Find it, Fix it, Prevent it

Modern slavery report 2023

CCLA

GOOD INVESTMENT

Contents

> 'You may choose to look the other way but you can never say again that you did not know.'
>
> William Wilberforce, British politician and voice for the abolition of the slave trade

Find it, Fix it, Prevent it was created, convened and resourced by CCLA and overseen by an Advisory Committee that brings together investors, academics and non-governmental organisations to share knowledge, set targets and monitor the progress of the initiative.

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Church Investors Group
Church of England National Investing Bodies
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Forewords

Four years ago, as Chief Executive of CCLA, I challenged our team to be a catalyst for action on modern slavery. I am pleased that this report shows that the resulting **Find it, Fix it, Prevent it** programme is growing and showing impact.

But the picture on business efforts to tackle modern slavery is mixed and, in some ways, troubling. As this report notes, the estimated number of people around the world subjected to modern slavery is growing. We are seeing interventions by governments which are likely to have a very real impact on how businesses manage these risks but the UK, which used to be a leader in these matters, is regarded as not keeping pace.

It was concerning to read recently that, according to the Chartered Institute of Procurement and Supply (CIPS), UK business efforts to tackle modern slavery are stalling, with the number of modern slavery statements submitted to the UK government registry falling sharply in 2022.

Looking globally however, regulatory interventions to address modern slavery in global supply chains, including forced labour import bans, are on the rise. The US is increasingly using forced labour bans to prevent goods made with forced labour from entering the country, and in June 2022 enacted the Uyghur Forced Labour Prevention Act. This includes a rebuttable presumption that goods from Xinjiang, China are tainted by forced labour.

Also in June 2022, the European Parliament adopted a resolution calling for an EU import ban on products made with forced labour. Any such import ban could be a powerful tool to impose due diligence obligations on companies whose products are destined for the EU market. We believe further regulation will be forthcoming.

In times like these the investment sector has to show leadership to ensure we eradicate modern slavery, so while it is right to celebrate the successes of the Find it, Fix it, Prevent it programme, we should be under no illusion about there being more to do.

Peter Hugh Smith
Chief Executive, CCLA

Reflection on joining CCLA

The crimes of slavery and trafficking cruelly exploit the vulnerable and enable criminals to make vast profits. Financial institutions therefore have a significant role to detect and disrupt this serious organised criminality. But they can do so much more to prevent slavery and trafficking in companies and their supply chains.

Nearly 28 million people are compelled to perform forced labour across the globe – most of them in private business. While slavery is illegal in every country in the world, our economic and financial systems appear to tolerate and even promote practices which result in this abuse. Governments bear significant responsibility to protect people from abuse but businesses themselves must also focus on preventing harm in their organisations and their supply chains. Financial institutions which lend to and invest in businesses need to play their part in driving up standards and protecting the vulnerable. In particular, investment managers are in an influential position as they provide wise stewardship for their clients' money.

As the UK's Anti Slavery Commissioner I saw at first hand the misery caused by slavery and trafficking and was increasingly focused on the need to prevent the harm as well as respond to it. Businesses need to develop strategies, policies and systems that have zero tolerance of forced labour. They need to understand where the risks lie and ensure that there are robust responses and, where there is abuse, that vulnerable workers are compensated.

As the Commissioner, I first came across Find it, Fix it, Prevent it in 2019 when CCLA briefed me on their aim to build an initiative that harnessed the power of investors in the fight against Modern Slavery. When I published a Call to Action to the Financial Services Sector in 2021 we included the Find it, Fix it, Prevent it initiative as a great example of active engagement.

Financial institutions should be at the heart of the global effort to tackle slavery and trafficking. As the Blueprint for Mobilising Finance against Slavery published by the Liechtenstein Initiative correctly identified, the world's bankers, investors, insurers, and financial partners 'have unparalleled influence over global business ... and that finance is a lever by which the entire global economy can be moved'.

Find it Fix it Prevent it is at the forefront of putting this vision into action. Having completed my tenure as the UK's Independent Anti-Slavery Commissioner I was delighted to join CCLA and become part of the next chapter.

Dame Sara Thornton
Consultant – Modern Slavery for CCLA

Introduction

According to a report by the International Labour Organization (ILO), Walk Free and International Organisation for Migration (IOM) there are 50 million people around the world trapped in modern slavery. Of these, 28 million were in forced labour and 22 million were in forced marriage. Women, children and migrants are disproportionately more vulnerable to being trapped.[1]

Modern slavery is an umbrella term encompassing slavery, servitude, human trafficking, and forced or compulsory labour. Victims are controlled by debt bondage, threats, violence, deception and coercion.[2]

The UN 2030 Agenda for Sustainable Development, Sustainable Development Goal 8.7[3], calls for the eradication of modern slavery and human trafficking, yet according to the ILO's latest data the number of people trapped in modern slavery has grown over the last five years, as Covid-19, conflict and climate change have disrupted labour markets.

Ten million more people were in modern slavery in 2021 compared to 2016 global estimates. Of those trapped in forced labour, 86% are in the private sector, which means that the business sector is exposed to modern slavery risk[4]. The UK alone imports an estimated $18 billion worth of goods that present a high slavery risk.[5]

CCLA believes modern slavery exists in the supply chains of almost every business. Yet this pernicious practice is hidden and difficult to tackle.

We have been working in this area since 2012, but in 2019 we launched **Find it, Fix it, Prevent it** – a collaborative investor engagement programme with the aim of using our leverage as investors to help companies find, fix, and prevent modern slavery in their supply chains.

The initiative was launched at the London Stock Exchange in November 2019. Since then, the initiative has grown in both scope and depth. There are currently 65 investors in Find it, Fix it, Prevent it, with a collective asset under management and advisory of £15 trillion.[6]

The programme has three complementary workstreams:

1. **Corporate engagement** – aiding companies in developing and implementing better processes for finding, fixing and preventing modern slavery
2. **Public policy** – promoting a meaningful regulatory environment through work with the government, policy-makers and regulators
3. **Developing better modern slavery data** – working with data providers, NGOs, and academia to identify and develop better data.

This report provides a summary of the progress of these three workstreams over the period 2021–2022.

Find it, Fix it, Prevent it investor statement

The prohibition of slavery is one of the world's most widely asserted norms. Regulation outlawing forced labour, human trafficking and slavery is to be found in international human rights law and in the legislation of many sovereign states (including through the UK Modern Slavery Act 2015). Furthermore, eradicating modern slavery is one of the UN Sustainable Development Goals. However, the prohibition of slavery is also one of the world's most weakly enforced norms.[7]

In 2022, over 50 million people exist in a state of modern slavery[8]. Furthermore the number of people trapped in modern slavery has grown over the past five years as Covid-19, conflict and climate change have disrupted labour markets.[9]

Modern slavery is also an issue for business and the economy. For instance, the United Kingdom alone imports over US $18 billion worth of goods every year that are very likely to have incorporated slave labour in their production,[10] and research conducted with leading UK retail brands found that 77% of companies, when interviewed anonymously, thought it likely that modern slavery occurred in their supply chains[11]. Evidence collected by charities and academics would suggest that this is likely to be even more widespread and poses a significant challenge to the reputations of the businesses in whom we invest.

We, the supporters (as listed on page 18), therefore believe that given the truly systemic nature of human trafficking and modern slavery there are few, if any, businesses that can claim with any degree of certainty to operate slavery-free supply chains.

We recognise and welcome the steps that many UK businesses and the UK government, through the establishment of the Modern Slavery Act, have taken on this important issue in recent years. We are, however, concerned that only a small number of companies have to date disclosed finding instances of modern slavery within their supply chain. This makes it challenging for us, as investors, to assess the efficacy of corporate actions to identify, and then support the provision of remedy to, victims of modern slavery. For this reason we are supportive of the Find it, Fix it, Prevent it' investor initiative in its dialogue with companies, policy makers, and data providers.

As part of this support, we call upon UK-listed companies to:

- Increase their efforts to identify human trafficking, forced labour, and modern slavery in their supply chains
- Review, assess and disclose the effectiveness of their attempts to address these issues
- Support the provision of remedy to victims of modern slavery within their supply chain.

We believe that the continued presence of modern slavery in the world is abhorrent and that companies demonstrating a real commitment to eradicating modern slavery from their supply chains will demonstrate resilience and long-term sustainability to the market.

Corporate engagement

Context

The Find it, Fix it, Prevent it corporate engagement workstream aims to incentivise business to move beyond promoting better policies and processes. Put simply, it is convened with the promise of making the corporate response to modern slavery more effective.

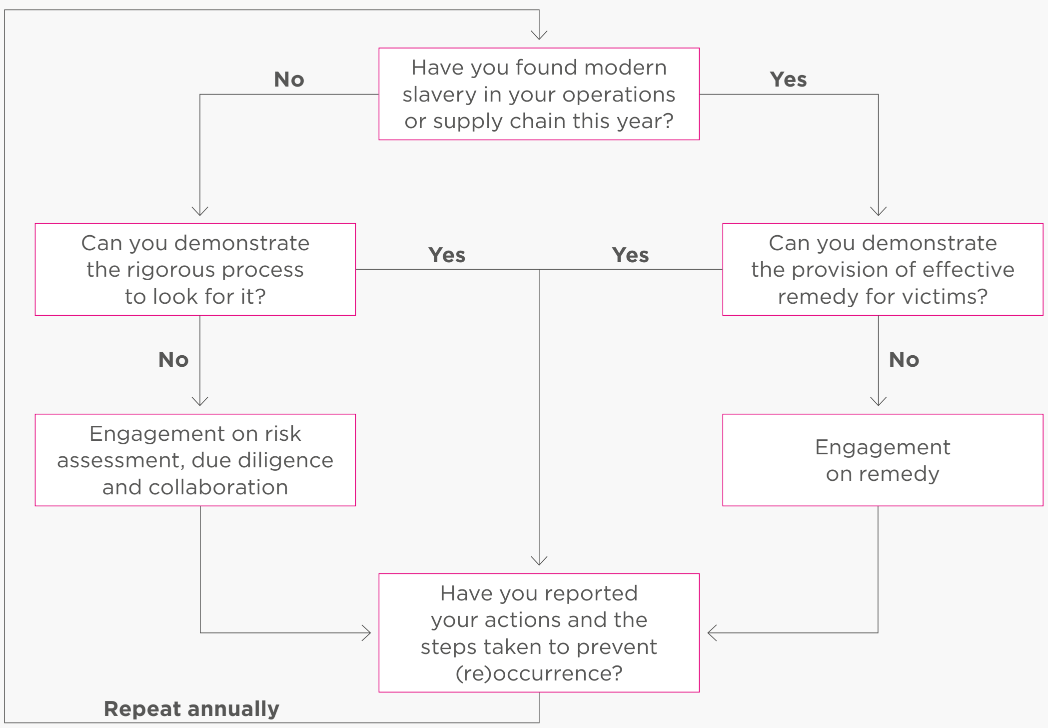
We want companies to:

1. Find it – proactively search their supply chain for modern slavery, on the assumption that it exists
2. Fix it – work towards and report on remedy for those affected
3. Prevent it – take meaningful steps to ensure that the situation does not continue.

Our engagements with companies are based on an engagement framework that was developed in 2020 (see Figure 1). Starting by asking whether companies have found modern slavery in the past year supports a focus on the outcomes of a company's modern slavery work.

Modern Slavery is an umbrella term; it can therefore be difficult to judge whether a case of labour exploitation meets a threshold to be called Modern Slavery. We use the eleven ILO indicators of forced labour which represent the most common signs or clues that point to the possible existence of a forced labour. These indicators include factors such as abuse of vulnerability, debt bondage, withholding wages or travel documents. Several of these indicators taken together is enough for us to view it as a case of Modern Slavery.

FIGURE 1: FIND IT, FIX IT, PREVENT IT ENGAGEMENT FRAMEWORK



Progress

In 2020 the hospitality sector and construction sector were identified for engagement since both had high risks of modern slavery, but efforts to address it were relatively lower profile than in other sectors.

We started by engaging with the hospitality sector with varied but positive results.

Among the clearest examples of success were Compass Group (see Case Study below) and IHG, who have both reported finding, fixing and preventing modern slavery in their global operations and supply chains. Other outcomes include stronger policies, better implementation, and partnerships with anti-slavery initiatives such as Stop the Traffik.

From September 2022 we moved to phase two, focused on the construction sector. Lead engagers have been assigned to the 15 companies which cover international construction and engineering companies, UK house-builders, and suppliers of materials to the building sector.

A list of companies and the lead engagers can be found in Figure 2.

FIGURE 2: COMPANIES UNDER ENGAGEMENT AND LEAD INVESTORS

	Companies	Lead Engagers*
Hospitality	Carnival	Mercy Investments, Columbia Threadneedle
	Compass Group	CCLA and CFB Methodist
	Domino's Pizza Group	Fidelity International
	Greggs	–
	InterContinental Hotels Group	CCLA
	J D Wetherspoon	Abrdn
	Marston's	M&G
	Mitchells & Butlers	Rathbones Group
	PPHE Hotel Group	Castlefield
	Restaurant Group	M&G
	SSP Group	Columbia Threadneedle
	TUI Group	–
	Whitbread	Schroders
Construction	Balfour Beatty Plc	Evelyn Partners
	Barratt Developments Plc	Columbia Threadneedle
	Bellway Plc	Edentree Investment Management
	Countryside Partnerships Plc	Abrdn
	Crest Nicholson Holdings Plc	Border to Coast
	Genuit Group Plc	CCLA
	Ibstock Plc	–
	Marshalls Plc	AVIVA
	Morgan Sindall Group Plc	–
	Persimmon	CCLA & Rathbones Group
	Redrow Plc	Church Commissioners
	RHI Magnesita N.V.	Fidelity International
	Taylor Wimpey Plc	Pension Protection Fund
	The Berkeley Group Holdings Plc	Edentree Investment Management
	Tyman Plc	–
	Vistry Group Plc	Fidelity International & Abrdn
	Volution Group Plc	Railpen

* some companies are without a Lead Engager due to a) lead investor divestment or b) currently seeking a volunteer

The programme has succeeded in taking some of the businesses under engagement on a journey that improves their risk assessment processes, supporting companies to remediate harms, and putting in place practices to ensure issues do not recur.

Figure 3 shows engagement progress by each hospitality company, as engagement with construction sector firms started in September 2022 it is too early to report meaningfully on progress. Each engagement has been categorized red, amber, green and grey according to the progress the company has made, with green indicating that the company has made large strides in its approach to modern slavery including finding and fixing modern slavery. Amber indicates that the company has strengthened its policies and or systems but has yet to find modern slavery. Red indicates that despite attempts to engage the company the company, has shown little progress on its approach to modern slavery and grey indicates the engagement has not made progress, this could be due to turnover in the engagement leads or a lack of leverage with the company.

The table shows the majority of hospitality companies under engagement have made progress on their approach to modern slavery over the past two years.

FIGURE 3: ENGAGEMENT OUTCOMES

Hospitality Sector Company	Engagement Progress	Comment
Carnival	Strengthened policies/systems	
Compass Group	Good progress	
Domino's Pizza Group	Strengthened policies/systems	
Greggs	No progress or lead investor turnover	Original lead divested, needed to reassign lead
InterContinental Hotels Group	Good progress	
J D Wetherspoon	No progress or lead investor turnover	Turnover in Abrdn stewardship team
Marston's	Good progress	
Mitchells & Butlers	Good progress	
PPHE Hotel Group	Strengthened policies/systems	
Restaurant Group	No progress or lead investor turnover	M&G held as passive holding, now have active holding hoping to reengage
SSP Group	Good progress	
TUI	No progress or lead investor turnover	Original lead divested, needed to reassign lead
Whitbread	Good progress	

Key: Good progress (green) | Strengthened policies/systems (amber) | Little progress (red) | No progress or lead investor turnover (grey)

CASE STUDY: COMPASS GROUP REFLECTIONS

The journey of any migrant worker can be both emotional and perilous. Recognising this, Compass has focused its efforts on ensuring that migrant workers in the Middle East find meaningful work with them in a safe, ethical, and empathetic manner. Our Middle East businesses have focused on identifying and reducing risks of migrant recruitment and are confident the steps they have taken are a source of positive change.

As an example, from the initial application for employment abroad to the actual arrival and settling in a foreign country, our businesses have sought to gain a better understanding of this journey; improving their due diligence processes, enhancing all communication channels, and proactively engaging with recruitment agencies and their sub-contractors to set clear expectations with relation to the migrant worker recruitment process.

In 2022 alone, Compass' Middle East businesses trained more than 140 individuals, representing recruitment agencies and sub-agencies from all the countries it recruits migrant workers from. The training covered ethical recruitment, the "Employer Pays" principle, international best practice and the legal and contractual obligations of recruitment partners.

The due diligence undertaken by Compass Middle East businesses further reinforced the complex nature of migrant worker recruitment. It highlighted to us that organisations need to remain vigilant and proactive by reviewing existing suppliers, policies and procedures, by raising the bar beyond the minimum requirements and by further empowering leadership to strengthen our caring and ethical culture, whilst working towards fixing and preventing issues from arising in the first place.

Compass Group has been sharing the Middle East experience and best practices with other operating regions through its Global Human Rights Working Group and group-wide ethics and integrity e-learning training.

Agatha Donnelly
Head of Investor Relations and Corporate Communications

In the case study: Compass Group reflections – we asked Compass Group to reflect on their actions to tackle modern slavery. The company has not only undertaken human rights assessment to understand the risks to migrants being recruited to work in the Middle East operations, but they have also improved their due diligence processes and communications to prospective workers through the recruitment agents they use. They have adopted the Employer Pays Principle[12] and taken the lessons learnt and applied them through their global human rights working group.

Summary

Corporate engagement and active ownership is at the core of driving change. Through the corporate engagement workstream we have seen businesses enhance their due diligence processes; identify modern slavery cases as well as risks of modern slavery; begin the difficult and challenging work of remediation and providing remedy for workers; as well as starting to put in processes to stop these challenges occurring. While there are achievements to celebrate we are aware that more needs to be done to ensure that all the companies we invest in are taking robust action to eliminate modern slavery.

Plan for next year

Over the coming year, we will continue to engage with companies in the hospitality and construction sectors. But we have an eye on what sectors to engage next.

Public policy

A key part of the Find it, Fix it, Prevent it initiative is influencing public policy in order to promote a meaningful regulatory environment through work with the government and the Home Office. Having responded to the government's consultation on transparency in supply chains in 2019[13] we continued to contribute to the policy discussions. CCLA on behalf of the wider initiative became a member of the Modern Slavery Strategy Implementation Group on Transparency in Supply Chains. This group was suspended by the Home Office in 2021 but we are pleased to be part of a new group, the Prevention and Enforcement Forum.

We supported ministers' ambitions to tighten up the requirements of Section 54 of the Modern Slavery Act 2015[14], which were set out in the government's response to the consultation on transparency in supply chains. In particular, the commitment to introduce mandatory topics, an annual reporting deadline, and fines for non-compliance would be helpful to investors. We welcomed the legislation on modern slavery and supply chains promised in the Queen's Speech in 2022 and are disappointed that a bill has yet to be published.[15]

The modern slavery registry, introduced in 2021, was a key development allowing companies to upload their statements and thereby improve accessibility. Find it, Fix it, Prevent it advised officials on the needs of investors and met with the platform developers several times throughout the development process. We were instrumental in having the platform include a question that asks companies directly if they have found poor practices in the past year (specifically whether they have identified any of the ILO's eleven indicators of forced labour)[16]. Answering these questions is voluntary at present but we have pushed for the new legislation to make such questions a compulsory part of submitting a modern slavery statement.

Another focus was working with officials on Section 54 of the Modern Slavery Act and the need for financial institutions to be explicitly mandated to report on their investing and lending portfolios. The inclusion of portfolios was regarded as a grey area but research by Walk Free, WikiRate, and the Business and Human Resource Centre in 2021[17] showed that of 79 asset managers only 27% disclosed that they had carried out due diligence on modern slavery and human rights in their portfolios. We believe that reporting would both provide transparency and incentives for investor engagement with investee companies.

We jointly hosted a roundtable with the Minister for Safeguarding in October 2021 where the inclusion of portfolios in Section 54 was debated and supported. Using our knowledge of the finance sector we provided expert advice to officials who were developing a consultation paper and ensured that key parliamentarians were briefed prior to a debate on this issue in Westminster Hall.

In March 2023 we submitted written evidence to the Home Affairs Committee Inquiry into Human Trafficking and emphasised the need for the government to fulfil its promises to strengthen the supply chains provisions of the Modern Slavery Act 2015[18]. On 19 April Dame Sara gave oral evidence and re-iterated this point and the need for legislation to specifically cover the portfolios of financial institutions.[19]

Plan for next year

Over the next year we will seek to influence a wide range of policy developments including work by the Financial Conduct Authority on guidelines for ESG rating companies and work commissioned by the Department for Work and Pensions on the consideration of social risks and opportunities by occupational pension schemes. We will also develop our strategic partnerships with the Modern Slavery Policy and Evidence Centre and Finance Against Slavery and Trafficking.

Developing better modern slavery data

Context

Measuring and monitoring the prevalence of modern slavery over time is important for several reasons:

- For policymakers – to assess the effectiveness of legislation and regulation
- For businesses – to prevent modern slavery from occurring in their supply chains
- For charities and local authorities – to bring to light the resources that may be required to support the victims
- For investors – to enable an accurate assessment of modern slavery risks in investment portfolios.

There is no definitive source of data, nor a suitable method available, to quantify or qualify the problem with any accuracy. A lack of readily available data is hindering the potential for investors to act.

A key issue is that without clear legislation there is a disincentive to companies to report transparently on modern slavery risks in the supply chain.

In the data workstream Find it, Fix it, Prevent it works to identify and promote better data on modern slavery with which investors can analyse companies, this covers better data on the saliency of human rights risks as well as promoting better data on corporate risk management processes.

We understand that there are currently many disincentives for companies to disclose their work in finding, fixing and preventing modern slavery in their operations and supply chains, including litigation risk and risks of triggering ESG controversy processes. Nevertheless, we believe that without better corporate disclosure we will fail to make meaningful progress on tackling the issue.

Progress

In 2022 Find it, Fix it, Prevent it worked with consultants to analyse the 2021 Modern Slavery Statements of the FTSE100 to understand whether they comply with the Modern Slavery Act and the degree to which companies publicly declare whether they 'find, fix and prevent' modern slavery.

The key lesson of this work was that while the majority of companies had published a Modern Slavery Statement, average compliance with the Modern Slavery Act according to the evaluation framework was 89%. However, the number and percentage of companies reporting they had 'found, fixed or prevented' modern slavery was much lower:

- 20% reported action to **find** cases of modern slavery in their supply chains
- Only 3% reported action to **fix** it
- And 18% reported action to **prevent** it.

The work produced valuable insights, but following feedback from companies we decided to refine the approach rather than publish the scorecards.

In 2023, Find it, Fix it, Prevent it will review the methodology and undertake the assessment again. We are also working with the Modern Slavery Policy and Evidence Centre to understand the extent AI and machine learning can be used to analyse Modern Slavery Statements in the future.

Find it, Fix it, Prevent it is also working with Church Commissioners and the World Benchmarking Alliance (WBA) Social Collective Impact Coalition to engage with proxy advisor firms and ESG data-providers to call for improved methodologies for assessing corporate human rights performance.

Through these related strands we are hoping to harness business' competitive behaviour to drive better corporate disclosures on modern slavery; we are working together with others to influence other powerful stakeholders in the data landscape; and we are using our convening power to explore the future of ESG data and how it can be leveraged to drive new insights and behaviours on modern slavery.

Seasonal Workers' scheme

In December 2022 CCLA spearheaded a call by investors to help protect migrant seasonal workers in the UK.[20]

Brexit and the war in Ukraine have resulted in a shortage of migrant workers for the UK agricultural sector. The investor group is concerned that migrant workers in the UK, recruited and employed through the government's Seasonal Workers' scheme, are being obliged to pay excessive fees to agents and middlemen, in addition to other fees and travel and visa costs in order to fill crucial but temporary roles in support of the UK's food sector.

Impactt, a consulting group specialising in ethical trade and human rights, estimates that the costs and fees paid by migrant seasonal workers in the UK amounted to £35 million in 2022 alone.

Despite the UK government's commitments[21] to tackling modern slavery and the International Labour Organization stating that no recruitment fees or related costs should be charged to, or otherwise borne by, workers or jobseekers, there are allegations that workers have had to take out loans at high interest rates or sign over assets and property to cover the costs. This leaves the workers at high risk of debt bondage, one of the key indicators of forced labour.

In addition, some migrant workers in the UK have been deceived by promises of multi-year contracts but due to the late release of 8,000 visas find themselves with only weeks of work and in substantial debt.

CCLA convened ten investors with approximately £800 billion in assets under management to sign a statement[22] calling on retailers and firms in, and directly sourcing from, the UK agricultural supply chain to:

- Implement the Employer Pays Principle, meaning that the employer bears all recruitment costs (including recruitment fees and associated expenses such as travel)
- Undertake investigation of existing workers and ensure a fair process to repay recruitment-related costs that may have been borne by the workers
- Encourage the government to bring the UK's Seasonal Workers' scheme into line with international commitments.

Following the statement, CCLA met with British Retail Consortium and Stronger Together who are providing the secretariat for a supermarket taskforce on the Seasonal Workers' scheme. We understand that the statement had had an impact, with retailers reporting that it had been helpful in escalating the conversation to senior level within the company, and others saying that it had made some topics easier to discuss.

We continue to monitor steps taken by the sector and the government to address the challenges in the sector. A follow-up meeting between Stronger Together and investors in the Find it, Fix it, Prevent it initiative is planned for June 2023.

Seasonal Workers' scheme

We are ten long-term institutional investors with £806bn assets under management and advisory with investments across UK listed retail, hospitality and food production. Many of the supporters are members of the 'Find it, Fix it, Prevent it' and the 'Votes Against Slavery' collaborative investor initiatives working to tackle and address modern slavery.

Brexit and the war in Ukraine have resulted in a shortage of low-skilled migrant workers for the UK agricultural sector. We are concerned that migrant workers in the UK, recruited and employed through the government's Seasonal Workers' scheme (SWS), are being obliged to pay excessive fees to agents and middlemen in addition to other fees and travel and visa costs for crucial, but temporary roles, supporting the UK's food sector. This results in a high risk of debt bondage, one of the key indicators of forced labour. Workers often have to take out loans at high interest rates or sign over assets and property to pay these fees and costs. In addition, some workers have been deceived by promises of multi-year contracts but due to late release of 8,000 visas find themselves with only weeks of work and in substantial debt. This means that there is a debt bondage and high risk of forced labour across the agricultural sector in the United Kingdom.

These issues could have been foreseen. In early 2022, the UK's Independent Anti-Slavery Commissioner Dame Sara Thornton, now advising CCLA, wrote[23] to the UK government expressing concern regarding the Seasonal Workers' scheme and reflecting on the much-delayed Seasonal Worker scheme pilot review, launched on 24 December 2021. She pointed to evidence that a rapidly expanding scheme carried with it increasing risks for workers recruited from further afield and at greater risk of exploitation, particularly in the form of recruitment fees, debt bondage, opaque recruitment and accountability challenges concerning scheme operators and intermediaries.

As investors and their representatives, we are concerned about the ability of our investments to comply with increasing Business and Human Rights and Modern Slavery regulation around the world as well as the growing expectations that businesses adopt responsible purchasing practices and enable Access to Remedy. Moreover, we have concerns about business models that rely on or benefit from modern slavery and/or precarious working conditions. These models are ultimately unsustainable, and risk destroying value in the long-term.

We note that the Employer Pays Principle[24], which commits employers to paying the full costs of recruitment, is increasingly being adopted by companies across a range of industry sectors and locations around the globe, including some of the UK supermarkets.

We are calling on retailers and firms in, and directly sourcing from, the UK agricultural supply chain to:

- Undertake an independent investigation on the scale of recruitment fees and related costs that have been made by workers recruited through the Seasonal Workers' scheme
- Implement the Employer Pays Principle and ensure ethical or responsible recruitment in their own businesses and supply chains
- Work with suppliers and all businesses in the UK agricultural supply chain to agree and implement a fair process to repay Seasonal Workers' scheme workers' recruitment fees and related costs
- Encourage the government to bring the Seasonal Workers' scheme in line with international commitments such as Principles for Tackling Modern Slavery in Supply Chains[25] and the Global Compact for Safe, Orderly and Regular Migration,[26] so as to reduce risks of exploitation and forced labour.

We understand that the backdrop to these challenges is rising inflation and the cost of living crisis and that retailers and food producers are focused on limiting rising food prices, which mean all stakeholders are reluctant to pay for the required changes. However, without a well-designed and robust process for the recruitment and employment of seasonal workers, the UK food system will continue to be unstable and fragile with a greater likelihood of failure.

Signed:

CCLA
Canada Life Asset Management
Central Finance Board of the Methodist Church
Epworth Investment Management Ltd
Evelyn Partners
Pension Protection Fund
PIRC
Quilter Cheviot
Sarasin and Partners LLP
Schroders

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Go to:

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