

# Modern Slavery Act Statement

for the Financial Year ending December 2018

## Background

The Modern Slavery Act 2015 (the “Act”) of the United Kingdom requires certain businesses to provide disclosure concerning their efforts to address the issues of Slavery and Human Trafficking in their supply chain.

This statement sets out the approach taken by Sumitomo Mitsui DS Asset Management (UK) Limited (SMDAM UK) during the financial year ending 31 December 2018 towards identifying and preventing modern slavery and human trafficking in its business and supply chains, as required by the Act.

## Organisational Structure

SMDAM UK is 100% owned subsidiary of Sumitomo Mitsui DS Asset Management Company, Limited (SMDAM Tokyo) which was created by the merger between two Japanese leading asset managers, Sumitomo Mitsui Asset Management Company, Limited (SMAM) and Daiwa SB Investments Ltd (DSBI) on 1 April 2019. Following the Tokyo merger, SMDAM UK was merged with Sumitomo Mitsui Asset Management (London) Limited to create SMDAM UK on 1 October 2019.

The asset management sector is undergoing global growth, and the investment management capabilities and services desired by clients are progressively becoming more sophisticated. The merger aims to establish an asset management company that combines the strengths and expertise of SMAM and DSBI, and offers the highest quality of investment management performance and services based on an unwavering commitment to its fiduciary duties, in order to properly address the aforesaid client needs.

The ownership (percentage of voting rights) of the SMDAM Tokyo is as follows: Sumitomo Mitsui Financial Group (50.1%), Daiwa Securities Group (23.5%), Mitsui Sumitomo Insurance Company (15.0%), Sumitomo Life Insurance Company (10.4%), and Sumitomo Mitsui Trust Bank, Limited (1.0%).

To exploit the business opportunities across the global financial markets, SMDAM Tokyo has four overseas subsidiaries, namely, UK, US, HK and Singapore and 1 representative office in Shanghai.

SMDAM UK’s client base includes corporate and state pension schemes, insurance companies, mutual funds, private banks and sovereign wealth funds, covering UK and the EU countries as well as the Middle East region.

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## **Business and Supply Chains**

SMDAM UK is responsible for investment advice in relation to the global equity mandates of clients based in Japan and managed by SMDAM Tokyo. Also, SMDAM UK's clients with Japanese equity mandates have the management of their portfolios delegated to the SMDAM Tokyo investment team. SMDAM UK enters into sub investment advisory/management agreements with SMDAM Tokyo.

Other suppliers may also include parties with whom SMDAM UK have entered into a distribution or similar agreement to distribute our products and services, business outsourcing contracts for investment administration and IT services and other ancillary services such as disaster recovery and business continuity, data provision and maintenance, as well as other IT and general service providers.

SMDAM UK shares its office in London with Daiwa Capital Markets Europe Limited (DCME) although SMDAM UK is an entirely separate entity. DCME is responsible for shared services and amenities such as premises and HR services.

## **Risk Assessment and Due Diligence**

SMDAM UK's business and supply chain contractual arrangements are subject to a thorough due diligence process, both before the business relationship commences and on an ongoing basis. This includes a risk assessment which takes account of the type of service to be provided, the jurisdiction of the counterparty and its regulatory status if appropriate, and any conflicts of interest which may arise.

## **Our Response to the Modern Slavery Act**

Our analysis indicates that the nature of SMDAM UK's service offering and that of its contractual counterparties means the risk of involvement in modern slavery and human trafficking is low, and SMDAM UK believes it does not currently have any third party relationships which raise any issues or concerns in this area. Nevertheless, SMDAM UK will assess any potential modern slavery risks presented by existing and new suppliers.

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## **Staff Awareness Training**

On an ongoing basis, staff education and awareness of the Act and its effects will be made via communication of current and / or relevant issues and developments, with SMDAM UK's policies and procedures being updated and amended as necessary. In addition, SMDAM UK has a whistleblowing policy through which staff may report any concerns of malpractice without fear of recrimination.

The statement has been approved by the Board of Directors of Daiwa SB Investments (UK) Ltd. (now SMDAM UK) on 31 July 2019.

Shinji ISHIMARU  
Managing Director  
Daiwa SB Investments (UK) Ltd.