



RBC BlueBay
Asset Management

BlueBay ESG Investment Update

June 2021

Signatory of:



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Evolving our ESG reporting practices

This is our fifth environmental, social and governance (ESG) investment report sharing our thinking and practices on the incorporation of ESG considerations within our investment activities. We recognise sharing such information is increasingly important to our clients and other key stakeholders and are committed to transparency.

This latest edition signals a shift in our approach to reporting: before we have provided detailed annual calendar year reports. With the change in the [UK Stewardship Code 2020](#) ('Code'), which now encompasses fixed income managers, and our commitment to becoming a signatory to the Code, we have produced a 2020 calendar-year report (our application to be a Code signatory remains under consideration by the Financial Reporting Council (FRC) at the time of publication of this year).

Our [Annual Stewardship Report](#) for the Code contains much of the content we would historically have included in our annual ESG investment report. Indeed, some topics are covered in more detail.

To avoid repetition, we are modifying the nature and scope of this year's document to constitute an ESG investment progress update ('Update'). The two documents should be read in conjunction, as their content is complementary. This Update signposts readers to more comprehensive content within the other Annual Stewardship Report where appropriate.

We have also expanded the commentary reference period for this Update to encompass 2020 and 1H 2021, which allows us to share more recent ESG thinking and developments. As the [Annual Stewardship Report](#) will detail our ESG integration and stewardship for the full 2020 calendar year, we have not discussed these in depth in this Update. With the field of ESG investing evolving rapidly, we envisage so too will our ESG reporting practices.

Further details on our ESG investment practices can be found on our [website](#).

CEO message

During 2020 and the first half of 2021, we have continued our efforts to drive the incorporation of ESG practices into our investment process. This ESG investment update ('Update') provides a summary of our progress and achievements over this period.

2020 and 2021 to-date has been a period of significant disruption and change, but also one of opportunity, particularly in the context of ESG investing. I am pleased to say that we did not deviate from our 2020 ESG work programme despite the challenges presented by the pandemic (read our first [Annual Stewardship Report](#) for highlights) and have already made good progress against our 2021 work programme, a summary of which is included in this Update (see Figure 2 for more detail).

I hope you find this Update useful in evidencing our ESG journey. As ever, I welcome your feedback.

Erich Gerth
Chief Executive Officer
(CEO)



Some areas I wanted to highlight in particular:

- **ESG governance and positioning** – ESG became a firmwide strategic pillar in 2020, underpinning a shift in mindset towards ESG being viewed as a potential alpha source in its own right, with our ESG team also moving into the investment function and ESG performance objectives being embedded into roles across the business.
- **Collaborative engagements** – we have continued to play an active role at the industry level, including through participation in multiple fixed income focused workstreams with the [Principles for Responsible Investment](#) (PRI), and formally joining a number of additional initiatives, such as the [Climate Action 100+](#) (CA100+), [FAIRR](#), and the [Investors Policy Dialogue on Deforestation](#) (IPDD), a summary of which is included on our website. One highlight from these initiatives was being asked to present the findings from our IPDD work to the European Parliament to inform the EU-Mercosur trade agreement negotiations, emphasizing the influence fixed income investors can have in progressing the ESG agenda.
- **Certifications and awards** – we have continued to demonstrate above-median scores for our ESG practices from the PRI and were shortlisted as part of its [2020 annual awards for the 'ESG Incorporation of the Year' award](#). In 2020, we were also awarded the [LuxFLAG ESG Label](#) for our Global High Yield ESG Bond strategy for the period starting on 01 October 2020 and ending on 30 September 2021, followed by our Financial Capital Bond strategy in 2021, for the period starting on 01 April 2021 and ending on 31 March 2022.
- **ESG investment solutions** – we have worked closely with key stakeholders to ensure our ESG product offering remains compelling, which has resulted in the launch of additional 'ESG Orientated' strategies in April 2021 and our first strategy with an explicit focus on positive impact in May 2021, (see page 10 of this Update for more detail). We think the positive impact strategy is not only innovative because it is a fixed income offering (unlike the current impact offerings available that focus on equities or illiquid assets), but because it also allows investors to have an ESG exposure as part of their core portfolio, rather than as a satellite investment. We see this innovative approach as the next iteration in the evolution of ESG: potentially enabling investors to put capital more directly into 'doing good' whilst also 'doing well' in terms of returns.
- **Transparency** – we published our first [Annual Stewardship Report](#) in March 2021, following revisions to the [UK Stewardship Code](#) ('Code') in 2020 that formally bring fixed income managers within scope. Whilst voluntary, the Code is considered best practice. As such, we have produced the [Annual Stewardship Report](#) as part of our application to be a Code signatory (which remains under consideration at the time of writing).

Our ESG investment approach

Details of the ESG approaches we implemented during 2020 are contained in our [Annual Stewardship Report](#). Newer developments occurring during the first half of 2021 are summarised below. Further details on our ESG investment approach can also be found on our [website](#).

2021 1H approach update

- **Policies:** updated our [ESG Investment Policy](#) to reflect changes made to our strategy offering. We are utilising this policy to evidence how we comply with the [EU Sustainable Finance Disclosure Regulation](#) (SFDR), which came into force on 10 March 2021. Our EU SFDR website disclosure can be found [here](#).
- **ESG governance & resourcing:** during the period, there was a change of reporting line, with the Head of ESG Investment (My-Linh Ngo) now reporting directly to the Chief Investment Officer (CIO), Mark Dowding. In March, My-Linh also expanded her role, becoming a named portfolio manager for the newly launched BlueBay Impact-Aligned Bond strategy.
- **ESG investment framework:** our strategy offerings in the 'ESG Orientated' category expanded to include 'sustainability' and 'responsibility' focused approaches. Our updated [ESG Investment Policy](#) details how these strategies differ in their incorporation of ESG, a summary is provided in Figure 1.

Figure 1: BlueBay's ESG investment strategies

	ESG integration	Stewardship*	Exclusions/ negative screening – product based	Exclusions/ negative screening – conduct based	Thematic/Impact
Pooled funds – 'ESG Aware' strategies These strategies focus on ESG integration and identifying investment material ESG risks	✓	✓	✓	Potentially ²	
Pooled funds – 'ESG Orientated'¹ strategies These strategies have an ESG focus and ESG considerations take priority when investing, independent of investment materiality	✓ (with further exclusions based on ESG assessment (minimum ESG requirement))	✓	✓	✓	Potentially ²
Separately managed accounts (SMAs) These strategies could be 'ESG Aware' or 'ESG Orientated'	✓ ⁴	✓	Potentially ²	Potentially ²	Potentially ²

Notes: ¹ For BlueBay pooled funds, there are two types of ESG Orientated strategies: type 1 are focussed on 'responsibility' strategies and type 2 are focussed on 'sustainability' strategies. ² The specific screens may vary depending on the Fund / SMA in question. ³ This would apply to type 2 'sustainability' strategies.

⁴ Where these relate to ESG Orientated mandates, exclusions based on ESG assessment may apply.

*BlueBay has embedded stewardship principles into its investment process but has not been a signatory to the 2012 UK Stewardship Code. We have a pending application to become a UK Stewardship Code 2020 signatory which is currently under consideration by the FRC.

Source: BlueBay Asset Management, June 2021

- **ESG investment-related industry initiatives:** we have signed up to two initiatives so far in 2021: [The Global Impact Investing Network \(GIIN\)](#) and [Pensions for Purpose](#)

2020 – 1H 2021 in review

Our [Annual Stewardship Report](#) details our 2020 activities. It provides case study examples of our ESG integration activities (see sections related to Principle 4 & 7) and stewardship work (see sections related to Principles 9–12).

Some highlights for 1H 2021 are contained in this section of this Update, although more information will be provided on these in our next [Annual Stewardship Report](#).

Further details on our ESG investment approach can also be found on our [website](#).

Looking back on ESG market trends and developments

2020 was a pivotal year that fundamentally changed how society and the economy operate as a result of the pandemic, whom we see it continues to overshadow and dominate markets, and our lives. Over the period, we saw increased awareness of ESG matters and acceleration of pre-existing trends, with unprecedented growth in ESG-led investment approaches.

ESG regulation was another theme that gained in importance during the period, with the [EU Sustainable Finance Disclosure Regulation](#) (SFDR) coming into force on 10 March 2021. Regulation also gained traction outside of Europe, with other regions considering their rules regarding what qualifies as a ‘sustainable investment’ and what ESG disclosure regulations are needed. As such, we are witnessing increasing calls for mandatory climate reporting using the [Task-Force on Climate-related](#)

[Financial Disclosure](#) (TCFD) framework. The need for quality ESG data to evidence risk exposure and the implementation of ESG commitments is emerging as a result of these mandatory and voluntary initiatives.

Performance review against our ESG work programme

Our annual ESG work programme is set at the firm level and provides the framework and priorities against which we will measure progress during the year.

Reporting on our progress against our 2020 ESG work programme is available in our [Annual Stewardship Report](#), in Figure 3. An outline of our 2021 ESG work programme and performance to-date (covering the first six months of 2021) is summarised in Figure 2.

External assessment of BlueBay’s ESG investment practices: PRI results 2020

We received our annual PRI assessment results for the 2020 reporting cycle (covering 2019 calendar year) and were pleased to be awarded A+ across all modules. More information can be found in our [Annual Stewardship Report](#) and on our [website](#).



People & planet: seven sustainability themes targeting positive contribution and impact

2021 focus area	Description	Comments on 1H 2021 progress
<p>Enhance investment choice</p> <p><i>Ensuring we continue to provide a compelling product offering and enhance investment choice</i></p> 	<p>Continue to engage with our key stakeholders to ensure BlueBay has a compelling ESG product offering to meet investors' evolving needs, particularly in light of EU Sustainable Finance regulation (e.g. SFDR, taxonomy etc.). This can mean launching new strategies or repositioning existing ones to be more ESG focused.</p>	<p>In April, we launched additional ESG Orientated 'responsibility' strategies in the investment grade space (sister strategies for existing pooled strategies which are 'ESG Aware' in focus) that broadly align to the same ESG investment framework as the BlueBay Global High Yield ESG Bond strategy.</p> <p>In May, we launched the BlueBay Impact-Aligned Bond strategy – our first offering with an explicit focus on sustainability.</p> <p>Following a strategic review, we are exploring further expansion plans regarding our ESG-oriented investment solutions suite. Our proposals are subject to regulatory approval, but we hope to action these by end of 2021.</p>
<p>ESG investment-related policies</p> <p><i>Update ESG investment-related policies and expand where necessary</i></p> 	<p>Continue to review and update our ESG investment policies and reporting to align with market developments and/or changes in practice.</p>	<p>We have updated our ESG Investment Policy to align with the EU SFDR requirement.</p> <p>We published our first Annual Stewardship Report in March as part of our application to be a signatory of the 2020 UK Stewardship Code (this is currently under consideration by the FRC).</p>
<p>Governance and resources</p> <p><i>Ensure effective oversight of our ESG investment management framework</i></p> 	<p>Continue to review the effectiveness of the ESG Investment Working Group (ESG IWG), including refreshing its work programme and membership to ensure it remains efficient.</p> <p>Add resource to the ESG investment team to support our expanding ESG efforts.</p>	<p>We formally added representation from our Global Business Development function and agreed the 2021 work programme.</p> <p>We recruited an additional ESG investment team member, who is due to join in late July. The ESG team will also have additional support from an ESG Institutional Portfolio Manager, who began the role in June.</p>
<p>ESG integration and analysis</p> <p><i>Continuing to embed ESG into credit research and building the knowledge and understanding of our investment teams</i></p> 	<p>Continue to undertake ESG analysis of all held issuers, to identify potential insights that will inform our understanding of how ESG dynamics play out in the debt market and embed ESG into standard practice.</p> <p>Continue to work with portfolio managers more strategically on ESG and how ESG is used to inform portfolio asset allocation decisions.</p> <p>Continue to work with our specialist fixed income teams (structured credit, distressed debt, emerging markets, illiquid credit) to explore how best to integrate ESG into their investment processes.</p>	<p>We delivered ongoing ESG training and support to our investment professionals to deepen their understanding, knowledge and awareness of ESG-related matters.</p> <p>Some investment professionals (and others within the firm) have been awarded the CFA ESG Certificate.</p> <p>Our developed market distressed debt and emerging markets illiquid credit teams will be implementing our existing issuer ESG evaluation framework during 2H 2021.</p> <p>We are working on a bespoke ESG evaluation framework tailored to structured credit to be implemented during 2021.</p>
<p>ESG infrastructure and systems</p> <p><i>Strengthening our ESG infrastructure and systems and developing tools to enhance investment team support</i></p> 	<p>Continue to drive the enhancement of our internal ESG infrastructure to support investment teams in leveraging ESG data.</p> <p>Enhance our ESG reporting capabilities to include new metrics, such as climate risks and impact.</p>	<p>We migrated our sovereign issuer ESG evaluations onto our centralised research platform, Alpha Research Tool (ART).</p> <p>We enhanced our engagement database to document additional ESG data points, enabling us to better monitor and evaluate outcomes.</p> <p>We initiated work to enhance our ESG reporting capabilities.</p>
<p>Industry collaborations and initiatives</p> <p><i>Continuing to play a role in driving industry collaborations</i></p> 	<p>Maintain active participation in external ESG investment industry-related initiatives and collaborations and increase engagement on public policy-related matters.</p>	<p>We continue to play an active role at the industry level to advance ESG thinking and practice in fixed income investing through collaborations, partnerships and initiatives. New initiatives we have joined so far this year include the Global Impacting Investing Network (GIIN) and Pensions for Purpose. A summary of our current efforts is available on our website.</p>

Spotlight on innovation and collaboration in active ESG fixed income investing

To say the past 18 months has been unprecedented would not be an overstatement. The Covid-19 pandemic has been the dominant market theme since early 2020, although hopes are high that vaccines will enable society to return to something akin to ‘normal’ life in due course.

Throughout this period, BlueBay, like many other organisations, has had to adapt its operating model to ensure we continue to deliver for our clients while also protecting staff health and wellbeing. We are pleased to say that on both counts, BlueBay seems to continue to perform well. Indeed, our assets under management have grown over the period and we continued to launch innovative investment solutions. Our staff have also stepped up to show admirable spirit, resilience and teamwork.

These themes of innovation and collaboration stand out in reviewing our ESG investment efforts over the period. It seems fitting that these two themes should resonate today as BlueBay has been built on a culture of innovation and collaboration.

Since inception, we have continuously sought to invest in progressive solutions for our clients. At pivotal moments, our people had the foresight to see markets were shifting and recognised the need to seize these opportunities.

There is also a shared understanding across the firm that financial markets are inefficient and can be exploited through active management based on high-quality proprietary research. This applies whether we are talking about traditional financial or ESG-related matters which have the potential to impact markets.

We believe the current ESG macro developments, particularly on the regulatory side, could represent another period of material market shift. With this, we see new opportunities emerging for those with the entrepreneurial spirit to capture them.

In the following section, we have identified some key developments from 2020 and H1 2021 that illustrate the themes of innovation and collaboration.

From ESG risk management to ESG alpha generation

In 2020, we evidenced our progressive thinking regarding the role of ESG within fixed income investing. Like many of our peers, up until then we had recognised the value of adding ESG to our investment risk management framework to provide a more holistic understanding and in helping to manage downside risks. Hence the placement of our in-house ESG investment specialists within our investment risk function. However, it became apparent that ESG is increasingly a source of alpha generation in its own right.

To reflect this material shift, at the start of 2020 the team became a formal part of the investment function, with the Head of ESG Investment having a new reporting line to the Chief Investment Officer (CIO).

Mark Dowding, CIO, who instigated the move, explains: *“We have one investment process across all our strategies, with common components being product design, alpha sources and portfolio construction. It became apparent that the building blocks for alpha generation include proprietary research, coming not just from macro analysis and credit analysis, but increasingly ESG analysis. Team integration was the natural step to take to reflect this.”*

Polina Kurdyavko, Head of Emerging Markets and Senior Portfolio Manager, adds: *“Whilst ESG considerations have always been important when investing in emerging markets, they are increasingly manifesting themselves at the macro level – issues like climate change and social unrest are presenting real risks to global financial stability. However, these systematic risks are often mis-priced or are not priced at all by the majority of market participants, representing alpha opportunities for active managers like BlueBay.”*

Embedding ESG as standard practice

In 2013, we recognised the need to take a more strategic approach to incorporate ESG considerations into our investment practices. We took action by working with an external consultant to develop an ESG investment policy, source data, start to develop an internal framework to

“It became apparent that the building blocks for alpha generation include proprietary research, coming not just from macro analysis and credit analysis, but increasingly ESG analysis. Team integration was the natural step to take to reflect this.”

Mark Dowding, CIO BlueBay



more systematically incorporate ESG, as well as monitor and report to clients on their portfolio ESG characteristics. In addition, we began to collaborate with external ESG investment industry bodies, such as the [Principles for Responsible Investment](#) (PRI).

In 2014, we recruited a permanent in-house ESG investment specialist. Since then, we have continued to deepen and expand both our investment and people resources.

2019 saw ESG adopted as a strategic priority, enabling an expanded set of resources to be allocated to accelerate our efforts. We also established the ESG Investment Working Group (IWG) to oversee and champion ESG with investment teams.

In 2020, ESG was translated from a strategic priority to become one of BlueBay's strategic filters. This signals that ESG must be a normal part of our everyday conduct.

Reflecting on BlueBay's continued strategic prioritisation of ESG, **Erich Gerth, CEO** commented: *"I am proud of the steady progress we have made on ESG since 2013, and in particular most recently in light of the Covid-19 pandemic. ESG remains a strategically important issue for BlueBay."*

Spencer Woodward, Director of Investment Operations, and chair of the BlueBay ESG IWG added: *"We are seeing greater engagement from our investment professionals on ESG-related matters, facilitated by extensive 'behind-the-scenes' work to embed ESG-focused technology into our data infrastructure and workflows. There remains more to do, but the correct mindset is in place."*

Innovation in ESG integration practices

In previous annual ESG investment reports, we have described how we have been enhancing our ESG integration framework to incorporate ESG considerations into investment practices.

We were delighted to see this framework shortlisted by the Principles for Responsible Investment (PRI) in its 2020 annual *PRI Awards* in the category of 'ESG Incorporation of the Year' – an initiative designed to showcase signatory

ESG leadership. The award validated our efforts to design a robust and progressive approach to capturing ESG risks related to fixed income investing and differentiating them as distinct from other credit risks.

Commenting on this achievement, **My-Linh Ngo, Head of ESG Investment and Portfolio Manager** stated: *"The framework design came from the need to develop a process that reflected how ESG dynamics play out in fixed income markets. Whilst the initial framework came from the ESG investment function, it was improved through detailed input from our investment professionals."*

Taking engagement to the next level

2020 saw BlueBay step up its stewardship efforts, including greater engagement and a wider focus to encompass ESG issues that present systematic market risks, with these characterised by active collaboration.

We believe collective action is increasingly needed, given the scale and urgency of the sustainability challenges the world faces today. Working together increases the likelihood that progress will be achieved quickly and widely. Whilst individual issuer engagement remains important, there is a risk that efforts become disjointed or inefficient.

Systematic engagement means engaging beyond companies, because ultimately there is a limit to what a single company can do. It looks to engage governments, regulators and policymakers – those more directly controlling the operating environment within which companies do business.

Two examples from the last 18 months evidence our shift into this area:

- The first example is linked to climate change and the role of the energy sector in the low-carbon transition. BlueBay has become a member of the CA100+ initiative and co-lead the investor group regarding engagement with a leading Mexican state-owned energy company. This was the first fully state-owned company to be included in the CA100+. Dialogue remains ongoing with the company to encourage a more progressive climate strategy.

"The framework design came from the need to develop a process that reflected how ESG dynamics play out in fixed income markets. Whilst the initial framework came from the ESG investment function, it was improved through detailed input from our investment professionals." **My-Linh Ngo**, Head of ESG Investment and Portfolio Manager



- The second example, which captures climate change, biodiversity and human rights, is our co-chairing of the IPDD, a global investor engagement initiative. The group comprised 51 investors (around AuM USD7 trillion) as of March 2021, and has seen engagement expand from Brazil alone to include Indonesia. A PRI supported initiative, the IPDD has secretariat services provided by the [Tropical Forest Alliance](#) (TFA).

Speaking about what the IPDD is seeking to achieve and the role of fixed income investors, **Graham Stock**, **Emerging Markets Senior Sovereign Strategist** and co-chair for the Brazil workstream of the initiative explains: *“Our goal is to raise awareness regarding deforestation and to bring government attention to the systematic risk it can represent. In the world of investor stewardship, our equity peers often take the lead when engaging with corporates of which they are shareholders. But as established fixed income investors operating in both sovereign and corporate markets, we are well placed to have our message heard by the right people.”*

Whilst acknowledging that projects such as this take time to manifest, the IPDD initiative has exceeded initial expectations regarding the level of engagement expected, with its messaging being heard across the political and central banking infrastructure. Membership has also broadened to including Brazilian financial institutions, distinguishing it from ‘foreign only’ pressure groups. We believe new models of collaboration such as the IPDD will be needed if we are to truly address systematic ESG risks.

Innovating with progressive ESG investment solutions

Whilst we apply a core set of approaches in our ESG investment framework for all our managed assets – these are characterised by an approach largely focused on capturing investment-relevant or material ESG considerations to ensure we make informed investment decisions. We call this an ‘ESG Aware’ approach. This has been consistent with the requirements of the majority of our clients.

However, we increasingly recognise some investors want to go beyond this, to be more ‘ESG Orientated’. In other words, wanting to promote ESG considerations irrespective of whether they have a financial impact. This drove the launch of the BlueBay Global High Yield ESG Bond strategy – our first pooled ‘ESG Orientated’ strategy – in early 2017.

Justin Jewell, **Head of European High Yield, Senior Portfolio Manager**, and one of the portfolio managers for the strategy recalls: *“We launched the strategy in partnership with an investment consultant and Nordic asset owner who wanted to ensure there was a greater level of ESG integration in the investment process.”*

The strategy starts with ESG exclusion criteria but builds on this by leveraging off BlueBay’s proprietary issuer ESG evaluation to remove companies with the worst ESG performance. This was the first of its class of such strategies, with industry peers later following suit. During 2020, the strategy was awarded the LuxFLAG ESG label, evidencing it had met the necessary requirements to be given this voluntary label. In early 2021, the BlueBay Financial Capital Bond strategy was also awarded this label.

April 2021 saw the launch of two sister ‘ESG Orientated’ strategies in the investment grade area (the BlueBay Investment Grade ESG Bond strategy and the BlueBay Investment Grade Absolute Return ESG Bond strategy). We took the opportunity to enhance the ESG investment screening criteria of these strategies in anticipation of where we foresee best-practice thinking heading.

In May, we launched our most progressive ESG investment solution to-date – the BlueBay Impact-Aligned Bond strategy. This was the result of a collaborative in-house effort over the course of 2020, which saw extensive engagement with a range of stakeholders to determine how to best design a liquid, public debt sustainability thematic strategy to deliver impact as well as return.

“Our goal is to raise awareness regarding deforestation and to bring government attention to the systematic risk it can represent. In the world of investor stewardship, our equity peers often take the lead when engaging with corporates of which they are shareholders. But as established fixed income investors operating in both sovereign and corporate markets, we are well placed to have our message heard by the right people.”

Graham Stock, Emerging Markets Senior Sovereign Strategist



From screens to themes – bringing sustainable thematic investing to public debt

In 2020, we embarked on a strategic research project to design an impact-led investment strategy to add to our range of ‘ESG Orientated’ strategies, which to-date have been focused on ‘responsibility’ over ‘sustainability’.

An impact working group engaged with a range of global stakeholders across the investment value chain to conduct analysis of existing fund offerings and develop a product in this area. The collaborative efforts resulted in the launch of the BlueBay Impact-Aligned Bond strategy in May 2021, which saw a leading wealth advisory firm support the launch with seed capital.

Tom Moulds, Senior Portfolio Manager in the Investment Grade team and lead portfolio manager for the strategy explains: “This strategy is innovative

in the debt market in that it focuses on investing in companies whose core economic activities offer solutions to many of the world’s most pressing environmental and social challenges. It does this by investing in issuers in both developed and emerging markets and in issuers across the credit rating spectrum. As we’re focused on finding companies that provide solutions to our sustainability themes, we have also dropped the constraints of being tied to a benchmark.”

Innovation is also evident in the fact that My-Linh Ngo, Head of ESG Investment and Portfolio Manager, is a named portfolio manager for the strategy – a testament to our commitment to ensuring the strategy remains rooted in delivering impactful investments and a sound understanding of sustainability challenges.

People & planet: seven sustainability themes targeting positive contribution and impact



People



Achieving an inclusive society
Solutions promoting sustainable communities by ensuring inclusive and equitable access to essential services



Building knowledge and skills
Solutions promoting empowerment and lifelong learning through education, as well as training and development opportunities



Ensuring good health, safety and wellbeing
Solutions enhancing health, safety and wellbeing, as well as facilitating healthy lifestyles



Planet



Enabling a circular economy
Solutions improving the quality of the environment through promoting sustainable consumption, and resource efficiency and stewardship



Ensuring clean and plentiful water
Solutions promoting sustainable water stewardship as well as good sanitation



Promoting clean and safe energy
Solutions enabling the low carbon transition through adoption of alternative energy sources



Promoting sustainable mobility and infrastructure
Solutions facilitating the shift to more sustainable transportation modes, buildings and infrastructure

Source: BlueBay Asset Management, June 2021

Speaking about the drivers for the project, **Mark Dowding, CIO**, remarks: “Delivering impact-led outcomes has long been the preserve of equity or private funds. However, to create longstanding and holistic change, fixed income needs to play a leading role. Our clients would like us to help them invest for returns and impact and we believe this strategy will deliver both.”

Our plans for product development do not stop there. With the first (i.e. the [EU SFDR regulation](#)) of a package of [European Sustainable Finance](#) regulations coming into play in 2021 and the direction of fund inflows observed during 2020 and 2021 so far, we see increased demand for more ESG Orientated strategies. We have plans underway to expand our ESG-focused investment solutions.

Commenting on what investors can expect from BlueBay in terms of product offering, **Anthony Pickering, Global Head of Sales** states: “Investors and regulations are signalling an increased desire for more ESG-focused solutions. We are committed to working with investors and consultants to deliver a range of ESG solutions to offer investors choice.”

As we move into the second half of 2021, with ESG market developments remaining fast-moving and challenging global and regional dynamics to contend with, we believe our culture of innovation and collaboration puts us in a strong position to capitalise on opportunities as they arise.

Looking ahead

Our ESG themes for 2021

Early in 2021, we outlined our thoughts on eight ESG themes for the year ahead that were informed by what we had seen play out during the course of 2020.

You can read about our thoughts on [these market trends and development](#) in more detail on our website, or listen to a summary in our [podcast](#). They include the rebalancing of social issues, the continued rise of ESG policy and regulation, the importance and role of data and its transparency and an increased focus on stewardship.

During the first half of 2021, we continued to witness uncertainty and change, as we work to adapt to the new 'normal', which itself continues to evolve and be redefined.

But what the pandemic has highlighted is the scale and pace of change that is possible when presented with an existential global threat.

As we predicted at the start of the year, ESG investing is continuing to build momentum during 2021, which is fast becoming the year for setting the foundations for a journey towards a greener and just society. We are committed to that journey and the continued development and evolution of our own ESG thinking and investing.

Please refer to Figure 2 for our 2021 ESG work programme, which provides some steer on progress to-date.



Corporate responsibility at BlueBay

For information about BlueBay's wider ESG practices outside of our investment activities, please refer to our [website](#). Further detail is included in BlueBay's Corporate Responsibility (CR) briefing, which is available on request.

Contact us

To ensure we continue to meet our key stakeholder needs and interests, we welcome feedback on how we can improve our future ESG practices and reporting efforts. Details of how to contact us are provided below:

Email: **ESG@BlueBay.com**

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