INVESTOR STATEMENT IN SUPPORT OF ROBUST FORCED LABOR REGULATIONS

With the significant rise in modern slavery according to the newly released 2021 Global Estimates, investors recognize the urgent need for meaningful action and laws to tackle the exploitation of workers around the world.

We, the undersigned 89 investors representing over US$2.44 trillion (Euro €2.29 trillion) in assets under management and advisement, welcome the European Commission’s legislative proposal to prohibit products made with forced labor from entering the European Union (EU) market.

This is an essential first step towards building a smart mix of tools to help eliminate forced labor across the world. However, investors urge that the proposed regulation must also ensure a positive impact on workers throughout the value chain and that activities in the EU market and globally are conducted in a responsible manner, which will support and enable continued rights-respecting investments towards a sustainable and resilient global economy.

We, as investors, call upon the European Parliament and EU Member States to consider and incorporate the following recommendations for a robust forced labor regulation:

Worker and Remedy Centered Approach

The current proposal including the process of pre-investigation, investigation, final decision, and further enforcement must be reviewed and updated to be worker and remedy centered. In particular:

- affected and potentially affected workers’ and their communities’ and representatives’ views and interests must be taken into account at all stages of the investigation and decision-making processes; including identifying and addressing any potential unintended consequences on workers as a result of a product ban;
- affected workers must have access to justice and a path to remediation, and companies trading in and with the EU (economic operators) that are connected to forced labor through their supply chain operations and business relationships should remediate or support remediation by their supplier to affected workers;
- affected workers and their representatives, as well as any other stakeholders should be protected from retaliation when engaging with companies and enforcement authorities during the investigation or while discussing remediation measures; and
- to lift a ban, companies must develop, disclose, and undertake a committed plan to remediate the harm suffered by workers, disclose evidence that workers and harms suffered have been remediated, and introduce measures to prevent the recurrence of forced labor, including, for example, reform of unfair purchasing practices.
Mandatory Due Diligence, Disclosure & Transparency

The current proposal must:

- be complementary with requirements of mandatory due diligence under the EU Corporate Sustainability Due Diligence Directive, to ensure both regulations are meaningfully designed to address and prevent forced labor, and to remediate resultant harms throughout the value chain;
- evaluate the appropriateness of the due diligence measures implemented by companies under investigation to ensure that measures taken by the company and its business partners effectively address the forced labor issues and impacts on workers; and
- require all companies to map and publicly disclose their suppliers, sub-suppliers, and business partners in their whole value chains. Public disclosure and transparency are essential for all stakeholders, including investors, to make rights-respecting investment decisions, as well the general public, concerned groups, organizations, communities, and workers themselves who would be able to monitor the situation and submit better information on alleged violations to the competent authorities.

Scope of Enforcement:

The proposed regulation must go beyond product-based bans and address:

- systemic forced labor patterns across an entire producer, manufacturer, or importer - regardless of the product - by expressly providing that enforcement decisions can be extended to all products from an entire production site or economic entity, given that forced labor will not be isolated to one product line within a facility; and
- systemic state-imposed forced labor, which would enable, where appropriate, the establishment of region-wide bans over specific groups of products, and, where relevant, align their scope with forced labor-based sanctions (for example, under the EU global human rights sanctions regime) to ensure legislative coherence, impact, and legal certainty for companies.

We trust that the co-legislators will use this unique opportunity to improve this proposal in order to make it truly impactful for those who suffer daily across the world. As the lasting impacts of the COVID-19 pandemic remain, and armed conflicts and climate change create unprecedented risks of modern slavery, it is essential that the EU adopts an ambitious proposal that demonstrates global leadership in addressing modern slavery meaningfully.

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Investor Signatories:

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Christian Brothers Investment Services
Clear Skies Investment Management
CommonSpirit Health
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EFG Asset Management
ESG Portfolio Management
ESG-AM
Ethos Foundation
Everence and the Praxis Mutual Funds
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Sisters of the Holy Names of Jesus and Mary
Sisters of the Humility of Mary
Socially Responsible Investment Coalition
SPPI Finance
Storebrand Asset Management
SWEN Capital Partners
The Local Authority Pension Fund Forum
TOBAM
Trillium Asset Management
Trinetra Investment Management LLP
Trusteam Finance
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