

A rationale for engagement:

“Modern slavery” is an umbrella term used to describe a range of extreme labor rights abuses including slavery, servitude, human trafficking and forced labor. Sustainable Growth Advisers (“SGA”) is committed to implementing policies that reduce the risk of modern slavery and contribute towards the eradication of modern slavery as per the UN Sustainable Development Goals. SGA expects these policies to be updated and improved over time as supply chain transparency increases. At present, SGA recognizes the challenges in ensuring no modern slavery is present in a company’s supply chain, particularly those of large multinational corporations. The risks of modern slavery increase the deeper into a supply chain – as transparency decreases – with the production and extraction of raw materials most susceptible to risk. SGA believes that companies have a moral obligation to eradicate human rights abuse and the process of moving to a society free of modern slavery will be slow and gradual.

SGA’s principal activity is the provision of investment management services to a broad array of clients. We believe the risk of modern slavery within our supply chain is low with our key suppliers including financial and professional services companies located in North America.

In relation to our portfolio companies, we recognize that as responsible long-term shareholders, we have the opportunity to engage and influence management teams to eradicate modern slavery from their supply chains. Our investment team engages with management teams on a regular basis on topics that pertain to ESG matters. We have developed a framework to identify the areas of highest risk of modern slavery within our clients’ portfolio, and will engage with these companies to encourage positive change and take further action where warranted. More broadly, we will use our shareholder voice to encourage companies to “know your supply chain” as this is crucial to assess any risks to the long-term growth of the business.