

Rt Hon David Cameron MP
10 Downing Street
London
SW1A 2AA

Tuesday, 18 November 2014

Dear Mr Cameron,

Statement supporting the inclusion of proportionate supply chain reporting requirements in the Modern Slavery Bill

This statement is supported by 21 investors representing £940bn in assets under management.

We are writing to welcome the Government's decision to introduce corporate supply chains transparency reporting within the Modern Slavery Bill. As shareholders we have concerns that failure to manage human rights issues in increasingly complex supply chains may pose significant risks to business, and welcome moves which help increase transparency around supply chain management.

Consequently, we call on the Government to ensure that the supply chains reporting requirement included in the Modern Slavery Bill demonstrate the following pertinent features:

- Requires disclosure which focuses on evidence of a suitable policy
- Requires disclosure which covers the process for identifying risks in the supply chain; which parties have been involved in the assessment of such risks; and the range of actions taken to address those risks where identified, alongside appropriate sanctions.
- Requires listed companies to consider the issue as part of their annual reports to shareholders.

Our experience of engaging with companies has indicated that they share these concerns. In addition to the human cost, incidences of forced labour, poor working conditions or other forms of bonded labour within supply chains can result in damage to brands and reputation, undermining the licence to operate. The operation of unregulated third parties within supply chains can add to operational inefficiency and increase the risk of significant supply chain disruption. This can ultimately have significant negative value implications and effects on reputation.

Overly prescriptive legislation or unnecessary red-tape stifle entrepreneurial creativity in dealing with social problems. Any regulation proposed for inclusion within the Modern Slavery Bill should be drafted to gain mass participation by companies across many sectors

whilst including business as an equal partner. Further, it should recognise efforts made by the most progressive companies in addressing human rights risks within the supply chain.

We consider that such proportionate legislation which enlists business as a partner is vital in efforts to combat human rights risks within supply chains, and especially in efforts to reduce the incidence of forced labour and human trafficking.

Such approaches for the UK would create value for many different stakeholders - companies' reputations are enhanced, investors' long term returns are safeguarded and people are transitioned out of forced labour and modern slavery.

This statement is supported by the following signatories:

Alliance Trust



Aviva Investors



The Barrow Cadbury Trust
Helen Cadbury, Chair

Boston Common Asset Management
Lauren Compere, Managing Director



Helena Viñes Fiesta
Head of Sustainability Research



Calvert Investments
Bennett Freeman,
Senior VP for Sustainability Research and Policy



Christian Brothers Investment Services, Inc.
Julie Tanner
Assistant Director of Socially Responsible Investing



CCLA Investment Management
Michael Quicke, Chief Executive



CBF Church of England Funds
James Bevan, Chief Investment Officer

Church Commissioners for England

Andrew Brown, Chief Executive

Church of England Pensions Board

Bernadette Kenny, Chief Executive

Ecclesiastical Investment Management

Neville White, Head of SRI Policy & Research



Hermes

Colin Melvin, CEO



Henderson Global Investors

Anthony Marsden, Head of Governance & Responsible Investment



The Joseph Rowntree Charitable Trust

Nick Perks, Trust Secretary



Newton Investment Management



The Pensions Trust



Rathbone Brothers PLC

Philip Howell, Chief Executive



Royal London Asset Management

Niall O'Shea, Head of Responsible Investing



WHEB Asset Management

Seb Beloe, Partner, Head of Sustainability Research



Worcester Diocesan Investment and Glebe Committee

Stephen Linder, Secretary

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