

# ESG Risk Management at BlueBay

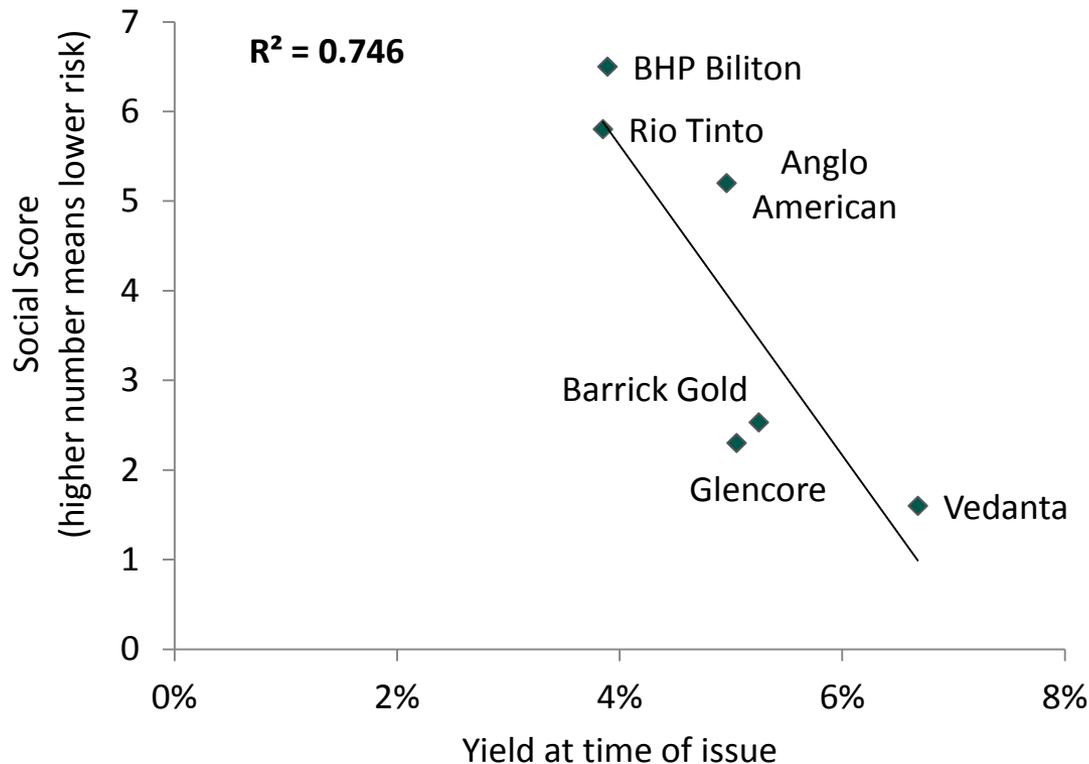
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# A debt holder's ability to initiate change at an issuer to reduce risk is limited, so it is important that risk is priced prior to investment



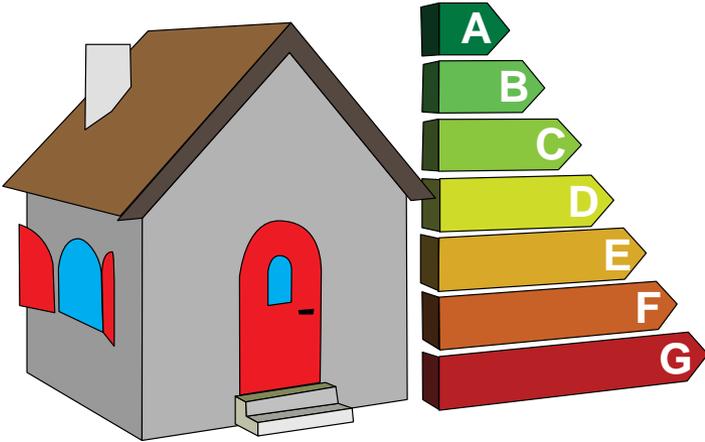
- Strong health and safety performance of mining companies improves operational efficiency as time lost to accidents is reduced
- Peaceful local community relations also help avoid disruption to output at a mine
- In 2013 Investment Grade mining companies with stronger performance on these “Social” metrics were able to issue debt at lower yields than those with weaker performance

**Over time we expect issuers with higher ESG risk will be exposed to a higher cost of debt than lower risk issuers**

*“However beautiful the strategy,  
you should occasionally look at  
the results”*

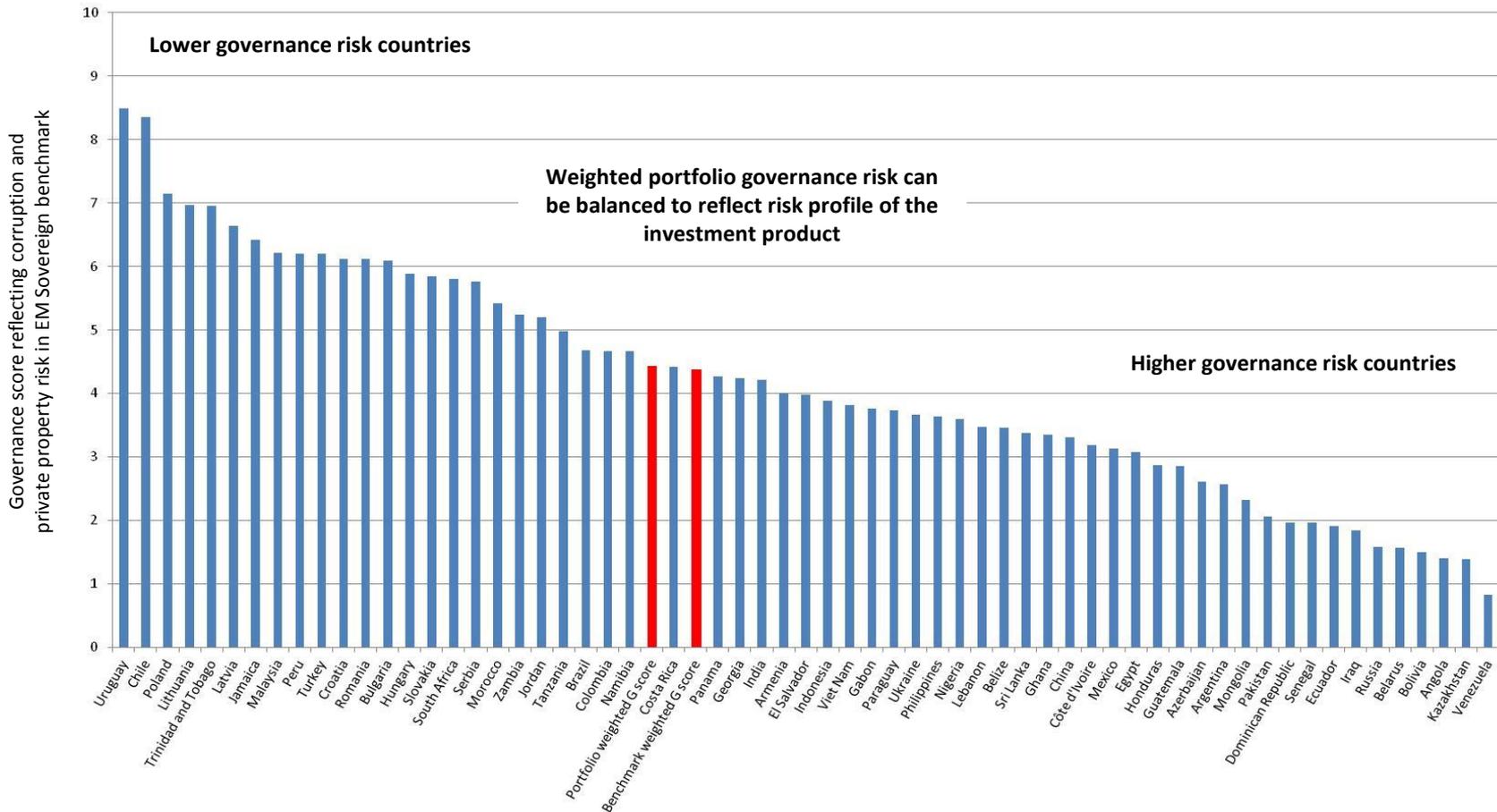
*Winston Churchill (1874-1965)*

A values driven investor will seek to maximise financial return within a defined universe; a liabilities driven investor wants to understand how ESG risks across their portfolio are being managed



We believe that giving asset owners visibility over ESG risk enables them to make choices over how to manage it

By understanding the relative exposure of each issuer and the weighted exposure of the portfolio, ESG risks can be managed at the portfolio level just like any other type of investment risk



**We expect asset owners to start expressing their appetite for varying levels of ESG risk via guidelines which target a minimum ESG score at the portfolio level**

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