC, BlueBay reports up material risks, including environmental ones as part of RBC's enterprise risk management and reputational risk management frameworks, which are reviewed and approved annually by the Risk Committee of the Board of RBC. RBC's Group Risk Management (GRM) has oversight over the management of E&S risks, with a dedicated team responsible for identifying, assessing, managing and, where possible, mitigating those issues that may pose risks to RBC.

Investment related risk management

This is managed by the Investment Risk management function, which reports into the COO-CRO. There is

a Market Risk Committee (MRC) which provides oversight of market risk which is chaired by the Head of Investment Risk & Performance - Attribution. . ESG investment risk is a sub-function within Investment Risk.

The ESG investment risk team has most direct responsibility for determining our investment strategy and approach to managing climate related investment risks . Through ongoing interactions with key stakeholders with personal knowledge and understanding of climate change and their potential impact on issuers we may invest in, the team provides our investment teams and the MRC with insight on the materiality of the risks (primarily) as they impact specific issuers, sectors or geographies, providing both a top down as well as bottom up perspective. Whilst the ESG investment risk function will advise and guide our work in this area in light of developments, the final decision will often reflect the feedback and agreement of the MRC and investment teams.

We would consider climate change risk, like any other ESG risk within the ESG investment integration framework we use, which aligns with a focus on investment material factors.

Risks are evaluated in terms of operational, financial, regulatory, technological, and/or reputational.

A range of different data and resources are utilised, both internal and external to inform on this analysis.

Considering climate change risks, which can occur over a longer term time horizon, can be challenging as investment holding periods may be shorter. Whilst investment teams can / do take into account a company's likely performance over a 3-5 year time horizon, in practice, they may balance that with considerations of investment holding periods which are usually shorter. This can mean some longer term climate related risks are not necessarily considered investment material in the context of the investment holding period.

- Process for climate-related risks is not integrated into our overall risk management

SG 14.9 CC	Indicate whether the organisation undertakes active ownership activities to encourage TCFD adoption.
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- Yes

Please describe

Currently where we do meet with issuers, we raise issues of climate change where we consider this to be credit relevant/material. In the majority of instances, the aim of engagement is to gain further insights into the issuer's exposure and mitigation efforts on carbon, although in some instances we may encourage action to improve management in order to mitigate future risks. We may also engage with other stakeholders on such matters.

We believe it is important that issuers disclose climate change risks where this is material to their business sustainability, and that they do this in a consistent and public manner to facilitate investor understanding and benchmarking efforts. We highlight the TCFD framework as a global framework for which there is broad consensus this is a good basis for reporting on such matters. For instance we have done so in our engagements during 2018 with issuers in sectors such as financials and power utilities.

- No, we do not engage

SG 15	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1
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SG 15.1	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
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- Yes
- No

