INVESTORS SUPPORT INCLUSION OF SUPPLY CHAIN REPORTING IN THE MODERN SLAVERY BILL

Investors with a total of £940 billion in assets under management are backing the Government’s recent commitment to include proportionate supply chain reporting requirements in the Modern Slavery Bill.

The Government’s introduction of the Modern Slavery Bill gives Parliament an opportunity to act decisively to protect the victims of modern slavery, and thereby establish the most effective regime in the world for the prosecution of slave masters and traffickers.

More than 20 asset managers have already added their support for the inclusion of Transparency in Supply Chains (TISC) legislation within the UK Modern Slavery Bill, including;

Rathbone Investment Management; Hermes; Aviva Investors; Alliance Trust; BNP Paribas; CCLA; The Church Commissioners; Henderson Global Investors; Royal London Asset Management; WHEB; The Pensions Trust; The Joseph Rowntree Charitable Trust; Barrow Cadbury Trust; Boston Common Asset Management; Calvert Investments; Christian Brothers Investment Services, Inc; CBF Church of England Funds; Church Commissioners for England; Church of England Pensions Board; Ecclesiastical Investment Management; Newton Investment Management; Worcester Diocesan Investment and Glebe Committee.

An estimated 29.8 million people are victims of ‘modern slavery’ according to research from WalkFree Foundation and are subject to forced labour, poor working conditions and other forms of bonded labour.

Complex supply chains can leave businesses vulnerable to association with human rights abuses, which not only presents moral and ethical concerns but also poses real risk to business. Failure to manage such human rights abuses can impact dramatically on companies and their shareholders, damaging brands and reputations and risking severe disruption in supply chains.
TISC, successfully piloted in California, compels companies to publish the steps they are taking to address the issue of ‘modern slavery’ and ensures that the issue is dealt with at board level. A similar provision in the Modern Slavery Bill would ensure the UK’s continued position as a world leader on these issues.

**Matt Crossman of Rathbone Investment Management said:** “It is in the best interests of business to join the fight against modern slavery. The Government’s recent commitment to TISC creates an opportunity for business reputations to be enhanced and long term returns to be safeguarded, whilst transitioning at risk people out of forced labour and modern slavery. Embracing transparency in supply chains is about reducing strategic risks for companies and improving competitive advantage. Specific, but proportionate, legislation can allow companies to continue making progress, whilst ensuring that firms can no longer turn a blind eye to these issues. From a long-term investor perspective, this is of great benefit, as it reduces underlying risk in investment portfolios.”

**Naheeda Rashid, of Hermes EOS said:** “Supply chain mismanagement can cause serious damage to profitability, shareholder and fund value and reputation, both in the short and long term. Companies which are able to demonstrate that they understand and are actively addressing the complexities of the risks in their supply chains will be better placed in managing both their reputation and disruptions to their operations. Hermes welcomes the government’s decision to introduce corporate supply chain reporting within the Modern Slavery Bill, which could allow companies an opportunity to increase their transparency and disclosure on how their actions address important social risks, such as forced labour. “

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About Rathbone Investment Management

Rathbone Investment Management is one of the UK’s largest and longest-established providers of high-quality, personalised discretionary investment services. It manages over £23.9 billion* of funds (as at 30 June 2014) for individuals, charities and trustees, and is part of Rathbone Brothers Plc, an independent company with a listing on the London Stock Exchange.


*Includes funds managed by Rathbone Unit Trust Management.

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Hermes is focused on delivering superior, sustainable, risk adjusted returns for our clients – responsibly.

Hermes manages assets on behalf of more than 200 clients* across equities, fixed income, alternatives and real estate, with £27.9 billion* assets under management. In Hermes Equity Ownership Services, we have the industry’s leading engagement resource, advising on more than £120.3 billion* of assets.

We believe in Excellence, Responsibility and Innovation

- **Excellence**: We aspire to excellence in everything we do. This manifests itself most visibly in our investment performance. We will only offer products to our clients where we believe there is a strong investment thesis and where we can deliver sustainable alpha.

- **Responsibility**: We believe it is our responsibility to lead discussion and debate about the fiduciary responsibilities of fund managers to our clients, their stakeholders and, ultimately, society at large. We have always sought positive engagement with the firms in which we invest.

- **Innovation**: We have the entrepreneurial culture to identify forward-looking products that meet those needs, along with the resources and speed-to-market mentality to develop them rapidly.

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- **Real Estate**: Segregated, Unitised, Debt, UK, US Residential, European
- **Alternatives**: Commodities, Hedge Fund Solutions, Infrastructure, Private Equity
Please note the total AuM figure includes £3.6bn of assets managed or under an advisory agreement by Hermes GPE LLP (“HGPE”), a joint venture between Hermes Fund Managers (“HFM”) and GPE Partner Limited. HGPE is an independent entity and not part of the Hermes group. £0.4bn of total group AuM figure represents HFM mandates under advice. Source: Hermes as at 30 September 2014.