




Type of engagement	Reason for interaction
Individual/ internal staff engagements	<input checked="" type="checkbox"/> To support investment decisionmaking in a company relevant ESG areas <input checked="" type="checkbox"/> To influence corporate practice or identify the need for additional or <input type="checkbox"/> Other: specify _____ <input type="checkbox"/> We do not engage via internal staff
Collaborative engagements	<input checked="" type="checkbox"/> To support investment decisionmaking in a company relevant ESG areas <input checked="" type="checkbox"/> To influence corporate practice or identify the need for additional or <input type="checkbox"/> Other: specify _____ <input type="checkbox"/> We do not engage via collaborative engagements
Service provider engagements	<input checked="" type="checkbox"/> To support investment decisionmaking in a company relevant ESG areas <input checked="" type="checkbox"/> To influence corporate practice or identify the need for additional or <input type="checkbox"/> Other: specify _____ <input type="checkbox"/> We do not engage via service providers

PRIVATE RI REPORT

2019

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 2019 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 TG		✓	-							
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	Active ownership practices for listed assets	✓	Public							✓
OO 11	ESG incorporation practices for all assets	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓
OO LE 01	Breakdown of listed equity investments by passive and active strategies	🔒	n/a							✓
OO LE 02	Reporting on strategies that are <10% of actively managed listed equities	🔒	n/a							✓
OO FI 01	Breakdown of fixed income investments by passive and active strategies	✓	Public							✓
OO FI 02	Reporting on strategies that are <10% of actively managed fixed income	🔒	n/a							✓
OO FI 03	Fixed income breakdown by market and credit quality	✓	Public							✓
OO SAM 01	Breakdown of externally managed investments by passive and active strategies	🔒	n/a							✓
OO PE 01	Breakdown of private equity investments by strategy	🔒	n/a							✓
OO PE 02	Typical level of ownership in private equity investments	🔒	n/a							✓
OO PR 01	Breakdown of property investments	🔒	n/a							✓
OO PR 02	Breakdown of property assets by management	🔒	n/a							✓
OO PR 03	Largest property types	🔒	n/a							✓
OO INF 01	Breakdown of infrastructure investments	🔒	n/a							✓
OO INF 02	Breakdown of infrastructure assets by management	🔒	n/a							✓
OO INF	Largest infrastructure sectors	🔒	n/a							✓

03											
OO HF 01	Breakdown of hedge funds investments by strategies	✓	Public								✓
OO End	Module confirmation page	✓	-								

CCStrategy and Governance				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SG 01	RI policy and coverage	✓	Public							✓
SG 01 CC	Climate risk	✓	Public							✓
SG 02	Publicly available RI policy or guidance documents	✓	Public						✓	
SG 03	Conflicts of interest	✓	Public							✓
SG 04	Identifying incidents occurring within portfolios	✓	Public							✓
SG 05	RI goals and objectives	✓	Public							✓
SG 06	Main goals/objectives this year	✓	Public							✓
SG 07	RI roles and responsibilities	✓	Public							✓
SG 07 CC	Climate-issues roles and responsibilities	✓	Public							✓
SG 08	RI in performance management, reward and/or personal development	-	n/a							✓
SG 09	Collaborative organisations / initiatives	✓	Public				✓	✓		
SG 09.2	Assets managed by PRI signatories	🔒	n/a	✓						
SG 10	Promoting RI independently	✓	Public				✓			
SG 11	Dialogue with public policy makers or standard setters	✓	Public				✓	✓	✓	
SG 12	Role of investment consultants/fiduciary managers	✓	Public				✓			
SG 13	ESG issues in strategic asset allocation	✓	Public	✓						
SG 13 CC		🔒	n/a							✓
SG 14	Long term investment risks and opportunity	✓	Public	✓						
SG 14 CC		✓	Public							✓
SG 15	Allocation of assets to environmental and social themed areas	✓	Public	✓						
SG 16	ESG issues for internally managed assets not reported in framework	✓	Public							✓
SG 17	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
SG 18	Innovative features of approach to RI	✓	Public							✓
SG 19	Communication	✓	Public		✓				✓	
SG End	Module confirmation page	✓	-							

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

Confidence building measures				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
CM 01	Assurance, verification, or review	✓	n/a							✓
CM 02	Assurance of last year's PRI data	✓	n/a							✓
CM 03	Other confidence building measures	✓	n/a							✓
CM 04	Assurance of this year's PRI data	✓	n/a							✓
CM 05	External assurance	🔒	n/a							✓
CM 06	Assurance or internal audit	🔒	n/a							✓
CM 07	Internal verification	✓	n/a							✓
CM 01 End	Module confirmation page	✓	n/a							

Feedback and Submit				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
CM 08	To what extent has the Reporting Framework captured your implementation of the Principles.	✓	n/a							✓
CM 09	Reporting & Assessment contact	✓	n/a							✓
CM 10	Final review before submission	✓	n/a							✓
CM 11	Submit your responses	✓	n/a							✓
CM Fin		-	n/a							

BlueBay Asset Management LLP

Reported Information

Private version

Organisational Overview

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.

Basic information

OO 01

Mandatory

Public

Gateway/Peering

General

OO 01.1

Select the services and funds you offer

Select the services and funds you offer	% of asset under management (AUM) in ranges
Fund management	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%
Fund of funds, manager of managers, sub-advised products	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Other	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Total 100%	

Further options (may be selected in addition to the above)

- Hedge funds
- Fund of hedge funds

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, UK with offices in the US, Japan, Switzerland, Luxembourg, Germany and Australia, we employ approx. 378 employees and partners and manage approx. USD 60.1 billion (as of 31 December 2018) 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.

NOTE: OO 01.2

We have one fund which we would consider a macro - multi-strategy - but as could only select 1 option of the categories we chose another. For relative value options - we have both corporates and sovereigns but were not able to select more than 1 option.

OO 02	Mandatory	Public	Peering	General
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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

378

OO 02.4 Additional information. [Optional]

NOTE OO 02.3: The headcount as of 31 December 2018 was approx. 378 employees and partners.

OO 03	Mandatory	Public	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.

- Yes
- No

OO 03.3 Additional information. [Optional]

NOTE: 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	Public	Gateway/Peering	General
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OO 04.1 Indicate the year end date for your reporting year.

31/12/2018

OO 04.2

Indicate your total AUM at the end of your reporting year.

Include the AUM of subsidiaries, but exclude advisory/execution only assets, and exclude the assets of your PRI signatory subsidiaries that you have chosen not to report on in OO 03.2

	trillions	billions	millions	thousands	hundreds
Total AUM		60	100	000	000
Currency	USD				
Assets in USD		60	100	000	000

Not applicable as we are in the fund-raising process

OO 04.4

Indicate the total assets at the end of your reporting year subject to an execution and/or advisory approach.

Not applicable as we do not have any assets under execution and/or advisory approach

OO 04.5

Additional information. [Optional]

NOTE OO 04.2: AUM excludes uncalled capital commitments in private lending funds.

OO 06**Mandatory****Public****Descriptive****General****OO 06.1**

Select how you would like to disclose your asset class mix.

as percentage breakdown

	Internally managed (%)	Externally managed (%)
Listed equity	0	0
Fixed income	90.5	0
Private equity	0	0
Property	0	0
Infrastructure	0	0
Commodities	0	0
Hedge funds	3.5	0
Fund of hedge funds	0	0

Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	0	0
Money market instruments	0	0
Other (1), specify	6	0
Other (2), specify	0	0

'Other (1)' specified

Private debt strategies

- as broad ranges

OO 06.2 Publish asset class mix as per attached image [Optional].

OO 06.3 Indicate whether your organisation has any off-balance sheet assets [Optional].

- Yes
 No

OO 06.5 Indicate whether your organisation uses fiduciary managers.

- Yes, we use a fiduciary manager and our response to OO 5.1 is reflective of their management of our assets.
 No, we do not use fiduciary managers.

OO 07	Mandatory to Report Voluntary to Disclose	Public	Gateway	General
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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.

Internally managed	SSA	37.3
	Corporate (financial)	18.5
	Corporate (non-financial)	44.10
	Securitised	0.1
	Total	100%

OO 09	Mandatory	Public	Peering	General
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OO 09.1 Indicate the breakdown of your organisation's AUM by market.

Developed Markets	81
Emerging Markets	16
Frontier Markets	2.5
Other Markets	0.5
Total 100%	100%

The majority of our assets are invested in developed markets in terms of where the securities are domiciled. Data as of 31 December 2018.

Asset class implementation gateway indicators

OO 10	Mandatory	Public	Gateway	General
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Fixed income SSA – engagement

- We engage with SSA bond issuers on ESG factors via our staff, collaborations or service providers.
- We do not engage directly and do not require external managers to engage with SSA bond issuers on ESG factors. Please explain why you do not.

Fixed income Corporate (financial) – engagement

- We engage with companies on ESG factors via our staff, collaborations or service providers.
- We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.

Fixed income Corporate (non-financial) – engagement

- We engage with companies on ESG factors via our staff, collaborations or service providers.
- We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.

Fixed income Corporate (securitised) – engagement

- We engage with companies on ESG factors via our staff, collaborations or service providers.
- We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.

OO 11	Mandatory	Public	Gateway	General
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Fixed income - SSA

- We address ESG incorporation.
- We do not do ESG incorporation.

Fixed income - corporate (financial)

- We address ESG incorporation.
- We do not do ESG incorporation.

Fixed income - corporate (non-financial)

- We address ESG incorporation.
- We do not do ESG incorporation.

Fixed income - securitised

- We address ESG incorporation.
- We do not do ESG incorporation.

Hedge funds

- We address ESG incorporation.
- We do not do ESG incorporation.

Other (1)

- We address ESG incorporation.
- We do not do ESG incorporation.

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

Private debt strategies

OO 12	Mandatory	Public	Gateway	General
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OO 12.1 Below are all applicable modules or sections you may report on. Those which are mandatory to report (asset classes representing 10% or more of your AUM) are already ticked and read-only. Those which are voluntary to report on can be opted into by ticking the box.

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)

Direct - Other asset classes with dedicated modules

- Hedge Funds and/or Fund of Hedge Funds

RI implementation via external managers

Closing module

Closing module

Peering questions

OO FI 01 **Mandatory** **Public** **Gateway** **General**

Update: this indicator has changed from "Mandatory to report, voluntary to disclose" to "Mandatory". **Your response to this indicator will be published in the Public Transparency Report.** This change is to enable improved analysis and peering.

OO FI 01.1 Provide a breakdown of your internally managed fixed income securities by active and passive strategies

Type	Passive	Active - quantitative	Active - fundamental & others	Total internally managed fixed income security
SSA	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%	100%
Corporate (financial)	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%	100%
Corporate (non-financial)	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%	100%
Securitised	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%	100%

OO FI 01.2	Additional information. [Optional]
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Data as of 31 December 2018. BlueBay is an active fixed income fund manager.

OO FI 03	Mandatory	Public	Descriptive	General
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Update: this indicator has changed from "*Mandatory to report, voluntary to disclose*" to "*Mandatory*". **Your response to this indicator will be published in the Public Transparency Report.** This change is to enable improved analysis and peering.

OO FI 03.1	Indicate the approximate (+/- 5%) breakdown of your SSA investments, by developed markets and emerging markets.
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SSA	Developed markets	60.3
	Emerging markets	39.7
	Total	100%

OO FI 03.2	Indicate the approximate (+/- 5%) breakdown of your corporate and securitised investments by investment grade or high-yield securities.
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Type	Investment grade (+/- 5%)	High-yield (+/- 5%)	Total internally managed
Corporate (financial)	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%	<input type="radio"/> >50% <input checked="" type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%	100%
Corporate (non-financial)	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%	<input type="radio"/> >50% <input checked="" type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%	100%
Securitised	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%	100%

OO FI 03.3	Additional information. [Optional]
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Data as of 31 December 2018. We have an Emerging Market Sovereigns investment team, as well as Investment Grade/Developed Markets Sovereigns investment team.

OO HF 01	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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OO HF 01.1	Please describe your hedge fund strategies and classification
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	Options presented for hedge funds
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Main strategy	Strategy as % of hedge fund AUM	Sub-strategy
Equity Hedge	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%	
Event Driven	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%	
Global Macro	<input type="radio"/> >50% <input type="radio"/> 10-50% <input checked="" type="radio"/> <10% <input type="radio"/> 0%	<input type="checkbox"/> Active Trading <input type="checkbox"/> Commodity: Agriculture <input type="checkbox"/> Commodity: Energy <input type="checkbox"/> Commodity: Metals <input type="checkbox"/> Commodity: Multi <input checked="" type="checkbox"/> Currency: Discretionary <input type="checkbox"/> Currency: Systematic <input checked="" type="checkbox"/> Discretionary Thematic <input type="checkbox"/> Systematic Diversified <input checked="" type="checkbox"/> Multi-Strategy
Relative Value	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%	<input checked="" type="checkbox"/> Fixed Income - Asset Backed <input type="checkbox"/> Fixed Income - Convertible Arbitrage <input checked="" type="checkbox"/> Fixed Income - Corporate <input checked="" type="checkbox"/> Fixed Income - Sovereign <input type="checkbox"/> Volatility <input type="checkbox"/> Yield Alternatives: Energy Infrastructure <input type="checkbox"/> Yield Alternatives: Real Estate <input checked="" type="checkbox"/> Multi-Strategy
Risk Parity	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%	
Blockchain	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%	

Total 100% (of internal Hedge
Fund AUM)

BlueBay Asset Management LLP

Reported Information

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Strategy and Governance

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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
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.			

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

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.

Your organisation's definition of ESG and/or responsible investment and it's relation to investments

URL/Attachment

URL

URL

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

Attachment

File Attachment

[BlueBay ESG Investment Risk Policy Aug 2017.pdf \[340KB\]](#)

Governance structure of organisational ESG responsibilities

URL/Attachment

URL

URL

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

Attachment

File Attachment

[BlueBay ESG Investment Risk Policy Aug 2017.pdf \[340KB\]](#)

ESG incorporation approaches

URL/Attachment

URL

URL

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

Attachment

File Attachment

[BlueBay ESG Investment Risk Policy Aug 2017.pdf \[340KB\]](#)

Active ownership approaches

URL/Attachment

URL

URL

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

Attachment

File Attachment

[BlueBay ESG Investment Risk Policy Aug 2017.pdf \[340KB\]](#)

Reporting

URL/Attachment

URL

URL

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

Attachment

File Attachment

[BlueBay ESG Investment Risk Policy Aug 2017.pdf \[340KB\]](#)

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.

SG 03	Mandatory	Public	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.
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Yes

SG 03.2	Describe your policy on managing potential conflicts of interest in the investment process.
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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.

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.

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 as well as whenever a material change occurs that may affect BlueBay's ability to manage its conflicts.

No

SG 04	Voluntary	Public	Descriptive	General
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SG 04.1	Indicate if your organisation has a process for identifying and managing incidents that occur within portfolio companies.
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Yes

No

SG 04.2

Describe your process on managing incidents

Identification of material ESG related incidents that occur within portfolio companies can come from a number of possible sources. One route is via our ESG investment risk function directly, or by our investment teams and then brought to the attention of our ESG team. Our cross-desk sector analyst forums is another key channel for identification of ESG related incidents which the ESG team may not have been aware of. Our ESG function proactively monitors investment exposure on a regular basis, tracking new and ongoing investments against ESG performance data sourced from our third party specialist ESG providers, as well as in response to news flow and/or issuer contact which may yield new information.

We also consider the extent to which BlueBay has exposure to the issuer across desks and the nature of the positioning (e.g. long, short etc.). Our focus is on issuers with weak absolute performance on key ESG metrics and/or a deteriorating ESG performance over time. Whilst the majority of efforts to date have focused on post investment ESG risk monitoring, we have, since the launch of our issuer ESG evaluation process in August 2018, been looking at ESG related incidents pre-investment, as part of our credit analysts' fundamental research process. The issuer ESG evaluation process provides an avenue for identification of areas where issuers may have heightened exposure to potential ESG related incidents, either through industry/operational exposure or weak management/mitigation of risks and resultant poor performance. The template has been designed to focus the assessment on material risks at the issuer and sector level. The assessment is maintained to take into account how an issuer responds to the risks identified over time and if there have been any improvements/deterioration in performance. The weekly participation of ESG team in the Investment Risk team meeting involves the generation of top ESG risk identification as they relate to our investment exposure.

In terms of responding to material ESG incidents where this has been identified, this is a collaborative effort between our ESG function and the investment teams, primarily with the credit analyst covering the sector/region. In some instances, we may require issuer engagement to better understand the situation, the management response and any actions resulting from this. In other cases, engagement may require BlueBay to suggest changes to existing issuer practices to mitigate further risks. During 2018, some examples where BlueBay was engaged in either identifying and/or responding to ESG related incidents included: Danske Banke (anti-money laundering scandal), CSN (environmental impacts of operations), JBS SA (corruption allegations, poor product/process safety practices). In such instances, we sought to assess the facts, engage with other parties as necessary to inform on our knowledge, and evaluate the potential investment risks.

Objectives and strategies**SG 05****Mandatory****Public****Gateway/Core Assessed****General****SG 05.1**

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 set/reviewed

SG 05.2	Additional information. [Optional]
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Objectives on ESG investment risk activities are formally set annually, and formally reviewed bi-annually. Outside of this, our Head of ESG Investment Risk and the Head of Risk & Performance - Attribution meet more frequently (weekly) and as such it is possible to review priorities for the year as necessary.

SG 06	Voluntary	Public	Descriptive	General
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SG 06.1	List the main responsible investment objectives that your organisation set for the reporting year.
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	Responsible investment processes
--	----------------------------------

- Provide training on ESG incorporation

	Key performance indicator
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Aid interpreting ESG vendor data; awareness gained from sector analyst forums; issuer ESG evaluation process; ad-hoc communications and project work.

	Progress achieved
--	-------------------

These include:

- The level of ESG awareness of ESG issues as they relate to the sectors the analysts cover is improving
- Analysts proactively seeking ESG team input when considering investments, for example with Flora Food Group and Sasol
- Training on ESG vendor data and reports, on completion of the issuer ESG evaluation framework for use pre-investment by credit analysts (corporates and sovereigns) as part of their fundamental research process which was rolled out across all public debt strategies during August 2018.

- Provide training on ESG engagement

	Key performance indicator
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Participation in ESG engagement activities (issuer, thematic with other stakeholders)

	Progress achieved
--	-------------------

These include:

- Analysts have proactively organised and involved the ESG team in issuer ESG engagement meetings including CLP Holdings, Halk Bank, IEC, Innogy and MTR
- Analysts have proactively raised ESG related matters in issuer engagement meetings focused on investment and not attended by the ESG investment risk team such as with Flora Food Group
- Analysts have attended external events organised by third parties and engaged with issuers and other stakeholders on ESG related matter such as with the Shell annual ESG investor day and PRI cybersecurity issuer calls

- Improved communication of ESG activities within the organisation

Key performance indicator

Teach ins with different business functions; bi-weekly e-newsletter on ESG; adhoc briefings on ESG related developments

Progress achieved

These include:

- Ongoing briefings provided to new employees where ESG knowledge is considered important
- Production of and readership of the bi-weekly ESG e-newsletter
- Updates on progress towards completion of the issuer ESG checklist

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

Key performance indicator

Examples of ESG team working with investment teams

Progress achieved

Examples where ESG provided credit relevant insights and/or worked with credit analysts to identify corrective action/emerging ESG risk e.g. E+S lending risks in European banks, cybersecurity risk management, issuer specific ESG risk insights, as well as sharing of insights gained from collaborative work on the various PRI ESG in FI working groups.

- Improved ESG incorporation into investment decision making processes

Key performance indicator

Participation in sector analyst forums, case study work on issues/sector or issuers, formal issuer ESG evaluation process

Progress achieved

These include:

- Active ESG team participation in cross-desk sector analyst forum meetings
- Roll out of the issuer ESG evaluation process across public debt teams since August 2018 - formal and systematic review and quantification of ESG risks for held investments, and indication of extent to which investment material

- Other, specify (1)

Update our ESG Investment Risk related policies

Key performance indicator

Publication of updated policies

Progress achieved

- Publication of the revised Controversial Weapons policy in February 2018, the UK Modern Slavery Act 2015 policy in March 2018.

Other, specify (2)

other description (2)

Review and enhance internal ESG data / I.T. infrastructure to better support internal monitoring and internal/external reporting of ESG investment activities/portfolios ESG summaries.

Key performance indicator

Improve existing portfolio ESG reporting tool, create new ESG portal to map ESG vendor issuer data with internal investment exposures

Progress achieved

- Fully operational ESG portal to combine issuer ESG data from ESG vendors with internal investment holdings
- ESG evaluation metrics (Fundamental ESG Ratings and Investment ESG Scores) are in the ADT alongside the investment data
- Enhancement of existing ESG client reporting tool

Other, specify (3)

other description (3)

Review of ESG vendors to ensure we are sourcing the most appropriate tools to support our ESG investment efforts.

Key performance indicator

Trial of other ESG vendors, promote usage by credit analysts

Progress achieved

- We entered into annual trial subscriptions with new ESG vendors (Sustainalytics and RepRisk)
- Analysts' familiarity with the ESG vendor platform and data has improved materially - accessing independently and referencing these in their issuer ESG evaluation
- Some of the new ESG vendor insights are adding value to our in-house ESG analysis

None of the above

Financial performance of investments

Increase portfolio performance by consideration of ESG factors

Key performance indicator

PMs consider Fundamental ESG Rating and Investment ESG Scores assigned to issuers resulting from the issuer ESG evaluation process in their decisions

Progress achieved

- Explicit assignment of ESG ratings/scores has already prompted discussion and debate about whether these sufficiently reflect the risk, or are being reflected in the view of investment relevance

Other, specify (1)

other description (1)

Adding value to the investment process.

Key performance indicator

No explicit reference to impact on portfolio performance, although implicit goal is to add value by avoiding downside risks, improving analyst understanding and awareness.

Progress achieved

NOTE: this is an implicit objective of incorporating ESG within our investment process, in terms of risk mitigation.

It is difficult to directly link ESG risks with investment performance / not always possible to identify a material change. This is particularly challenging when investing in state owned enterprises or in emerging markets, where ESG risks may sometimes represent externalities or wider market level dynamics in play, which overshadow the specific ESG risk.

Where there may have been a benefit on an individual issuer basis, this may not have translated to the portfolio performance as a whole given there were other investment positions and dynamics in play.

In most cases, the added value seen through improved analyst sensitivity, awareness and appreciation e.g. on cyber security, in terms of regulatory / technological risk for power utilities and energy sectors resulting from climate change

Other, specify (2)

Other, specify (3)

None of the above

ESG characteristics of investments

- Over or underweight companies based on ESG characteristics
- Improve ESG ratings of portfolio

Key performance indicator

For the Global High Yield ESG Bond fund - ensuring a good level of ESG performance of the fund beyond the formal ESG exclusionary criteria

Progress achieved

Beyond the formal restrictions for the fund, we worked to input into the analysis and activities of the HY team in order to ensure held investments were suitable from the perspective of the ESG investment objectives.

In some instances, the analysts proactively decided on the non-suitability of an issuer, in others the ESG team made recommendations which were agreed with and implemented

- Setting carbon reduction targets for portfolio
- Other, specify (1)
- Other, specify (2)
- Other, specify (3)
- None of the above

Other activities

- Joining and/or participation in RI initiatives

Key performance indicator

Active participation in PRI ESG in FI collaborative initiatives and collaborative platform, response to ESG investment related public consultations

Progress achieved

- Active involvement in the ACCR, the ESG bondholder engagement working group, the sovereign working group, and the ESG in private debt working group
- Involvement in engagement efforts e.g. cybersecurity, JBS engagement
- Responses to ESG investment related public consultations e.g. European Commission/HLEG

- Encouraging others to join a RI initiative

Key performance indicator

Share experience of being a PRI member and what value it has brought for BlueBay; signing up to the Statement on Credit risks and ratings.

Progress achieved

- Some investors in active discussion with the PRI regarding membership
- Encourage new signatories to the ACCR Statement

Documentation of best practice case studies

Key performance indicator

Participation in interviews for PRI led reports on ESG in FI, academic research input.

Progress achieved

These include:

- Participated in academic research into ESG investment
- Interviewee in content for PRI reports on ESG in private debt, group discussion on ESG in sovereign investing

Using case studies to demonstrate engagement and ESG incorporation to clients

Key performance indicator

Documentation of ESG case studies

Progress achieved

- Featured investment case studies (issuer, sector, thematic etc.) in presentations to investors (prospects, clients), investment consultants etc. to illustrate our ESG investment risk management practices.

- Other, specify (1)
- Other, specify (2)
- Other, specify (3)
- None of the above

SG 06.2 Additional information.

Our formal annual ESG objectives tend to be quite high level, and categorised in terms of areas of ESG investment risk related policies & processes; 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

SG 07	Mandatory	Public	Core Assessed	General
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SG 07.1

Indicate the internal and/or external roles used by your organisation, and indicate for each whether they have oversight and/or implementation responsibilities for responsible investment.

Roles

- Board members or trustees
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Internal Roles (triggers other options)

Select from the below internal roles

- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Operating Officer (COO), 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
COO, Head of Risk & Performance
 - 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
- Investor relations
- Other role, specify (1)
- Other role, specify (2)
- External managers or service providers
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment

SG 07.2	For the roles for which you have RI oversight/accountability or implementation responsibilities, indicate how you execute these responsibilities.
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Our CEO is kept updated on ESG investment efforts via direct or e-communication channels on ad-hoc basis as considered necessary.

Our CIO and COO-CRO are represented on the Market Risk Committee which meets regularly to receive updates on ESG, as well as participating in ad-hoc discussions as appropriate and necessary.

Our Head of Risk & Performance - Attribution meets weekly with our Head of ESG Investment Risk.

SG 07.3	Indicate the number of dedicated responsible investment staff your organisation has.
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Number	
--------	--

4

SG 07.4	Additional information. [Optional]
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As of 31 December 2018, we employed four full time dedicated ESG staff members: a Head of ESG Investment Risk, an ESG Analyst, a Junior ESG Analyst and an ESG Intern.

	I confirm I have read and understood the Accountability tab for SG 07
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I confirm I have read and understood the Accountability tab for SG 07

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

- 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

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Promoting responsible investment

SG 09	Mandatory	Public	Core Assessed	PRI 4,5
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SG 09.1 | 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 participation in three FI and ESG working groups (ESG bondholder engagement, Advisory Committee on Credit Risks, ESG Sovereign Integration and Engagement - chairing of one of them (ACCR), Private Debt ESG Project); wider input into PRI governance and operations (e.g. director voting); participation in the collaborative investor forum (e.g. cybersecurity, issuer specific initiatives such as JBS).

- Asian Corporate Governance Association
- Australian Council of Superannuation Investors
- AFIC – La Commission ESG
- BVCA – Responsible Investment Advisory Board
- CDP Climate Change

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]

We are signatories on the company letter sent to promote participation. We also participate in the follow up engagement for non-responders. We do this for all the focus areas and companies listed. We utilise and share the insights from reports internally with our investment teams.

- CDP Forests

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]

We are signatories on the company letter sent to promote participation. We also participate in the follow up engagement for non-responders. We do this for all the focus areas and companies listed. We utilise and share the insights from reports internally with our investment teams.

- CDP Water

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]

We are signatories on the company letter sent to promote participation. We also participate in the follow up engagement for non-responders. We do this for all the focus areas and companies listed.

We utilise and share the insights from reports internally with our investment teams.

- CFA Institute Centre for Financial Market Integrity
- Code for Responsible Investment in SA (CRISA)
- Code for Responsible Finance in the 21st Century
- Council of Institutional Investors (CII)
- Eumedion
- Extractive Industries Transparency Initiative (EITI)
- ESG Research Australia
- Invest Europe Responsible Investment Roundtable
- Global Investors Governance Network (GIGN)
- Global Impact Investing Network (GIIN)
- Global Real Estate Sustainability Benchmark (GRESB)
- Green Bond Principles
- 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 Sustainable Insurance
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
- Responsible Finance Principles in Inclusive Finance
- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)
- United Nations Global Compact
- Other collaborative organisation/initiative, specify
AIMA Responsible Investment Working Group

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]

Input into AIMA draft responses to public consultations on ESG investment related matters, sharing of how BlueBay approaches ESG investment risk management.

- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify

SG 10	Mandatory	Public	Core Assessed	PRI 4
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SG 10.1 Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

- Yes

SG 10.2 Indicate the actions your organisation has taken to promote responsible investment independently of collaborative initiatives. Provide a description of your role in contributing to the objectives of the selected action and the typical frequency of your participation/contribution.

- Provided or supported education or training programmes (this includes peer to peer RI support) Your education or training may be for clients, investment managers, actuaries, broker/dealers, investment consultants, legal advisers etc.)

Description

Held educational sessions with investors and consultants and media on ESG investment, and ESG in fixed income (e.g. ESG in Fixed Income Breakfast Presentation in October 2018). Such sessions are typically more ad-hoc but usually occur at least on a quarterly basis.

Frequency of contribution

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other
- Provided financial support for academic or industry research on responsible investment
- Provided input and/or collaborated with academia on RI related work

Description

Support for academic/industry research on ESG/RI by participating in interviews (e.g. BlueBay and Verisk Maplecroft ESG and sovereigns research collaboration).

Frequency of contribution

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

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

Description

When interacting with investors, consultants, policy makers and issuers. This is mostly ad-hoc but at least on a quarterly basis.

Frequency of contribution

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

Spoke publicly at events and conferences to promote responsible investment

Description

Moderated or speaker participation in a number of external conferences and events on ESG investing/ESG in fixed income. This is mostly ad-hoc but at least on a quarterly basis.

Frequency of contribution

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

Wrote and published in-house research papers on responsible investment

Description

BlueBay ESG educational / promotional articles on ESG in fixed income

Frequency of contribution

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

Encouraged the adoption of the PRI

Description

When interacting with investors, consultants, policy makers and issuers

Frequency of contribution

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

Responded to RI related consultations by non-governmental organisations (OECD, FSB etc.)

Description

e.g. provided feedback to public consultation by European Commission/HLEG

Frequency of contribution

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

Wrote and published articles on responsible investment in the media

A member of PRI advisory committees/ working groups, specify

Description

Chair of the Advisory Committee on Credit Risks; member of the Sovereign Working Group and Private Debt & ESG Project, wider input into PRI governance and operations (e.g. director

voting); participation in the collaborative investor forum (e.g. cybersecurity, issuer specific initiatives such as JBS).

Frequency of contribution

- Quarterly or more frequently
 - Biannually
 - Annually
 - Less frequently than annually
 - Ad hoc
 - Other
- On the Board of, or officially advising, other RI organisations (e.g. local SIFs)
- Other, specify

specify description

Interviewee for media articles on ESG

Description

Interviewee for media articles on ESG

Frequency of contribution

- Quarterly or more frequently
 - Biannually
 - Annually
 - Less frequently than annually
 - Ad hoc
 - Other
- No

SG 10.3 Describe any additional actions and initiatives that your organisation has taken part in during the reporting year to promote responsible investment [Optional]

We have been more public during 2018 in our external communications with clients and other stakeholders via the media in our thinking and learning on ESG in fixed income.

SG 11	Voluntary	Public	Additional Assessed	PRI 4,5,6
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SG 11.1 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

If yes

- Yes, individually
- Yes, in collaboration with others

SG 11.2 Select the methods you have used.

- Endorsed written submissions to governments, regulators or public policy-makers 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

SG 11.3 Where you have made written submissions (individually or collaboratively) to governments and regulatory authorities, indicate if these are publicly available.

- Yes, publicly available

provide URL

https://ec.europa.eu/info/consultations/finance-2017-investors-duties-sustainability_en#contributions

- No
- No

SG 11.4 Provide a brief description of the main topics your organisation has engaged with public policy-makers or regulators on.

During the first quarter of 2018 we contributed to the public consultation on fiduciary duty and sustainability, one of the European Commission's first actions responding to the HLEG's interim suggestions. The Commission launched the consultation seeking views to assist with advancing thinking on the fiduciary duty of institutional investors and asset managers in relation to the explicit integration of material ESG factors and long-term sustainability.

Our response to the consultation illustrates our view that fiduciary duty should include the consideration of material ESG/sustainability matters, not least because it can inform investment decision making. We feel we have stressed the importance of institutional investors being transparent in their positioning regarding the criteria and approaches which should be adopted, alongside sharing our thoughts on the relative importance of different drivers / barriers to the greater consideration of ESG factors. We believe action is needed by all value chain stakeholders in order to advance practices.

Outsourcing to fiduciary managers and investment consultants

SG 12	Mandatory	Public	Core Assessed	PRI 4
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 12.1	Indicate whether your organisation uses investment consultants.
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- Yes, we use investment consultants
- No, we do not use investment consultants.

SG 12.7	Additional information [Optional].
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NOTE: we do not use, but rather interact with investment consultants, who may be engaging with us on behalf of the institutional investors they are advising, or they may be a client of ours.

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.).
----------------	--

- 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.

- 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]

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

**SG 14.6
CC**

Please provide further details on these key metric(s) used to assess climate related risks and opportunities.

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.

- ☉ 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.
-----------------------	--

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

Asset class implementation not reported in other modules

SG 16	Mandatory	Public	Descriptive	General
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SG 16.1	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 - DDQ	<div style="background-color: #0070C0; color: white; padding: 5px; text-align: center;">Select whether you have responded to the PRI Hedge Fund DDQ</div> <input checked="" type="radio"/> Yes <input type="radio"/> No
Hedge funds	Similar ESG approach as for long-only managed funds.
Other (1) [as defined in Organisational Overview module]	<p>Direct lending:</p> <ul style="list-style-type: none"> • 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. <p>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 include consideration of ESG related risk factors. We also leverage of the ESG sector insights generated from our public debt market work. During late 2016 we finalised a formal process to incorporate ESG pre and post investment and it was operational during Q4 2016.</p> <p>During 2018 we initiated a review process to renew the scope and refine and enhance the process further, we will continue this into 2019.</p>

Innovation

SG 18	Voluntary	Public	Descriptive	General
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SG 18.1	Indicate whether any specific features of your approach to responsible investment are particularly innovative.
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Yes

SG 18.2

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

BlueBay has been working on the development of a formal issuer ESG evaluation framework for pre-investment use by credit analysts as part of their fundamental research process. Such a step will help progress our efforts to systematically incorporate ESG into the investment process of our teams. While we already source ESG data on issuers from external providers, we believe it is critical we are able to formulate our own independent views, particularly given the third-party analysis tends to be more relevant to equity investment than fixed income, and in some cases, there is a lack of ESG coverage of the issuers. The launch of the Global High Yield ESG Bond Fund in 2017 was an opportunity to work with the High Yield investment team to pilot the tool. Following a good period of usage, the template has been further refined to incorporate feedback from the team as well as those of other desks and was rolled out across all investment desks at BlueBay during August 2018.

While the issuer ESG checklist content varies for corporates and sovereigns, both result in same two important ESG metrics:

- *A Fundamental ESG Rating* which indicates our view of the quality of management of material ESG risks/opportunities faced by the issuer. This Rating is co-owned by the credit analyst and ESG team. There can only be one Fundamental ESG Rating per issuer across BlueBay.
- *An Investment ESG Score* which reflects an investment view on the extent to which the ESG factors are considered relevant to valuations, which is decision based and security/instrument specific. This Score is solely owed by the credit analyst. As it is specific to a decision on a specific security/instrument, there may be multiple Investment ESG Scores for a single issuer

As a result of this process, the two derived ESG data points are enabling credit and ESG analysts to express their ESG views on an issuer, and for this to be used by portfolio managers (PM) to inform on their portfolio construction decisions by taking these data points into account. For instance, where the ESG signal (Fundamental ESG rating and Investment ESG score) are highly negative, it may guide the PM to be cautious in their asset allocation for that issuer, potentially limiting exposure / getting protection or follow up with the analysts to understand the reasons. In the opposite case, if the ESG data points are positive, it guides the PM to consider a greater tilt in allocation to these in the portfolio (e.g. OW vs the benchmark, larger positions, constituents a core holding etc.). The aim is not to be prescriptive (unless of the conditions set above on Fundamental ESG Rating for ESG focused funds), as there may be valid reasons for the portfolio to take a different investment positioning.

These ESG metrics are also feeding into our Alpha Decision Tool (ADT), which is a proprietary tool developed by BlueBay which enables investment teams to capture and monitor investment decisions/trade ideas. The tool explicitly documents investment rationale, conviction level, profit target, stop loss and ESG data.

We have purposely disaggregated the ESG risks and its management, from the investment materiality as this will enable us to better understand the extent to which ESG risks are indeed investment material, and in which circumstances. This level of transparency is especially important given this is fixed income, where the asset class operates differently to equity, and ESG factors may play out in different ways for various reasons. Such insights will inform on our wider knowledge and understanding of ESG fixed income dynamics, and ultimately inform on our investment decisions.

No

Communication

SG 19	Mandatory	Public	Core Assessed	PRI 2, 6
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SG 19.1

Indicate whether your organisation typically discloses asset class specific information proactively. Select the frequency of the disclosure to clients/beneficiaries and the public, and provide a URL to the public information.

Caution! The order in which asset classes are presented below has been updated in the online tool to match the Reporting Framework overview.
 If you are transferring data from an offline document, please check your response carefully.

Fixed income

Do you disclose?

- We do not disclose to either clients/beneficiaries or the public.
- We disclose to clients/beneficiaries only.
- We disclose to the public

The information disclosed to clients/beneficiaries is the same

- Yes
- No

Disclosure to public and URL	
Disclosure to public and URL	
<input type="radio"/> Broad approach to RI incorporation <input checked="" type="radio"/> Detailed explanation of RI incorporation strategy used	
Frequency	
<input type="checkbox"/> Quarterly <input type="checkbox"/> Biannually <input type="checkbox"/> Annually <input type="checkbox"/> Less frequently than annually <input checked="" type="checkbox"/> Ad hoc/when requested	
URL	
https://www.bluebay.com/esg	
URL	
https://www.bluebay.com/en/insights/esg-annual-report-2017/	

Hedge Funds

Do you disclose?

- We do not disclose to either clients/beneficiaries or the public.
- We disclose to clients/beneficiaries only.
- We disclose to the public

The information disclosed to clients/beneficiaries is the same

- Yes
- No

Disclosure to public and URL	
Disclosure to public and URL	<ul style="list-style-type: none"> <input type="radio"/> Broad approach to RI incorporation for all strategies <input checked="" type="radio"/> Detailed explanation of RI incorporation for each strategy used
Frequency	<ul style="list-style-type: none"> <input type="checkbox"/> Quarterly <input type="checkbox"/> Biannually <input type="checkbox"/> Annually <input type="checkbox"/> Less frequently than annually <input checked="" type="checkbox"/> Ad hoc/when requested
URL	https://www.bluebay.com/esg
URL	https://www.bluebay.com/en/insights/esg-annual-report-2017/

SG 19.2 Additional information [Optional]

The intention of the reporting on our website 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). We seek to update our website as appropriate and necessary. During 2018, this was done quarterly or more frequently.

In 2018, we published our second annual ESG investment risk report, and a ESG investment review newsletter for investors in our Global High Yield ESG Bond Fund. These are both publicly available on our website.

BlueBay produces quarterly ESG reporting for clients with segregated accounts, but we may also produce this on an ad-hoc basis upon client requests.

BlueBay Asset Management LLP

Reported Information

Private version

Direct - Fixed Income

PRI disclaimer

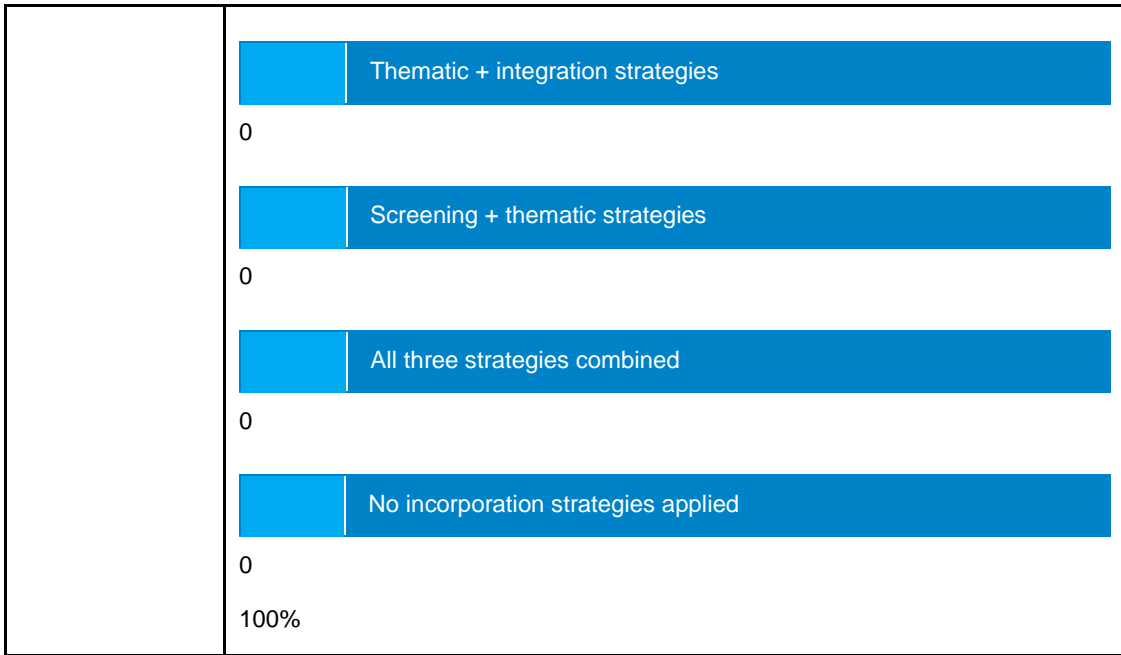
This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information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

ESG incorporation in actively managed fixed income

Implementation processes

FI 01	Mandatory	Public	Gateway	PRI 1
FI 01.1	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>0</td> </tr> <tr> <td>Screening + integration strategies</td> <td>100</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>Total</td> <td>100%</td> </tr> </tbody> </table>	Strategy	Percentage	Screening alone	0	Thematic alone	0	Integration alone	0	Screening + integration strategies	100	Thematic + integration strategies	0	Screening + thematic strategies	0	All three strategies combined	0	No incorporation strategies applied	0	Total	100%
Strategy	Percentage																				
Screening alone	0																				
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Total	100%																				
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>0</td> </tr> <tr> <td>Screening + integration strategies</td> <td>100</td> </tr> </tbody> </table>	Strategy	Percentage	Screening alone	0	Thematic alone	0	Integration alone	0	Screening + integration strategies	100										
Strategy	Percentage																				
Screening alone	0																				
Thematic alone	0																				
Integration alone	0																				
Screening + integration strategies	100																				



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

FI 01.2 Describe your reasons for choosing a particular ESG incorporation strategy and how combinations of strategies are used.

The predominant ESG investment strategy we apply (across all assets) is integration as we believe this is best suited to fixed income investing given the technical characteristics of the asset class, and resulting differing investment risk profiles of bonds from a single issuer as it enables more nuanced credit analysis.

We use engagement where this is appropriate to do so (such as to mitigate potential credit/ESG risk), but recognise that we have less leverage given we are not owners (shareholders).

Proxy voting is applicable only in some instances such as for our convertibles and high yield (specifically the distressed debt) mandates. This mainly relates to proxy voting in corporate actions, rather than the traditional equity investor context.

We apply non-legal ESG exclusion screening (product-based: controversial weapons) to our pooled funds as these are the accounts where we control the investment strategy. However, our clients may provide us with bespoke screens (which may also encompass conduct based/norms based) to implement for segregated accounts.

Some of our HY pooled strategies, also employ non-legal ESG norms based screening (conduct-based).

The Global Income Fund also employs ESG tilting (conduct-based) - a form of screening.

FI 01.3 Additional information [Optional].

As of 2017, we have deviated from how we have responded to this question in the past. Having sought clarification from the PRI during 2016, we have now interpreted 'screening' approach to include both legal and non-legal screening. In this way, legal economic sanctions screening is included (these generally relate to governance and social issues) as well as non-legal ESG screening (product based such as on arms, tobacco etc. or conduct based e.g. UN Global Compact based, ESG tilting) - we have been consistent with this interpretation in answering questions the relevant Qs. Given all BlueBay assets must apply legal screening and we proactively apply ESG integration across all assets, our answer becomes 100% for 'screening + integration'.

But some things to note are:

- Our Controversial Weapons Investment policy only applies to corporates (non-financial) in our flagship/pooled funds
- Some of our HY strategies go beyond the Controversial Weapons investment policy screens, to include other types of screening (e.g. UN Global Compact or ESG tilting). We also apply a restriction on issuers that are assessed as being 'Very high ESG risks'. Issuers assessed as 'High ESG risks' are treated on a case-by-case basis in terms of their inclusion in the fund
- Some clients in segregated accounts may also apply their own non-legal ESG screening

FI 02	Mandatory to Report Voluntary to Disclose	Public	Core Assessed	PRI 1
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FI 02.1 Indicate which ESG factors you systematically research as part of your 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 02.2 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, other stakeholders (e.g. NGOs, academia, regulators)

- 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

Company itself, other stakeholders (e.g. NGOs, academia, regulators)

- 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, regulators)

- 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, regulators)

- 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

Country itself, stakeholders such as NGOs, academia, multi-lateral organisations (e.g. IMF, WB, etc.)

FI 02.3 Provide a brief description of the ESG information used, highlighting any differences in 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. We access the data in written form (e.g. reports, PRs) or in person (e.g. meetings).

FI 02.4 Additional information. [Optional]

NOTE: FI 02.2: We have selected 'in-house - FI analyst, PM or risk team' for 'raw ESG co data' information type as our ESG function resides within the risk team, and it provides such data.

FI 03	Mandatory	Public	Additional Assessed	PRI 1
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FI 03.1 Indicate how you ensure that your ESG research process is robust:

- Comprehensive ESG research is undertaken internally to determine companies' activities; and products and/or services
- 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 and regular reviews of ESG research are undertaken in a systematic way.
- A materiality/sustainability framework is created and regularly updated that includes all the key ESG risks and opportunities for each sector/country.
- Other, specify

specify description

Interactions with peers in the industry to gain learning about good/best practice to inform on internal efforts.

- None of the above

FI 03.2 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 displayed on front office research platforms
- ESG information is a standard item on all individual issuer summaries, research notes, 'tear sheets', 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 function actively participates in the cross-desk sector analyst forums, sharing insights and views, and has ad-hoc interaction with analysts/portfolio managers.
- None of the above

FI 03.3 Additional information. [Optional]

NOTE: 03.1
 We have selected 'issuers have the opportunity to review ESG research..' as we believe our ESG research provider's process allows for this.

NOTE: 03.2
 We have selected 'ESG information is held within a centralised database and is accessible to all investment staff' as the two ESG metrics that result from the issuer ESG evaluation process feed into the Alpha Decision Tool (our proprietary investment decision/trading platform) alongside the financial fundamentals of each issuer/decision.

We have selected 'ESG information is a standard item on all individual issuer summaries, 'tear sheets', 'dashboards' or similar documents' because as of August 2018 our issuer ESG evaluation process was formally launched across all public debt teams to be completed pre investment.

(A) Implementation: Screening

FI 04	Mandatory	Public	Gateway	PRI 1
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FI 04.1 Indicate the type of screening you conduct.

Select all that apply

	SSA	Corporate (financial)	Corporate (non-financial)	
Negative/exclusionary screening	<input 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 checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	

FI 04.2	Describe your approach to screening for internally managed active fixed income
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Legal reasons

- *Economic/financial sanctions:* BlueBay must comply with applicable financial/economic sanctions in every jurisdiction where it operates. We restrict business (clients and/or investments) globally with entities and persons subject to embargo/sanctions laws. 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). Most of these commonly relate to governance and social issues.
- *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

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, a few in the HY sub-strategy also applies the exclusions of the Norwegian Government Pension Fund global/Norges Bank, UN Global Compact. One of our new multi-asset credit fund applies ESG tilting
- *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 04.3	Additional information. [Optional]
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NOTE:

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 question to mean.

Some clients with segregated accounts apply ESG screening which encompass negative screening (product-based) and/or to a more limited extent norms based screening (conduct-based).

For our ESG labelled pooled funds - such as the BlueBay Global High Yield ESG Bond Fund - we also apply a restriction on issuers that are assessed as being 'Very high ESG risks' in terms of the Fundamental ESG Rating per the issuer ESG evaluation process launched in August 2018 formally across all public debt teams. Issuers assessed as 'High ESG risks' are treated on a case-by-case basis in terms of their inclusion in the ESG labelled funds.

FI 05	Voluntary	Public	Additional Assessed	PRI 1
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FI 05.1	Provide examples of how ESG factors are included in your screening criteria.
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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 <input type="checkbox"/> Norms-based
Description of how ESG factors are used as the screening criteria
<p>BlueBay's Controversial Weapons Investment policy</p> <p>Applicable to all our pooled funds, this exclusion policy relates to corporate issuers involved in the production of controversial weapons in terms of: cluster munitions, landmines, depleted uranium, and chemical & biological weapons.</p>

Example 2

Type of fixed income
<input type="checkbox"/> SSA <input type="checkbox"/> Corporate (financial) <input checked="" type="checkbox"/> Corporate (non-financial)
ESG factors
<input checked="" type="checkbox"/> Environmental <input checked="" type="checkbox"/> Social <input type="checkbox"/> Governance
Screening
<input checked="" type="checkbox"/> Negative/ exclusionary <input type="checkbox"/> Norms-based
Description of how ESG factors are used as the screening criteria
<p>The BlueBay Global High Yield ESG Bond Fund has an explicit exclusion based on corporate issuers involved the production of tobacco as well as those involved in coal related mining and power production (thermal coal) where this exceeds 30% of revenues/operations.</p>

Example 3

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 type="checkbox"/> Negative/ exclusionary <input checked="" type="checkbox"/> Norms-based
Description of how ESG factors are used as the screening criteria
<p>The BlueBay Global High Yield ESG Bond Fund has an explicit exclusion based on corporate issuers which are deemed to fail the UN Global Compact principles.</p>

Example 4

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 <input type="checkbox"/> Norms-based
Description of how ESG factors are used as the screening criteria
<p>In addition to the formal and exclusion negative and norms based screens applied to the BlueBay Global High Yield ESG Bond Fund (which only invested in corporates), BlueBay proactively restricts issuers which are rated as 'Very high ESG risks' automatically and potential 'high ESG risks' (on a case by case basis), as a result of our ESG integration process which is implemented via the issuer ESG evaluation. This process is implemented for any BlueBay ESG labelled pooled fund.</p>

Example 5

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 <input type="checkbox"/> Norms-based
Description of how ESG factors are used as the screening criteria
<p>Legal reasons</p> <ul style="list-style-type: none"> • <i>Economic/financial sanctions:</i> BlueBay must comply with applicable financial/economic sanctions in every jurisdiction where it operates. We restrict business (clients and/or investments) globally with entities and persons subject to embargo/sanctions laws. 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). Most of these commonly relate to governance and social issues. • <i>ESG related legal screening:</i> in some jurisdictions, there is a legal reason for funds to exclude investments in some Controversial weapons such as cluster munitions

FI 05.2	Additional information.
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Screening may occur for legal reasons or non-legal reasons:

Legal reasons

- *Economic/financial sanctions:* BlueBay must comply with applicable financial/economic sanctions in every jurisdiction where it operates. We restrict business (clients and/or investments) globally with entities and persons subject to embargo/sanctions laws. 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). Most of these commonly relate to governance and social issues.
- *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

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, a few in the HY sub-strategy also applies the exclusions of the Norwegian Government Pension Fund global/Norges Bank, UN Global Compact. One of our multi-asset credit fund applies ESG tilting
- *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 06	Mandatory	Public	Core Assessed	PRI 1
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FI 06.1 Indicate which systems your organisation has to ensure that fund screening criteria are not breached in fixed income investments.

Type of screening	Checks
Negative/exclusionary screening?	<input checked="" type="checkbox"/> Analysis is performed to ensure that issuers meet screening criteria <input checked="" type="checkbox"/> We ensure that data used for the screening criteria is updated at least once a year. <input checked="" type="checkbox"/> Automated IT systems prevent our portfolio managers from investing in excluded issuers or bonds that do not meet screening criteria <input type="checkbox"/> Audits of fund holdings are undertaken yearly by internal audit or compliance functions <input checked="" type="checkbox"/> Other, specify <div style="background-color: #0072bc; color: white; padding: 2px; margin-top: 5px;">other description</div> <p>Checks made upon requests by clients which may be ad-hoc or at regular intervals.</p> <input type="checkbox"/> None of the above
Norms-based screening	<input checked="" type="checkbox"/> Analysis is performed to ensure that issuers meet screening criteria <input checked="" type="checkbox"/> We ensure that data used for the screening criteria is updated at least once a year. <input checked="" type="checkbox"/> Automated IT systems prevent our portfolio managers from investing in excluded issuers or bonds that do not meet screening criteria <input type="checkbox"/> Audits of fund holdings are undertaken yearly by internal audit or compliance functions <input type="checkbox"/> Other, specify <input type="checkbox"/> None of the above

FI 06.2	Additional information. [Optional]
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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 function. 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 function.

The data associated with our Controversial Weapons Investment policy is sourced from a third party provider, with data updated on a regular basis (e.g. monthly). Segregated accounts provide their bespoke restrictions lists either on a regular basis or on an ad-hoc 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.

NOTE FI 06.1: Norms based criteria applies to those HY pooled funds applying the Norwegian Government Pension Fund global/Norges Bank Investment Management exclusions/UN Global Compact list, and to a select few of segregated account mandates which may include this in their restricted list. We also apply a restriction on issuers that are assessed as being 'Very high ESG risks' in terms of the Fundamental ESG Rating per the issuer ESG evaluation process formally launched in August 2018. Issuers assessed as 'High ESG risks' are treated on a case-by-case basis in terms of their inclusion in the fund.

(C) Implementation: Integration

FI 10	Mandatory	Public	Descriptive	PRI 1
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FI 10.1	Describe your approach to integrating ESG into traditional financial analysis.
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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.

As an asset manager investing globally, BlueBay acknowledges the need to be pragmatic when assessing ESG factors, to take into account legal and cultural differences in different markets. As such the analysis will be sensitive to the issuer's individual situation in terms of the local norms, laws, regulation and expectations of the market in which it operates.

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:* what are the material ESG risks for certain industries/sectors, and to what degree are there commonalities? 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 fund level ESG investment risk exposure? We conduct portfolio level ESG analysis to inform on potential investment risks; and at the

- *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.

Given our primary ESG investment strategy being 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.

BlueBay has been working on the development of a formal issuer ESG evaluation framework for use pre-investment by credit analysts as part of their fundamental research process. Such a step will help progress our efforts to systematically incorporate ESG into the investment process of our teams. While we already source ESG data on issuers from external providers, we believe it is critical we are able to formulate our own independent views, particularly given the third-party analysis tends to be more relevant to equity investment than fixed income, and in some cases, there is a lack of ESG coverage of the issuers. The launch of the Global High Yield ESG Bond Fund was an opportunity to work with the High Yield team to pilot the tool. Following a good period of usage, the template has been further refined to incorporate feedback from the team as well as those of other desks and was rolled out across all investment desks at BlueBay during August 2018.

While the issuer ESG checklist content varies for corporates and sovereigns, both result in same two important ESG metrics:

- *A Fundamental ESG Rating* which indicates our view of the quality of management of material ESG risks/opportunities faced by the issuer. This Rating is co-owned by the credit analyst and ESG team. There can only be one Fundamental ESG Rating per issuer across BlueBay.
- *An Investment ESG Score* which reflects an investment view on the extent to which the ESG factors are considered relevant to valuations, which is decision based and security/instrument specific. This Score is solely owed by the credit analyst. As it is specific to a decision on a specific security/instrument, there may be multiple Investment ESG Scores for a single issuer.

As a result of this process, the two derived ESG data points are enabling credit and ESG analysts to express their ESG view on an issuer, and for this to be used by portfolio managers (PM) to inform on their portfolio construction decisions by taking these data points into account.

FI 10.2	Describe how your ESG integration approach is adapted to each of the different types of fixed income you invest in.
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SSA	
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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 considered the least credit relevant as the timescale over which the dynamics change does not overlap that much with investment time horizons for sovereigns. However, some environmental risks such as droughts/floods associated with changing climate can be more immediately credit relevant, particularly where the economies of those countries are materially reliant on agriculture, mining or hydropower for instance.

BlueBay has developed a formal issuer ESG evaluation framework for use pre-investment by credit analysts as part of their fundamental research process for sovereign investments. Whilst the framework of the issuer ESG checklist across corporates and sovereigns is largely similar, the templates have been designed to take into account specific challenges and nuances between the two asset classes resulting in some differentiation in the evaluation approach. The structure of the sovereign evaluation template is as follows:

- Part 1 captures insights from any external ESG assessments of the sovereign by vendors, This provides a starting point upon which to build an in-house view, but does not dictate what that should be
- Part 2 is a systematic evaluation of the sovereign's on a range of set topics within each E, S and G/P (where the P refers to political) pillars. This seeks to assess the risk exposure and quality of mitigation/adaptation response
- Part 3 aims to provide a relative perspective on how well the sovereign is managing E,S,G,P factors relative to its economic peer group
- Part 4 documents the conclusions reached by analysts (credit and ESG) in terms of the Fundamental ESG Rating and the indicative Investment ESG Score
- Part 5 notes potential engagement points with sovereigns, as well as enables the documentation of any that has occurred

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 risks 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 10.3 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, and not sovereigns, as they cannot be considered in the same way. We do not currently adopt any ESG screening for sovereigns for our pooled funds.

FI 11 Mandatory Public Core Assessed PRI 1

FI 11.1 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 used to adjust the internal credit assessments of issuers.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
ESG analysis is used to adjust forecasted financials and future cash flow estimates.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ESG analysis impacts the ranking of an issuer relative to a chosen peer group.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
An issuer's ESG bond spreads and its relative value versus its sector peers are analysed to find out if all risks are priced in.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
The impact of ESG analysis on bonds of an issuer with different durations/maturities are analysed.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sensitivity analysis and scenario analysis are applied to valuation models to compare the difference between base-case and ESG-integrated security valuation.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
ESG analysis is integrated into portfolio weighting decisions.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Companies, sectors, countries and currency and monitored for changes in ESG exposure and for breaches of risk limits.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
The ESG profile of portfolios is examined for securities with high ESG risks and assessed relative to the ESG profile of a benchmark.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other, specify	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	

FI 11.2

Additional information [OPTIONAL]

NOTE: FI 11.1

The roll out of the issuer ESG evaluation process across our public debt investment teams in August 2018 formalizes the incorporation of ESG factors in terms of fundamental analysis, as it is required to be completed for every investment held. The evaluation includes an assessment of the issuer against its peer group in the case of both corporates and sovereigns. The generation of the two issuer ESG data points enables ESG risks and investment materiality to be taken into account in investment/portfolio decisions.

For Private debt strategies ESG is integrated into the pre-investment deal documentation.

'Other, specify': e.g. Sector ESG briefings; ESG discussed on regular basis at the Market Risk Committee; ESG metrics added to standard credit metrics to inform on analysis of relative sovereign risks (e.g. political risk and comparison with fair value analysis).

FI 12	Mandatory	Public	Additional Assessed	PRI 1
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FI 12.1	Indicate the extent to which ESG issues are reviewed in your integration process.
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	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 12.2	Please provide more detail on how you review E, S and/or G factors in your integration process.
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	SSA
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Data & insights:

We source sovereign issuer ESG data from third party providers such as Verisk Maplecroft and MSCI ESG Research (as well as Eurasia Group although the focus in this instance is on commentary rather than production of ESG ratings for sovereigns), which provide 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. We may also participate in webinars or request meetings from Verisk Maplecroft and Eurasia on issues of interest. The ESG function leads on monitoring and sharing ESG performance with the desks from the provider. Additionally, the ESG team has access to other sources of ESG insights including sell-side brokers as well as open source resources.

Analysis & integration:

During 2018 we formally rolled out our pre-investment ESG issuer evaluation process, including a specific template designed for sovereigns. The sovereign template has been designed to take into account specific challenges and nuances of the asset classe resulting in some differentiation in the

evaluation approach when compared to corporates. However, both result in the generation of the same two consistent, proprietary ESG metrics.

The structure of the sovereign evaluation template is as follows:

- Part 1 captures insights from any external ESG assessments of the sovereign by vendors, This provides a starting point upon which to build an in-house view, but does not dictate what that should be
- Part 2 is a systematic evaluation of the sovereign's on a range of set topics within each E, S and G/P (where the P refers to political) pillars. This seeks to assess the risk exposure and quality of mitigation/adaptation response
- Part 3 aims to provide a relative perspective on how well the sovereign is managing E,S,G,P factors relative to its economic peer group
- Part 4 documents the conclusions reached by analysts (credit and ESG) in terms of the Fundamental ESG Rating and the indicative Investment ESG Score
- Part 5 notes potential engagement points with sovereigns, as well as enables the documentation of any that has occurred

Ongoing monitoring & assessment:

The proprietary ESG metrics which are derived from the sovereign ESG issuer evaluation are also in the ADT, our proprietary ESG investment monitoring tool, which allows to monitor the ESG metrics alongside the investment data.

The ESG team also attends weekly Investment Risk meetings, where discussions are held on key risk developments in some of the key pooled funds across the desks, including sovereign related ones. From such meetings we may prioritise further ESG analysis to conduct. The ESG team may also proactively draw attention to issues. Where and when needed, insights are shared with the relevant analysts/PMs and/or matters can be escalated to the Market Risk Committee.

Corporate (financial)

Data & insights

We source corporate issuer ESG data from a range of third party providers (MSCI ESG Research, Sustainalytics, RepRisk, TruValue Labs), which provide a range of ESG ratings and scores either based on overall performance, as well as performance on specific aspects. They may also produce annual sector reviews and ad hoc analysis. The scores are available to the investment teams via an online platform and in some cases, our investment risk IT system. We may also participate in webinars or request meetings from Verisk Maplecroft and Eurasia on issues of interest. The ESG function leads on monitoring and sharing data on ESG performance with the desks from the provider. Additionally, the ESG team has access to other sources of ESG insights including sell-side brokers as well as open source resources.

Analysis & integration

During 2018 we formally rolled out our pre-investment ESG issuer evaluation process, including a specific template designed for corporates.

The structure of the corporates ESG evaluation template is as follows:

- Part 1 captures insights from any external ESG assessments of the corporate by ESG vendors, This provides a starting point upon which to build an in-house view, but does not dictate what that should be
- Part 2 is a systematic evaluation of the corporate's on a range of set topics (business footprint, governance, management, social and environment). This seeks to assess the risk exposure and quality of mitigation/adaptation response in these areas
- Part 3 aims to provide a relative perspective on how well the corporate is managing E,S,G sector material risk factors relative to its sector regional peer group

- Part 4 documents the conclusions reached by analysts (credit and ESG) in terms of the Fundamental ESG Rating and the indicative Investment ESG Score
- Part 5 notes potential engagement points with sovereigns, as well as enables the documentation of any that has occurred

Ongoing monitoring & assessment

The proprietary ESG metrics which are derived from the corporate ESG issuer evaluation are also in the ADT, our proprietary ESG investment monitoring tool, which allows to monitor the ESG metrics alongside the investment data.

Via the cross team sector analyst forum initiative, the ESG team shares ESG insights formally on a regular (mostly 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, and are in the process of finalising the remaining sector briefings.

The ESG team also attends weekly Investment Risk meetings, where discussions are held on key risk developments in some of the key pooled funds across the desks, including corporates related ones. From such meetings we may prioritise further ESG analysis to conduct. The ESG team may also proactively draw attention to issues. Where and when needed insights are shared with the relevant analysts/PMs and/or matters can be escalated to the Market Risk Committee.

Corporate (non-financial)

Data & insights:

We source corporate issuer ESG data from a range of third party providers (MSCI ESG Research, Sustainalytics, RepRisk, TruValue Labs), which provide a range of ESG ratings and scores either based on overall performance, or performance on specific aspects. They may also produce annual sector reviews and ad hoc analysis. The scores are available to the investment teams via an online platform and in some cases, our investment risk IT system. We may also participate in webinars or request meetings from Verisk Maplecroft and Eurasia on issues of interest. The ESG function leads on monitoring and sharing data on ESG performance with the desks from the provider. Additionally, the ESG team has access to other sources of ESG insights including sell-side brokers as well as open source resources.

Analysis & integration:

During 2018 we formally rolled out our pre-investment ESG issuer evaluation process, including a specific template designed for corporates.

The structure of the corporates ESG evaluation template is as follows:

Part 1 captures insights from any external ESG assessments of the corporate by ESG vendors, This provides a starting point upon which to build an in-house view, but does not dictate what that should be

Part 2 is a systematic evaluation of the corporate's on a range of set topics (business footprint, governance, management, social and environment). This seeks to assess the risk exposure and quality of mitigation/adaptation response in these areas

Part 3 aims to provide a relative perspective on how well the corporate is managing E,S,G sector material risk factors relative to its sector regional peer group

Part 4 documents the conclusions reached by analysts (credit and ESG) in terms of the Fundamental ESG Rating and the indicative Investment ESG Score

Part 5 notes potential engagement points with sovereigns, as well as enables the documentation of any that has occurred

Ongoing monitoring & assessment:

The proprietary ESG metrics which are derived from the corporates ESG issuer evaluation are also in the ADT, our proprietary ESG investment monitoring tool, which allows to monitor the ESG metrics alongside the investment data.

Via the cross team sector analyst forum initiative, the ESG team shares ESG insights formally on a regular (mostly 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, and are in the process of finalising the remaining sector briefings.

The ESG team also attends weekly Investment Risk meetings, where discussions are held on key risk developments in some of the key pooled funds across the desks, including corporates related ones. From such meetings we may prioritise further ESG analysis to conduct. The ESG team may also proactively draw attention to issues. Where and when needed insights are shared with the relevant analysts/PMs and/or matters can be escalated to the Market Risk Committee.

Fixed income - Engagement

FI 14	Mandatory to Report Voluntary to Disclose	Public	Core Assessed	PRI 2
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FI 14.1	Indicate the proportion of your fixed income assets on which you engage. Please exclude any engagements carried out solely in your capacity as a shareholder.
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Category	Proportion of assets
SSA	<input type="radio"/> >50% <input type="radio"/> 26-50% <input checked="" type="radio"/> 5-25% <input type="radio"/> More than 0%, less than 5% <div style="background-color: #0070C0; color: white; padding: 5px;"> FI 14.2 Indicate your motivations for conducting engagement (SSA fixed income assets). </div> <input checked="" type="checkbox"/> To gain an understanding of ESG strategy and/or management <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input checked="" type="checkbox"/> To influence issuer practice (or identify the need to influence) on ESG issue
Corporate (financial)	<input type="radio"/> >50% <input type="radio"/> 26-50% <input checked="" type="radio"/> 5-25% <input type="radio"/> More than 0%, less than 5% <div style="background-color: #0070C0; color: white; padding: 5px;"> FI 14.2 Indicate your motivations for conducting engagement (Corporate, Financial fixed income assets) </div> <input checked="" type="checkbox"/> To gain an understanding of ESG strategy and/or management <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input checked="" type="checkbox"/> To influence issuer practice (or identify the need to influence) on ESG issue
Corporate (non-financial)	<input type="radio"/> >50% <input type="radio"/> 26-50% <input checked="" type="radio"/> 5-25% <input type="radio"/> More than 0%, less than 5% <div style="background-color: #0070C0; color: white; padding: 5px;"> FI 14.2 Indicate your motivations for conducting engagement (Corporate, non-financial fixed income assets) </div> <input checked="" type="checkbox"/> To gain an understanding of ESG strategy and/or management <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input checked="" type="checkbox"/> To influence issuer practice (or identify the need to influence) on ESG issue

FI 14.3	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 investment 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 be to:

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

The majority of engagements conducted are for purposes of improving insight and most are focused on improving conventional credit insight as compared with a more ESG explicit focus.

FI 15	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	PRI 1,2
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

FI 15.1 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 15.2 Indicate how your organisation prioritises engagements with issuers.

Select all that apply

	SSA	Corporate (financial)	Corporate (non-financial)	
Size of holdings	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Credit quality of the issuer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Duration of holdings	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Quality of transparency on ESG	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Specific markets and/or sectors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Specific ESG themes	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Issuers in the lowest ranks of ESG benchmarks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Issuers in the highest ranks of ESG benchmarks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Specific issues considered priorities for the investor based on input from clients and beneficiaries	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	

If 'other' has been selected, please give a description

Other: Whether this is likely to be a long-term/core holding, whether this is likely to be investable, reactive to an event/development, part of pre-determined ESG work programme etc.

FI 15.3

Indicate when your organisation conducts engagements with issuers.

Select all that apply

	SSA	Corporate (financial)	Corporate (non-financial)
We engage pre-investment.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
We engage post-investment.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
We engage proactively in anticipation of specific ESG risks and/or opportunities.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
We engage in reaction to ESG issues that have already affected the issuer.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
We engage prior to ESG-related divestments.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other, describe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

FI 15.4

Indicate what your organisation conducts engagements with issuers on.

Select all that apply

	SSA	Corporate (financial)	Corporate (non-financial)
We engage on ESG risks and opportunities affecting a specific bond issuer or its issuer.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
We engage on ESG risks and opportunities affecting the entire industry or region that the issuer belongs to.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
We engage on specific ESG themes across issuers and industries (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 15.5

Indicate how your organisation ensures that information and insights collected through engagement can feed into the investment decision-making process.

Select all that apply

	SSA	Corporate (financial)	Corporate (non-financial)
Ensuring regular cross-team meetings and presentations.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Sharing engagement data across platforms that is accessible to ESG and investment teams.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Encouraging ESG and investment teams to join engagement meetings and roadshows.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Delegating some engagement dialogue to portfolio managers/credit analysts.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Involving portfolio managers when defining an engagement programme and developing engagement decisions.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Establishing mechanisms to rebalance portfolio holdings based on levels of interaction and outcomes of engagements.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Considering active ownership as a mechanism to assess potential future investments.	<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 ensure that information and insights collected through engagement can feed into the investment decision-making process.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

FI 15.6

Additional information.[OPTIONAL]

ESG engagement overview

The engagement may be:

- *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 provide 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.

Internally we also share the results of our engagement efforts. Where this is with our analysts, we may do this on ad-hoc basis either in person or by electronic communications with the most relevant individuals, or via the relevant cross-desk sector analyst forum where wider discussions make sense. We may also share examples with other individuals in the investment team or other functions on an ad-hoc basis via electronic communication and/or in person discussions via case study examples.

FI 16	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	PRI 1,2
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FI 16.1	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 16.2	Please attach or provide a URL to your fixed income engagement policy document. [Optional]
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	URL
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<https://www.bluebay.com/globalassets/documents/esg-investment-risk-policy.pdf>

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

No

FI 16.3	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 17	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	General
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FI 17.1 Indicate whether your organisation measures how your incorporation of ESG analysis in fixed income has affected investment outcomes and/or performance.

Select all that apply

	SSA	Corporate (financial)	Corporate (non-financial)
We measure whether incorporating ESG impacts portfolio risk.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
We measure whether incorporating ESG impacts portfolio returns.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
We measure the ESG performance/profile of portfolios (relative to the benchmark).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

FI 17.2 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 and involved:

- *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..
- *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.

Going forward, with the introduction of the issuer ESG checklist and input into the ADT, we will be able to track, monitor and evaluate how incorporation of ESG has affected investment outcomes/ESG performance.

FI 17.3 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 17.2, in the majority of instances we have not necessarily observed a change in the investment view/allocation decision but they have informed on our understanding and thinking.

FI 18	Voluntary	Public	Descriptive	PRI 1,2
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FI 18.1 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.

Example 1

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>ANALYSIS - Bayer and environmental/H&S regulatory/liability risk associated with the agri-related businesses</p> <p>We recognize there are a range of environmental and social concerns associated with the use of chemicals in modern agricultural practices as well as the application of genetic technology to seed production, and that in some instances some of the conduct of producers has not necessarily provided reassurance that such concerns have been incorporated. In this instance, whilst Bayer has been involved in the crop sciences business before the merger with Monsanto, we appreciate that the Monsanto acquisition has elevated its exposure and reputational sensitivity on the GM seeds side.</p>
RI strategy applied
<input type="checkbox"/> Screening <input checked="" type="checkbox"/> Integration <input type="checkbox"/> Engagement
Impact on investment decision or performance
<p>In terms of investment relevance, the litigation risks attached Monsanto's Roundup GM seeds business were significant before Bayer announced their acquisition so this was a known-risk to management. However recent developments mean that there are now many thousands of legal cases filed against Monsanto/Bayer alleging the GM seeds as causing cancer and litigation will likely draw out over a significant number of years with the potential to cost the company billions of dollars in legal awards and/or settlements. Whilst we believe such costs are likely to be manageable for the company we will monitor developments closely.</p>

Example 2

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>ANALYSIS: Vedanta and ESG management overall</p> <p>This extractives company comes out unfavourable when evaluated from an ESG angle. Its performance over the years across a number of governance (ownership structures, lack of independence and potential accounting concerns), environmental (operations generating negative impacts in terms of pollution and wasteland associated their impacts on biodiversity and communities) and social (such as H&S and human rights) areas means it is highly exposed to controversies and is rated by many ESG vendors as being below average on ESG.</p>
RI strategy applied
<input type="checkbox"/> Screening <input checked="" type="checkbox"/> Integration <input type="checkbox"/> Engagement
Impact on investment decision or performance
<p>From an investment perspective, whilst some of our Emerging Markets (EM) funds have previously had exposure to the company, in the later part of the year the position was reduced to zero given growing ESG concerns, and the potential impact this may have on their ability to raise financing at home and abroad. This UW was then a significant positive contributor to portfolio performance into the end of the year, given a significant decline in the valuations of Vedanta bonds. While the portfolio added a small position going into year-end as part of a portfolio rebalancing, it nevertheless remained materially underweight Vedanta relative to the benchmark, reflecting further concerns about the company. We continue to monitor developments and would look to manage our position accordingly.</p>

Example 3

Type of fixed income
<input type="checkbox"/> SSA <input checked="" type="checkbox"/> Corporate (financial) <input type="checkbox"/> Corporate (non-financial)
ESG issue and explanation
<p>INSIGHT & INFLUENCE: HSBC Holdings</p> <p>Two instances of engagement during 2018.</p> <p>One in Q2, when we attended the investor briefing held following the publication of its annual ESG update report. Two issues were discussed in-depth: sustainable finance and cybersecurity. HSBC is clearly a company that is focused on rebuilding trust following compliance issues in recent years, as well as one which is continuing to advance its ESG efforts. It has taken a progressive approach on sustainable financing, which encompass all its financing and investment activities that support the 2015 Paris climate agreement and the UN SDGs. On cybersecurity, HSBC has been developing measures to mitigate and respond to risks and demonstrate regulatory compliance, although there is scope to improve public disclosure.</p> <p>In Q3 engagement held as part of the PRI cybersecurity initiative, where BlueBay a co-lead investor on the engagement with HSBC. The agenda, building on previous discussions, set out covered topics on understanding the business vulnerabilities and performance on cyber, board and management governance frameworks, policies and practices, as well as disclosure practices. The dialogue further enhanced our knowledge of HSBC's approach and provides some level of assurance that this is a topic which is receiving strategic management focus.</p>
RI strategy applied
<input type="checkbox"/> Screening <input type="checkbox"/> Integration <input checked="" type="checkbox"/> Engagement
Impact on investment decision or performance
<p>The bank has clearly faced some ESG related performance issues and reassuringly, measures have now been put into place to mitigate against future occurrence e.g. regulatory compliance. Given their size and financial strength we feel they are broadly in a strong position to manage most financial and ESG risks.</p>

Example 4

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>INFLUENCE: Spain/Catalonia regarding social/political relations</p> <p>Meetings held from 2017 and continuing in 2018 with Spanish government and Catalonia encouraging greater dialogue between Madrid and Catalonia to negotiate and look for compromise to resolve social and political unrest with respect to increasing autonomy of Catalonia.</p>
RI strategy applied
<input type="checkbox"/> Screening <input type="checkbox"/> Integration <input checked="" type="checkbox"/> Engagement
Impact on investment decision or performance
<p>We have been managing our exposure based on the insights we gained from the dialogue with both parties, in terms of the likely market impact of full independence vs increased regional autonomy, and the Spanish government's position on honouring debts of autonomous regions.</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
<p>INSIGHT & INFLUENCE: various corporates (financials and non-financials) - thematic: cybersecurity</p> <p>BlueBay is a member of the PRI cybersecurity initiative, which seeks to engage with companies across a range of sectors and in different geographies to better understand their management of cyber risk, and promote improved disclosure in order to improve investor understanding of the quality of management of this issue.</p> <p>We co-led on engagement with HSBC as part of the project and participated in calls with other companies in other sectors and regions.</p>
RI strategy applied
<input type="checkbox"/> Screening <input type="checkbox"/> Integration <input checked="" type="checkbox"/> Engagement
Impact on investment decision or performance
<p>The engagement efforts have meaningfully improved our understanding of the issue in terms of the nature of the risks as well as the broad range of responses. We are better able to evaluate cyber risk in terms of sectors and have a better sense for the questions to ask, and how to interpret the responses. Such insights will contribute to our investment views on issuers. It has already improved our view of some issuers in terms of their management of this issue.</p>

FI 18.2	Additional information.
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Due to the fact that the value of analysis and engagement may take time to come through in teams of influence analysts decisions, or having a market impact, it can be challenging to link them directly to performance in the short term.

Furthermore to just consider the investment impact is too narrow as we feel it is equally important the impact we have on the views and awareness of our analysts.

BlueBay Asset Management LLP

Reported Information

Private version

Confidence building measures

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.

Confidence building measures

CM 01	Mandatory	Public	Additional Assessed	General
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CM 01.1 Indicate whether the reported information you have provided for your PRI Transparency Report this year has undergone:

- Third party assurance over selected responses from this year's PRI Transparency Report
- Third party assurance over data points from other sources that have subsequently been used in your PRI responses this year
- Third party assurance or audit of the correct implementation of RI processes (that have been reported to the PRI this year)
- Internal audit of the correct implementation of RI processes and/or accuracy of RI data (that have been reported to the PRI this year)
- Internal verification of responses before submission to the PRI (e.g. by the CEO or the board)
 - Whole PRI Transparency Report has been internally verified
 - Selected data has been internally verified
- Other, specify
- None of the above

CM 02	Mandatory	Public	Descriptive	General
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CM 02.1 We undertook third party assurance on last year's PRI Transparency Report

- Whole PRI Transparency Report was assured last year
- Selected data was assured in last year's PRI Transparency Report
- We did not assure last year's PRI Transparency report
- None of the above, we were in our preparation year and did not report last year.

CM 03	Mandatory	Public	Descriptive	General
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CM 03.1 We undertake confidence building measures that are unspecific to the data contained in our PRI Transparency Report:

- We adhere to an RI certification or labelling scheme
- We carry out independent/third party assurance over a whole public report (such as a sustainability report) extracts of which are included in this year's PRI Transparency Report
- ESG audit of holdings
- Other, specify
- None of the above

CM 04	Mandatory	Public	Descriptive	General
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CM 04.1

Do you plan to conduct third party assurance of this year's PRI Transparency report?

- Whole PRI Transparency Report will be assured
- Selected data will be assured
- We do not plan to assure this year's PRI Transparency report

CM 07

Mandatory

Public

Descriptive

General

CM 07.1

Indicate who has reviewed/verified internally the whole - or selected data of the - PRI Transparency Report . and if this applies to selected data please specify what data was reviewed

Who has conducted the verification

- CEO or other Chief-Level staff

Sign-off or review of responses

- Sign-off
- Review of responses
- The Board
- Investment Committee
- Compliance Function
- RI/ESG Team
- Investment Teams
- Legal Department
- Other (specify)

specify

Management Committee, ESG Investment Working Group, Head of Investment Risk & Performance

CM 07.2

Additional information [OPTIONAL]

We do not consider the process we have in place a verification in the technical sense, but rather a review. We circulate the full submission for a review of the responses and address any issue of accuracy in terms of description of activities/questions raised, otherwise taken that they have accepted it, although this does not mean they have verified performance data. The ESG team gathers the information to complete the submission, but the other members do not necessarily specifically review the underlying data.

BlueBay Asset Management LLP

Reported Information

Private version

Feedback and Submit

PRI disclaimer

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Feedback

Contact details

Final review and submission

CM 11

Mandatory

Descriptive

General

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