

BlueBay Transparency Statement on the UK Modern Slavery Act 2015

BlueBay Asset Management LLP
BlueBay Asset Management (Services) Ltd
BlueBay Asset Management Corporation Ltd

March 2018

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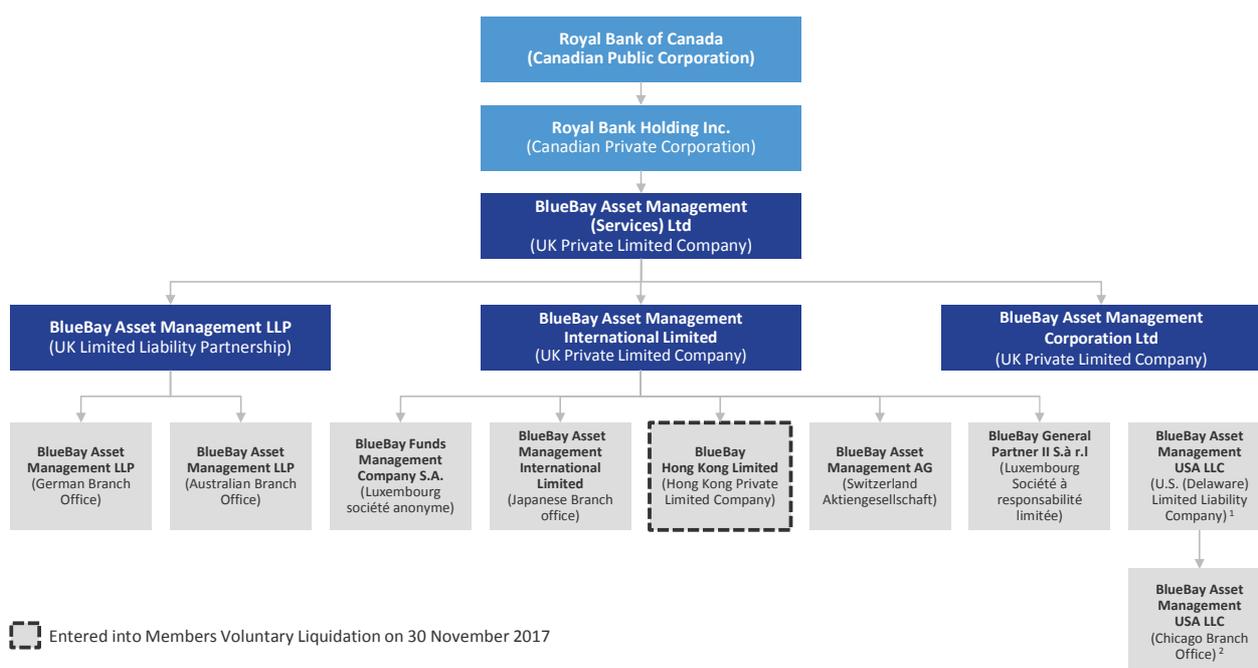
This Statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes the Slavery and Human Trafficking Statement (“Statement”) for the financial year ending 31 October 2017 for BlueBay Asset Management LLP (“BlueBay LLP”), BlueBay Asset Management (Services) Ltd (“BlueBay Services”) and BlueBay Asset Management Corporation Ltd (“BlueBay Corp”), (together, “BlueBay Entities”).

This Statement outlines BlueBay Entities’ policy, approach and status in relation to the Modern Slavery Act 2015.

Business and Organisational Structure

BlueBay is one of Europe’s largest specialist active managers of fixed income, entrusted by clients with over US\$60.5 billion in assets under management as of 28 February 2018 in corporate and sovereign debt, rates and FX. Its clients are institutions, consultants and financial intermediaries. With an established track record of innovation and performance, BlueBay provides a broad range of relative return, total return and alternative investment portfolios in both public and private debt markets. It employs approximately 380 employees and partners located in six offices globally - UK, US, Japan, Luxembourg, Switzerland and Germany 28 February 2018.

BlueBay Group Entity Structure



 Entered into Members Voluntary Liquidation on 30 November 2017

Notes: **1** Prior to 1 November 2016, BlueBay Asset Management USA LLC (“BBAM USA”) was owned by BlueBay Asset Management International Limited. Following Royal Bank of Canada’s implementation of Section 165 of U.S. Dodd Frank Act, BBAM USA was transferred to RBC USA HoldCo Corporation. **2** A Branch Office designation in compliance with the National Futures Association

BlueBay is a wholly-owned subsidiary of Royal Bank of Canada (“RBC”) with full investment autonomy and substantial operational independence. RBC is one of the largest banks in the world based on market capitalisation and one of North America’s leading diversified financial services companies. RBC carries out its activities in five business segments; Personal and Commercial Banking; Wealth Management; Insurance; Investor and Treasury Services; and Capital Markets. BlueBay forms part of RBC Global Asset Management, a Group included in RBC’s Wealth Management business segment.

Policy on Slavery and Human Trafficking

BlueBay Entities are committed to respecting human rights in all its operations and external business interactions. It is the policy of the BlueBay Entities not to tolerate slavery and human trafficking practices within their business and supply chains. The BlueBay Entities will take appropriate and reasonable measures to minimise the risk of this taking place in line with the nature of services provided to these entities.

This Statement, including the policy, approach and status will be reviewed annually and updated where necessary to reflect changes in circumstances and actual practice. The Statement will be approved by the Members of BlueBay LLP and the Board of Directors of BlueBay Services and BlueBay Corp and be made publicly available on the BlueBay Entities' corporate website.

Risk Assessment and BlueBay's Due Diligence Approach

The BlueBay Entities seek to implement an appropriate risk-based approach to minimise the risk of slave labour. This includes consideration of supply chains and, for BlueBay LLP, investment portfolios. Whilst it is acknowledged that risk factors are present in all global supply chains and across all sectors, it is believed that the BlueBay Entities' overall risk exposure to slavery, human trafficking and forced labour is low in relative terms given the nature of the business undertaken (asset management services) and the skillset required in (mainly skilled labour). This is as compared with other sectors or characteristics of supply chains which are considered 'high-risk'. Where there is a potential risk, we consider this is potentially more likely to be indirect via our supply chains, rather than directly. However, the BlueBay Entities will endeavour to include appropriate risk assessment, due diligence and management requirements designed to minimise the risk of slave labour within their employment, supply chain and investment management practices, as relevant to either firm.

The below details the scope of potential risk areas that the BlueBay entities will seek to manage, outlining what is existing and what is planned over the course of the next year:

Directly: This could potentially be the risk of employing a trafficked or exploited person within the business or through a subcontractor or recruitment agency. BlueBay staff are already protected by relevant laws and regulations, which are fully reflected in the firm's policies and procedures. Contractors and consultants utilised by BlueBay Corp carry out highly skilled activities and are therefore deemed low risk. BlueBay Services and BlueBay LLP have no staff or contractors in the UK, only a Board of Directors and Company Secretary; and Board Members, Partnership Secretary and Partners respectively. In terms of staff training, we have provided awareness to all staff through annual anti-financial crime e-learning.

Indirectly: This could be through the supply chain (through illegal subcontracting or through use of products and materials which have been produced by people under conditions of forced labour), and/or via BlueBay LLP's investment activities.

- **Supply chain:** The BlueBay Entities have third party suppliers who either provide products and services for office buildings, as required (e.g. cleaning and security staff, utility suppliers etc.) or which enable the BlueBay Entities to conduct their business (e.g. providers of financial data, office I.T. equipment & supplies etc.), or which the BlueBay Entities use in the course of their business (e.g. travel and hospitality providers etc.).
 - In terms of the staff we employ to carry out our facilities management services at our London office (such as cleaners), we already voluntarily pay the London Living Wage. Going forwards, we will create new contract clauses to set expectations regarding Modern Slavery for facilities management service suppliers.

- BlueBay Entities will also create new contract clauses to set expectations (and include requirement of compliance) regarding Modern Slavery to be included in any new (non-facilities management related) supplier agreements.
- To ensure a high level of understanding of the risks of modern slavery and human trafficking in our supply chains, we will provide training to key staff involved in service provider management of “key risk” providers.
- In addition, to improve our due diligence process, BlueBay will move to perform a risk based review of its service providers to identify “high risk” providers. Such assessment will be based on risk criteria that include the type of services provided to BlueBay Entities. Once identified, such providers will be sent BlueBay Entities’s current Statement.
- **Investments:** This risk exposure would potentially be through the investment portfolios managed by BlueBay LLP, as they may include debt exposure to issuers in sectors and markets (given the firm manages debt strategies spanning all sectors and all regions globally), where this can be a high-risk issue.
 - Since 2013, BlueBay LLP has had an Environmental, Social & Governance (ESG) investment risk policy in place, which seeks to consider ESG investment risks as part of the investment process, and manage this accordingly. The primary EGS investment strategy applied is ESG integration, which focuses on evaluating investment material risks, which can be a function of many factors, such as the nature of the products or services a company is involved in, its geographical presence, as well as its management of key ESG risks.
 - Our ESG investment risk management framework is overseen by an in-house ESG investment risk team, who work actively with investment team professionals to share insights as well as build ongoing awareness, knowledge and understanding of material ESG risks associated with investments.
 - In some instances, with regards some investments, human rights issues such as slavery and human trafficking may be considered investment material, and/or considered to present a reputational risk issue.

In terms of performance indicators to track our performance, given we are in the early stage of establishing our approach, these will most likely relate to process metrics such related to the activities outlines above to carry out for the next year such as ongoing annual anti-financial crime e-learning for staff, new contract clauses on modern slavery into supplier agreements, inclusion and performance of risk assessment reviews.

The BlueBay Entities’ View on their Slavery Risk Performance

Employment risk: To the best of its knowledge, BlueBay Corp is not in breach of employment legislation for any of the jurisdictions in which it operates.

Supply chain risk: The BlueBay Entities do not believe that any of their suppliers engage in slave labour practices.

Investment risk: Given the absolute number of debt issuers BlueBay LLP manages exposure to, BlueBay LLP cannot rule out that at any point in time, one or more of the investment portfolios which it manages may have exposure to companies engaged in slave labour practices. Whilst BlueBay LLP has developed an ESG investment risk management framework to source intelligence on investment ESG risks, and monitor investment exposure, the process does not necessarily monitor for slave labour practices in an explicit and formal way.

This Statement was approved by the Board of Directors of all the BlueBay Entities.

[insert signature]

James Brace
Designated Member
BlueBay Asset Management LLP

[insert signature]

Luc Leclercq
Director
BlueBay Asset Management (Services) Ltd

[insert signature]

James Brace
Director
BlueBay Asset Management Corporation Ltd

Date: **20 March 2018**