



# BlueBay Transparency Statement on the UK Modern Slavery Act 2015 and the Commonwealth Modern Slavery Act 2018 of Australia

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

March 2021

## BlueBay Transparency Statement on the UK Modern Slavery Act 2015

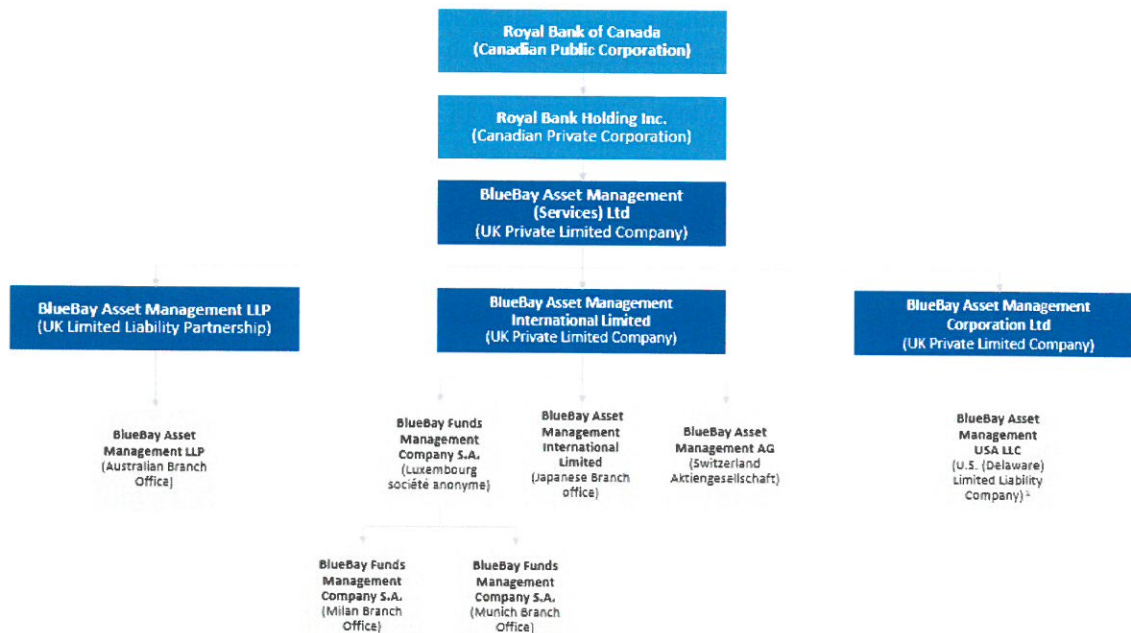
This Statement is made pursuant to section 54(1) of the UK Modern Slavery Act 2015 and, the Commonwealth Modern Slavery Act 2018 of Australia and, constitutes the Slavery and Human Trafficking Statement and Interim Statement (“Statement”) for the financial year ending 31 October 2020 for BlueBay Asset Management (Services) Ltd (“BlueBay Services”) for BlueBay Asset Management LLP (“BlueBay LLP”) including its Australian Branch, 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 and the Commonwealth Modern Slavery Act 2018 of Australia.

### Business and Organisational Structure

BlueBay is one of Europe’s largest specialist active managers of fixed income, entrusted by clients with over US\$75.1 billion in assets under management as of 31 December 2020 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 407 employees and partners located in eight offices globally – UK, US, Japan, Luxembourg, Switzerland, Australia, Germany and Milan as of 31 December 2020.

### BlueBay Group Entity Structure



Notes: 1 Prior to 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

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.

## BlueBay's Risk Exposure to Slavery and Human Trafficking

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 assessments / actions 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, targeted training was provided to staff that are the points of contacts for specific vendors/suppliers category (refer below to the service provider risk assessment framework & results)

**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) used by BlueBay Entities, and/or via BlueBay LLP's investment activities.

- **Supply chain:** There is a clearly defined process for selecting and on-boarding new third party suppliers and vendors (henceforth known as service providers) and a defined risk oversight mechanism. The service provider used across the business falls into the below 9 categories:
  1. **Outsourcer (Service):** it's an arrangement of any form between a firm and a service provider by which that service provider performs a key process, a service or an activity within their environment which would otherwise be undertaken by the firm itself. A business activity is regarded as key if a defect or failure in its performance would materially impair in meeting its obligations (such as regulatory, legal or contractual) or financial performance.
  2. **Outsourcer (Staff):** are firms that provide staffing to BlueBay and these staff access the BlueBay environment to carry out the required processes rather than conduct the service/process in the outsourcer's environment. The staff maybe using their company's technology to gain access to the BlueBay environment.
  3. **Platforms:** these are firms that are part of the trade processing lifecycle such as electronic trading venues, clearing houses, settlement platforms, prime brokers and custodians.

4. **Data Providers:** these are companies that provide data which are fed to BBAM systems or provides Terminals with access to market data.
5. **Others:** this includes consulting, legal, real estate, building management, maintenance companies, education and communications.
6. **Vendor software providers (Hosted in-house):** these are off-the-shelf software which are hosted in BBAM Datacentres and hardware vendors that a business uses to facilitate its business processes.
7. **Infrastructure as a Services (IaaS /Cloud):** computing infrastructure / hardware, provisioned and managed over the internet.
8. **Platform as a Service (PaaS /Cloud):** end user productivity and social media tools.
9. **Software as a Service (SaaS /Cloud):** are applications that supports business processes provided in various formats over the internet.

BlueBay had re-performed a risk-based review of its service providers to identify “high risk” providers. The 2020 risk assessment framework and results are details below.

### BlueBay’s Modern Slavery Act Service Provider Risk Assessment Framework & Results

For the risk assessment, there were three broad sets of criteria considered:

1. **Business Criticality** – includes an assessment of the materiality of BlueBay’s annual spend with the service provider, availability of alternatives/substitutes and the level of difficulty of sourcing these alternatives/substitutes;
2. **Applicability to the Act** – looks at whether the supplier/vendor will be subject to the UK Modern Slavery Act 2015 and/or to the Commonwealth Modern Slavery Act 2018 of Australia; and
3. **Slavery, Human Trafficking and Forced labour** – evaluates the nature and characteristics of the service provider’s business activities against 'high risk' industry sectors and business characteristics

Each of the service provider categories was subjected to the above three criteria so as to define an overall ‘Risk Score’ for each category. A score between 24 and 30 is considered as High risk; a score between 17 and 23 is Medium risk and a score between 10 and 16 is Low risk.

Where a category has scored between 24 and 30 and is ranked as High, a more detailed review of the service provider within that category will be performed to better understand how the service provider organisation addresses the issue of slavery, human trafficking and forced labour within their business context. However, a category ranking of Medium and Low will not be subject to a more detailed assessment. BlueBay will only assess direct relationship and not the suppliers (fourth parties) used by the service providers.

The results of the 2020 assessments of the service provider categories, showed that no category has been ranked as High. The overall findings are as follows:

- BlueBay mainly has exposure to service-based vendors which utilise skilled labour
- The majority of vendors were categorised as 'low' risk, with some being 'medium' risk
- Medium risk service provider categories are: Outsourcers (Service), Outsourcer (Staff), Platforms and a sub-category of Others

On further analysis of the sub category of Others – “Building Management / Maintenance Organisations”, we identified that when solely applying the risk criteria No.3 above (Slavery, Human Trafficking and Forced labour), this sub-category poses the highest risk due to the nature and characteristics of the business activity.

Actions taken during 2020 and planned actions for 2021:

- The Facilities function maintained a number of direct relationships with service providers within the subcategory of “Building Management / Maintenance Organisations”. In August 2020, a decision was taken to outsource a number of facilities activities to a new service provider and thus consolidating the number of direct relationships held in the “Building Management and Maintenance Organisation” sub-category with the new

outsourcer. The modern slavery report for this outsourcer was assessed as part of the on boarding due diligence performed to ensure it is in line with BlueBay's statement on modern slavery. The outsourced agreement commenced on 1st October 2020. This has led to the reduction of the risk exposure of BlueBay to the sub-category of "Building Management / Maintenance Organisations"

- BlueBay aligned its vendor management processes with RBC's supplier management process and has updated its procedures.
- During 2021, the RBC Supplier Code of Conduct will be rolled out to new service providers and plan will be established to rollout the RBC Supplier Code of Conduct for current service providers on a risk based approach.

**BlueBay LLP's investment activities:** 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 policy in place, which seeks to consider ESG investment risks as part of the investment process, and manage this accordingly. The primary ESG 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 management framework is overseen by an in-house ESG investment 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.
- During August 2018, BlueBay rolled out a formal issuer ESG evaluation process among its public debt teams. This initiative will enable systematic consideration and documentation of material ESG risks to ensure these are factored into the investment analysis decisions. 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. Our new process will alert the ESG function and investment teams to this where it is the case so that it can be addressed.

### The BlueBay Entities' View on their Slavery Risk Indicators

**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, whilst BlueBay LLP has developed an ESG investment management framework in place, 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. The issuer ESG evaluation focuses on the consideration of investment material ESG risks, and it may be that in some instances, slavery risks would not fall into this classification.

This Statement was approved by the Board Members of the LLP on 25 March 2021, the Board of Directors of BlueBay Asset Management (Services) Ltd on 29 March 2021 and the Board of Directors of BlueBay Asset Management Corporation Ltd on 29 March 2021.

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**James Brace**  
Designated Member  
BlueBay Asset Management LLP

A handwritten signature in black ink, appearing to read 'Luc Leclercq', with a stylized, circular flourish at the end.

**Luc Leclercq**  
Director  
BlueBay Asset Management  
(Services) Ltd

A handwritten signature in black ink, appearing to read 'Luc Leclercq', with a stylized, circular flourish at the end.

**Luc Leclercq**  
Director  
BlueBay Asset Management  
Corporation Ltd

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