

Investor statement on Supply Chain Modern Slavery Legislation in Canada

We are a group of global investor institutions with \$2.3 trillion CAD in assets under management that invest in the Canadian market.

We are writing to urge the Government of Canada to enact effective legislation to help investors and Canadian companies identify and address the use of modern slavery and child labour in global supply chains. Effective legislation would require companies operating in Canada to develop and report annually on their due diligence efforts to prevent and mitigate the risk of modern slavery and child labour in their supply chains.

We applaud the steps that Canada has taken to date in relation human rights in global supply chains. In the 2017 G20 Leaders' Declaration, Prime Minister Trudeau and other G20 leaders committed to "underline the responsibility of businesses to exercise due diligence" and to "take immediate and effective measures to eliminate child labour by 2025, forced labour, human trafficking and all forms of modern slavery". In January 2018, Canada announced that it will establish an Ombudsperson for Responsible Enterprise to investigate and make recommendations in instances where Canadian companies have been implicated in human rights violations internationally.

While the Ombudsperson will be an important addition to Canada's responsible business conduct legal and policy tool set, it does not complete the toolbox.

As a next step, we urge the Government of Canada to pass supply chain due diligence legislation during its current mandate. This legislation would complement the Ombudsperson's role by encouraging companies to implement practices that prevent and remedy the most egregious human rights abuses in their businesses and supply chains before a complaint arises.

The disclosure required by supply chain due diligence legislation would also help investors to understand the human rights oversight and mitigation being implemented by Canadian companies and to make decisions based on that information.

As investors, we have a responsibility under the OECD Guidelines for Multinational Enterprises to consider the impacts to human rights of our investment activities. We consider a company's management of environmental, social and governance risks – including human rights related risks – in our investment decision-making processes. In order to do so, however, we require up-to-date, clear and comparable information from companies about their due diligence on priority issues like modern slavery and child labour in their supply chains.

Other jurisdictions have enacted or are considering legislation to ensure disclosure of this information: the UK *Modern Slavery Act*, the California *Supply Chain Transparency Act*, the French *Law on the Duty of Vigilance*, the Dutch *Child Labour Due Diligence Law*, the European Union *Directive on Disclosure of Non-Financial Information*, and legislative proposals in Australia, Switzerland and elsewhere. Canada has no such regime.

Investors can rely on the human rights disclosure provided under these regimes to assist in decision-making. The relative lack of transparency in the Canadian market makes it difficult for investors to conduct the same analysis of Canadian companies as they do of their international competitors. Over

time this information gap could become a liability to attracting investment from responsible investors mindful of their duties under the OECD Guidelines.

More importantly, the passage of Canadian supply chain due diligence disclosure legislation would create an enabling environment for greater preventative action by investors and companies to address human rights risks in global supply chains. While governmental actions such as the investigative powers of the new Ombudsperson for Responsible Enterprise, the strengthening of import restrictions or changes to trade preference regimes, are critical, an effective disclosure regime would facilitate private sector action to complement and amplify any government actions.

The combined potential of private sector and government action should be fully harnessed to effectively eliminate modern slavery and child labour.

Lead Signatories:

Shareholder Association for Research and Education (SHARE)
Church Investors Group
Church of Sweden
Interfaith Centre for Corporate Responsibility (ICCR)

Signatory institutions:

Aargauische Pensionskasse (APK)
Adrian Dominican Sisters, Portfolio Advisory Board
AGF Investments Inc.
Altius Asset Management
AMP Capital Investors
Atkinson Foundation
Australian Ethical Investment
Aviva investors
Bâtirente
Bernische Lehrerversicherungskasse
BMO Global Asset Management
Boston Common Asset Management
British Columbia Teachers Federation
Caisse Cantonale d'Assurance Populaire
Caisse de pensions de l'Etat de Vaud (CPEV)
Caisse de pensions ECA-RP
Caisse de prév. des Fonctionnaires de Police & des Etablissements Pénitentiaires
Caisse de Prévoyance des Interprètes de Conférence (CPIC)
Caisse Inter-Entreprises de Prévoyance Professionnelle, Switzerland
Caisse intercommunale de pensions (CIP)

Caisse paritaire de prévoyance de l'industrie et de la construction (CPPIC)
Canadian Unitarian Council
CAP Prévoyance
Castellum Capital Group
Catherine Donnelly Foundation
CCLA Investment Management
Christian Brothers Investment Services
Christian Super
Church Commissioners for England
Church of England Pensions Board
Congregation of St. Joseph
Congregation of The Sisters of Mercy of Newfoundland
CtW Investment Group
CUPE Employees Pension Plan
Daly Foundation
Dana Investment Advisors
Daughters of Charity, Province of St. Louise
Domini Impact Investments
Dominican Sisters - Grand Rapids
Echo Foundation
EdenTree Investment Management
Etablissement Cantonal d'Assurance (ECA VAUD)
Ethos Foundation
Evangelical Lutheran Church in Canada
Evangelical Lutheran Foundation of Eastern Canada
F.K. Morrow Foundation
Felician Sisters of North America
Fondation de la métallurgie vaudoise du bâtiment (FMVB)
Fondation Leenaards
Fonds de Solidarité FTQ
General Synod of the Anglican Church of Canada
GES International
Gestion FÉRIQUE
Glasswaters Foundation
Hexavest
IBVM Canadian Province (Loretto Sisters)
Ircantec
Jesuits in English Canada
Laidlaw Foundation
Länsförsäkringar AB
Leith Wheeler Investment Counsel
Mercy Investment Services, Inc.

Mirova Responsible Investing
Montrusco Bolton Investments
NEI Investments
Nest Sammelstiftung
NorthStar Asset Management, Inc.
Northwest Coalition for Responsible Investment
Oblates of Mary Immaculate: OMI Lacombe Canada Province
Omega Global Investors
Pax World Funds
Pension Plan for the Employees of the Ontario Public Service Employees Union
Pension Plan of The United Church of Canada
Pensionskasse Caritas
Pensionskasse der Stadt Winterthur
Pensionskasse Stadt Luzern
Pensionskasse Unia
PGGM
Polden-Puckham Charitable Foundation
Prévoyance Santé Valais (PRESV)
Prévoyance.ne
Priests of the Sacred Heart, U.S. Province
Profelia Fondation de prévoyance
Prosperita Stiftung für die berufliche Vorsorge
Region VI Coalition for Responsible Investment
Responsible Investment Association
Retraites Populaires
Roman Catholic Archdiocese of Toronto
Royal London Asset Management
RRSE
SAGE Connected Investing
School Sisters of Notre Dame Cooperative Investment Fund
School Sisters of St. Francis
Seamark Asset Management
Seventh Generation Interfaith Coalition for Responsible Investment
Silicz-Birdsall Advisory Group
Sisters of Charity Halifax
Sisters of Instruction of the Child Jesus
Sisters of St. Dominic/Racine Dominicans
Sisters of St. Francis Charitable Trust, Dubuque
Sisters of the Good Shepherd
Sisters of the Holy Names of Jesus and Mary
Sisters of the Presentation of Aberdeen, SD
Solothurnische Gebäudeversicherung

St. Galler Pensionskasse
Stephen Whipp Financial, Leede Jones Gable
Stiftung Abendrot
SumOfUs
T'ruah: The Rabbinic Call for Human Rights
Terre des hommes, Switzerland
The Baptist Pension Scheme
The Church Pension Fund (Finland)
The Norwegian Church Endowment
The Representative Church Body of the Church of Ireland
Union Investment
United Church of Canada Treasury
United Reformed Church, South Western Synod Inc
Uniting Financial Services
University of St. Michael's College Endowment Fund
University of Toronto Asset Management
Ursulines of Chatham Ontario
Vancity Investment Management Ltd.
Vanderuyt Wealth Management
Walden Asset Management
Youville Provident Fund