

## The UK Modern Slavery Act 2015

The UK Modern Slavery Act 2015 (the "Act") received Royal Assent on 26 March 2015.

Modern Slavery is a term used to encapsulate both offences in the Act:

- slavery, servitude and forced or compulsory labour
- human trafficking

**As required by the Act, this statement sets out the approach taken by Nomura Asset Management U.K. Limited during the financial year ending 31 March 2016 towards identifying and preventing modern slavery and human trafficking in its business and supply chains.**

### Organisational structure

Nomura Holdings Inc. is the ultimate holding company of the Nomura Group.

Nomura Asset Management Co., Ltd ('NAM') is a leading global investment manager for some of the world's largest institutional investors, and has its headquarters in Tokyo, with overseas subsidiaries in London, Singapore, Kuala Lumpur, Hong Kong, New York, Frankfurt, Sydney and Taipei.

Nomura Asset Management U.K. Limited ('NAM UK') is one of these NAM subsidiaries. Based in London, it is the headquarters for the European, Middle East & Africa (EMEA) region.

NAM UK's client base includes corporate and state pension schemes, insurance companies, mutual funds, private banks and sovereign wealth funds. We provide our clients with a wide range of innovative strategies including regional and single country equity products, global emerging markets products, fundamental index solutions and global fixed income strategies.

### Business and supply chains

NAM believes in the regional management of investment portfolios, which results in numerous cross border delegation arrangements whereby the local office delegates the management of non-regional mandates to the relevant regional entity.

NAM UK is responsible for the management of global equity and fixed income mandates for clients based in both the EMEA region and beyond. This includes a large proportion of Japanese domiciled mutual funds for which we have been appointed as the sub investment adviser. In reverse, NAM UK's clients with Japanese equity mandates have the management of their portfolios delegated to the NAM investment team in Tokyo, with Pacific Basin (excluding Japan) equities managed by the offices in Singapore/ Hong Kong. In each case, NAM UK enters into a sub advisory agreement with the relevant NAM office.

Other suppliers may include parties with whom we 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.

We share our office in London with Nomura International plc ('Nip'), although NAM UK is an entirely separate entity. Nip is responsible for procurement of shared services and amenities such as premises, Human Resources and the staff restaurant, and is part of the wider Nomura Europe Holdings plc group.

### **Risk assessment and due diligence**

NAM UK 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. We may also use input from global resources and bodies such as the Financial Action Task Force, Transparency International and third party screening services with links to global sanctions and watchlists, Politically Exposed Persons databases and adverse media screening facilities.

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

Our analysis suggests that the nature of NAM UK's service offering and that of its contractual counterparties means the risk of involvement in modern slavery and human trafficking is low, and we believe we do not currently have any third party relationships which raise any issues or concerns in this area. Nevertheless, we will check for the Modern Slavery Act statement of any relevant UK-domiciled counterparties as part of the due diligence performed for new and existing contractual agreements, and for non UK-based counterparties we will seek similar assurances as part of our due diligence process. Furthermore, the Board of NAM UK will regularly review the procedures we have in place to ensure NAM UK's continued compliance with the requirements of the Act.

### **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 NAM UK policies and procedures being updated and amended as necessary.

In addition, NAM UK has a whistleblowing policy through which staff may report any concerns of malpractice without fear of recrimination. An independent reporting service called InTouch is also available to staff wishing to make an anonymous report.

**The statement has been approved by the Board of Directors of Nomura Asset Management U.K. Limited on 28 September 2016.**

**Richard Bisson  
Chief Executive Officer  
Nomura Asset Management U.K. Ltd.**