

INVESTOR EXPECTATIONS ON LABOUR PRACTICES IN AGRICULTURAL SUPPLY CHAINS

This statement is endorsed by 55 investors representing US \$3.9 trillion in assets.

As investors with a duty to act in the best interests of our beneficiaries, we believe that environmental, social and governance issues can impact long-term performance and financial returns for portfolio companies.

Supply chain labour practices have become a risk for companies with global agricultural supply chains. Reasons include:

- regulatory risks associated with legislation such as the UK Modern Slavery Act, the California Transparency in Supply Chains Act, and the EU Non-Financial Reporting Directive;
- reputational risk associated with investigations and media attention on poor corporate practices in supply chains;
- consumer expectations.

As well as mitigating risk, good management of supply chain labour practices can contribute to a company's competitive advantage, and strengthen its long-term financial stability. Benefits include:

- cost savings through improved efficiency and risk management, such as fewer supply chain disruptions and lower product rejection rates;
 - improved relationships with stakeholders including employees, suppliers and consumers;
 - improved ability to preserve reputation.
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As investors we therefore believe that companies should implement the [UN Guiding Principles on Business and Human Rights](#), and should manage supply chain labour related risks and opportunities in alignment with relevant international standards.

With a view toward protecting long-term value and mitigating risks, we will seek to engage relevant investee companies on supply chain labour practices, in particular to encourage the following:

Supplier code of conduct

- Adopt and publish a supplier code of conduct.
- Ensure that this code reflects international standards such as the [ILO core labour standards](#) – child labour, forced labour, trade union rights and equal opportunities – as well as health and safety and working conditions.
- Ensure that this code contains at least a longer term target for a [living wage](#).
- Apply this code to direct suppliers as well as sub-suppliers, labour brokers and recruiters.

Governance

- Ensure oversight at board level, and regular training for board members.
- Establish processes to identify and respond appropriately to legislation.
- Train relevant departments (e.g. human resource and labour/environmental compliance, senior management, procurement or sourcing, communications and/or marketing, production).

Traceability and risk assessment

- Map supply chains, by geography and by product.
- Assess labour-related risks in the supply chain, by geography and by product.

Sourcing and supplier relationships

- Evaluate suppliers for labour performance, including on minimum labour compliance criteria and their capacity to manage compliance of their own suppliers.
- Require compliance with the code as a condition of contracts.
- Help build suppliers' and workers' capacity.
- Develop long-term supplier relationships, and incentivise good labour performance of suppliers through multi-year contracts or other means.
- Avoid short notice requirements on suppliers, and put in place a cost model to ensure the labour costs of a product enable suppliers to pay adequate wages.

Collaboration on systemic issues

- Collaborate in relevant initiatives and with external stakeholders such as trade unions, civil society organisations, human rights experts, governments, and sector peers.

Monitoring and corrective action

- Assess regularly the labour performance of at least new and existing direct suppliers.
- Ensure that suppliers assess and monitor their sub-suppliers.
- Report on the results of these assessments.
- Request corrective action plans from non-conforming direct suppliers and sub-suppliers.
- As a last resort, terminate contracts in cases of repeated non-compliance.

Target setting and disclosure

Report regularly on management processes and on performance against measureable and time-bound targets in each of the above areas.

Further details on investor expectations and related resources can be found in [Outcomes from Phase 1 - From Poor Working Conditions to Forced Labour, What's Hidden in your Portfolio](#) report.

Endorsed by:

The above expectations are endorsed by the following institutional investors:



Actiam



Hexavest



Alquity Investment Management



Interfaith Center on Corporate Responsibility

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Ausbil Investment Management Ltd.

The logo for IIPMI, featuring the letters "IIPMI" in a large, bold, serif font.

INFORMED PORTFOLIO MANAGEMENT

IPM Informed Portfolio Management AB

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Australian Ethical Investment

The logo for KLP, featuring the letters "KLP" in a large, stylized, serif font.

KLP

The logo for Aviva Investors, featuring a stylized square icon with blue, green, and yellow sections above the words "AVIVA INVESTORS" in a bold, uppercase, sans-serif font.

Aviva Investors

The logo for Länsförsäkringar, featuring a stylized blue and red square icon to the left of the word "Länsförsäkringar" in a blue, serif font.

Länsförsäkringar AB

The logo for AXA Investment Managers, featuring the AXA logo (a blue square with a white diagonal line and the letters "AXA") to the left of the words "INVESTMENT MANAGERS" in a bold, uppercase, sans-serif font.

AXA Investment Managers

The logo for LocalTapiola Asset Management Ltd, featuring a stylized blue and white icon to the left of the words "LOCALTAPIOLA ASSET MANAGEMENT LTD" in a blue, sans-serif font.

LocalTapiola Asset Management Ltd.

The logo for Bankhaus Schelhammer & Schattera, featuring a red square icon with a white building silhouette to the left of the words "BANKHAUS Schelhammer & Schattera" in a red, sans-serif font.

Bankhaus Schelhammer & Schattera

The logo for Loreto Mutua, featuring a stylized blue wave icon above the words "LORETO MUTUA" in a blue, sans-serif font.

Loreto Mutua

The logo for Bâtirente, featuring a stylized green and grey geometric icon to the left of the word "BÂTIRENTE" in a bold, uppercase, sans-serif font.

Bâtirente

The logo for Midat Cyclops FP, featuring a stylized orange and blue icon to the left of the letters "MC" in a blue, sans-serif font, with "MUTUAL" in a smaller font below.

Midat Cyclops FP

The logo for BMO Global Asset Management, featuring the BMO logo (a red circle with a white mountain silhouette) to the left of the words "BMO Global Asset Management" in a blue, sans-serif font.

BMO Global Asset Management

The logo for Mirova Responsible Investing, featuring a stylized purple and blue icon to the left of the word "mirova" in a lowercase, sans-serif font, with "Responsible Investing" in a smaller font below.

Mirova



Boston Common Asset Management



MN



the asset manager

C-QUADRAT Asset Management GmbH



Natixis Asset Management



Caja Ingenieros Gestión



NEI Investments



Calvert Investments



Nordea



CANDRIAM Investors Group



PGGM



Christian Brothers Investment Services



Qube Investment Management Inc.



Christian Super



Rathbone Brothers PLC

Church of Sweden 

Church of Sweden

ROBECO
The Investment Engineers

Robeco

 **COMGEST**

Comgest

 **ROYAL
LONDON**

Royal London Asset Management

 **DANA** | Investment
Advisors

Dana Investment Advisors

 *SPF Beheer bv*

SPF Beheer

 **Domini**[®]

Domini Impact Investments LLC

 **storebrand**

Storebrand Asset Management


edentree
investment management

Eden Tree Investment Management Limited

THE
JOSEPH
ROWNTREE
CHARITABLE
TRUST
Joseph Rowntree

The Joseph Rowntree Charitable Trust

**Environment Agency
Pension Fund**

Environment Agency Pension Fund

Triodos 
**Investment
Management**

Triodos Investment Management


Retraite
additionnelle
de la Fonction
publique

ERAFP

 **UFF** | **AFRICAN AGRI
INVESTMENTS**

UFF African Agri investments

ERSTE
Asset Management

Erste Asset Management

 **Union
Investment**

Union Investment

FIGURE 8 INVESTMENT STRATEGIES

Figure 8 Investment Strategies



ValueInvest Asset Management



Fonds de solidarité FTQ



Vancity Investment Management Ltd.



GES Invest



Walden Asset Management



Hermes Investment Management