

# VOTES AGAINST SLAVERY 2023

Putting investor power  
behind transparent supply chains

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## BACKGROUND: MODERN SLAVERY ON THE RISE

Old-fashioned slavery, the legal ownership of people, has been outlawed across the world. But there's no room for complacency - the open and lawful trading of slaves has simply been superseded by new forms of slavery. **Fifty million people** are trapped in what's known as 'modern slavery'. This includes 28 million in forced labour and 22 million in forced marriages, according to the International Labour Organization (ILO), a United Nations agency.

This isn't a problem that's going away - to the contrary, the ILO thinks the number of people trapped in modern slavery has in fact grown over the past five years. It blames Covid-19, conflict and climate change. By harming people's ability to earn a living, these aggravating issues have left them more vulnerable to exploitation.

Modern slavery isn't just a phenomenon that imposes untold suffering; it's also a pervasive risk to supply chains. For example, [in the six months to March 2024 alone, US Customs and Border Protection stopped 2,831 shipments because of forced labour concerns.](#)

Modern slavery also harms economic growth by preventing people from developing thriving and productive working lives. In other words, there isn't just an ethical case for fighting modern slavery - it's also in the interest of investors.

THE UK GOVERNMENT DEFINES MODERN SLAVERY AS "THE RECRUITMENT, MOVEMENT, HARBOURING OR RECEIVING OF CHILDREN, WOMEN OR MEN THROUGH THE USE OF FORCE, COERCION, ABUSE OF VULNERABILITY, DECEPTION OR OTHER MEANS FOR THE PURPOSE OF EXPLOITATION."



## THE ROLE OF BUSINESS

Business has a role to play in eradicating modern slavery - and the UK's landmark 2015 Modern Slavery Act sought to bring the business community into the fight. Section 54 (s54) of the Act created a duty for companies to publish a statement setting out steps taken to ensure modern slavery isn't in their business or supply chains (see 'What are companies' reporting requirements?' further down).

We think such transparency is important in fighting modern slavery. But despite good intentions, s54 left the UK's Home Office, the government department responsible for co-ordinating the fight against modern slavery, with weak enforcement powers. For this reason it's unsurprising that, when the implementation of the Act was reviewed for the Home Office in early 2020, compliance proved patchy and lacking in depth.

Investors have a crucial role in stepping into this vacuum of enforcement. First we enjoyed some success in doing this on our own. But since 2020 Rathbones has organised an investor coalition to challenge FTSE 350 companies that have failed to abide by s54.

This coalition, 'Votes Against Slavery', is renewed every year, with new companies on its target list. It calls on members to use their strongest power of censure if companies don't comply with s54: the stewardship tactic of voting against the annual

report and accounts. If these are rejected, the board is legally obliged to make changes and put forward a new report for a fresh vote. We believe we are the first investor coalition to use this power to target a specific social issue. In this report we summarise our actions for the 2023 campaign - and what happened.

Meeting the letter of the law on s54 doesn't end the fight against slavery. In many ways it's a starting point for companies commencing their exploration of human rights risks in their supply chains - the first step in a long process. However, there's a fundamental need for a movement such as Votes Against Slavery to set the expectation to UK Plcs that they should be meeting legal reporting requirements on environmental, social and governance (ESG) issues. That may not sound much to ask, but the Act's lack of enforcement powers means we can't take this for granted. Meanwhile, we do support other projects that seek to go deeper by going beyond reporting requirements and helping companies improve their work against modern slavery.

Fitting this campaign into the wider context, we should point out that investors are encouraged by the 2020 Stewardship Code, which sets high standards for those investing money for UK savers and pensions, to engage on systemic issues. This means issues that may affect the healthy functioning of society, the environment and the economy - and so may affect the prospects for investment risk and return.

## THE FORGOTTEN WEAPON: AGM VOTING

When it comes to changing corporate behaviour, we believe investors wield greater power than they realise, simply through the normal process of AGM voting on regular resolutions. We could have taken the approach of co-filing specific shareholder resolutions, tailored to each target company. However, such votes would only be advisory, and would have taken considerable time and effort.

Instead, we continue to make creative use of the general, long-established powers of shareholders that pre-date the more common use of shareholder proposals. This highlights the fact that ESG risks are not niche 'special interests', fit only for special resolutions. They are, instead, fundamental to a company's licence to operate - the general sense

among customers and in society that a company's practices are acceptable. That's why the investor group continues to focus on expressing its concern about modern slavery by opposing approval of the annual report and accounts.

The annual report and accounts are also suitable for Votes Against Slavery because they form the cornerstone of corporate accountability - a vote on the year's activity. Any misgivings about corporate transparency and reporting are therefore best shown at this point.



# WHAT ARE COMPANIES' REPORTING REQUIREMENTS?

Under s54, companies that fall under the reporting threshold of the Act must meet - and demonstrate that they have met - the following minimum legal requirements:



# VOTES AGAINST SLAVERY: THE 2023 CAMPAIGN

By the end of 2022, Rathbones had organised a coalition of 133 global investors with over £8 trillion in assets under management for Votes Against Slavery's 2023 campaign. You can find a full list of supporters in the appendix. The list spans asset

managers and owners concerned about ESG risks and social issues in particular. It includes a long list of UK and European investors but also institutions in the US and Asia-Pacific.

## THE TARGET LIST

In the final two months of 2022, the Rathbones stewardship team reviewed the public reporting of all FTSE 350 companies. We found the following 29 non-compliant:

### 17 NON-INVESTMENT COMPANIES:

<b>Airtel Africa Plc</b>	<b>Hill &amp; Smith Plc</b>
<b>Bank of Georgia Group Plc</b>	<b>JD Sports Fashion Plc</b>
<b>Biffa Plc</b>	<b>JTC Plc</b>
<b>Centamin Plc</b>	<b>NCC Group Plc</b>
<b>CLS Holdings Plc</b>	<b>RPS Group Plc (Tetra Tech)</b>
<b>Direct Line Insurance Group Plc</b>	<b>TP ICAP Group Plc</b>
<b>Frasers Group Plc</b>	<b>UNITE Group Plc</b>
<b>Genuit Group Plc</b>	<b>Videndum Plc</b>
<b>Grafton Group Plc</b>	

### 12 INVESTMENT COMPANIES:

<b>Bluefield Solar Income Fund Ltd</b>	<b>Personal Assets Trust Plc</b>
<b>Foresight Solar Fund Ltd</b>	<b>Polar Capital Technology Trust Plc</b>
<b>HarbourVest Global Private Equity Ltd</b>	<b>Supermarket Income REIT Plc</b>
<b>ICG Enterprise Trust Plc</b>	<b>Syncona Ltd</b>
<b>International Public Partnerships Ltd</b>	<b>Urban Logistics REIT Plc</b>
<b>NextEnergy Solar Fund Ltd</b>	<b>Warehouse REIT Plc</b>

As in previous years, the inclusion of investment companies on this list is disputed by some target companies. However, we consider the wording of the Act to cover all listed companies, with no exceptions for investment companies. Although investment companies often lack direct supply chains which they can press to safeguard human rights risk, they nonetheless can wield influence. This is borne out by some excellent reports produced by investment companies in recent years.

Although we think investment companies are covered by s54 of the Act, we're seeking clarification from the UK government on the treatment of investment companies under s54 in any future revisions of the Modern Slavery Act, to confirm that our understanding is correct.

## HOW DID COMPANIES FAIL TO COMPLY?

We put non-compliant companies in the following categories:

<b>NO BOARD APPROVAL</b>	Bluefield Solar Income Fund Ltd, Direct Line Insurance Group Plc, Grafton Group Plc, HarbourVest Global Private Equity Ltd, Polar Capital Technology Trust Plc, RPS Group Plc (Tetra Tech), Supermarket Income REIT Plc, TP ICAP Group Plc, Urban Logistics REIT Plc, Videndum Plc
<b>NO DIRECTOR SIGN-OFF</b>	Hill & Smith Plc, NextEnergy Solar Fund Ltd, Personal Assets Trust Plc
<b>OUT OF DATE</b>	Biffa Plc, Centamin Plc, CLS Holdings Plc, Foresight Solar Fund Ltd, Frasers Group Plc, ICG Enterprise Trust Plc, JD Sports Fashion Plc, JTC Plc, NCC Group Plc, Syncona Ltd, UNITE Group Plc
<b>OUT OF DATE AND NOT ON HOMEPAGE OF WEBSITE</b>	Airtel Africa Plc
<b>NO BOARD APPROVAL OR DIRECTOR SIGN-OFF</b>	Genuit Group Plc
<b>OUT OF DATE AND NO BOARD APPROVAL</b>	Warehouse REIT Plc
<b>NO STATEMENT OR EXPLANATION WHY</b>	Bank of Georgia Group Plc, International Public Partnerships Ltd

## WHAT DID THE CAMPAIGN ACHIEVE IN 2023?

All 29 companies we deemed non-compliant at the beginning of the year had responded by its end. Twenty-seven of these had become compliant or explained that no statement was required. As of the end of 2023, we were continuing our engagement with the remaining two companies, Videndum and Foresight Solar, and expected full compliance shortly.

An additional enhancement for the project in 2023 was the number of joint meetings held by members of the coalition with target companies. We took advantage of opportunities to meet and discuss human rights due diligence in supply chains more generally with 19 companies. We covered a wide range of topics, including training, whistleblowing, and exposure to countries that posed higher risks for human rights such as China and Russia. We discussed supply chain audits too - including unannounced ones. Conversations also included targets, board oversight of modern slavery risks, and collaboration with non-government organisations (NGOs) and peers. Finally, we discussed examples of slavery that had been discovered.

The 19 companies were:

- Airtel Africa Plc
- Bluefield Solar Income Fund Ltd
- Centamin Plc
- Direct Line Insurance Group Plc
- Grafton Group Plc
- HarbourVest Global Private Equity Ltd
- Hill & Smith Plc
- ICG Enterprise Trust Plc
- JD Sports Fashion Plc
- JTC Plc
- NCC Group Plc
- Personal Assets Trust Plc
- Polar Capital Technology Trust Plc
- Supermarket Income REIT Plc
- Syncona Ltd
- TP ICAP Group Plc
- UNITE Group Plc
- Videndum Plc
- Warehouse REIT Plc

## CASE STUDIES

NB Our engagement is targeted at FTSE 350 companies. The names mentioned below do not indicate a preference for investing in them over other FTSE 350 companies, or in disinvesting from them. Moreover, not all the companies mentioned below are in Rathbones portfolios.

**AIRTEL AFRICA PLC** provides telecoms and mobile money services in Africa. We wrote to the company to tell it that its modern slavery statement was both out of date and not on the homepage of its website. Following several months of engagement, the company secretary responded by committing to update the statement and ensure that it would be uploaded to the homepage of the website.

Full compliance took longer than the company had originally planned. However, by October, the company had a fully compliant modern slavery statement on the homepage of its website. It had also offered us a meeting, which included the company secretary, to discuss the content of the new modern slavery statement. Our engagement with the company also pushed the company up from Tier 5 (the lowest tier) to Tier 4 on investment manager [CCLA's modern slavery UK benchmark](#).

**WAREHOUSE REIT PLC** is a property company that invests in warehousing. We sent a letter to the company acknowledging that government guidance doesn't make clear whether the regime applies to

investment trusts. We commended the company for producing a statement when many other investment companies had chosen not to do so. However, we explained that the company's statement was approved by the chair of the board rather than the board itself and was out of date.

The company's new 2023 statement - published several months later - clearly showed board approval, demonstrating that the company had taken on board our comments. We had a fruitful meeting with the company later in the year, when we provided numerous suggestions to strengthen the quality of the company's reporting.

In particular, we emphasised the importance of key performance indicators (KPIs). These would enable investors to assess better the progress made or challenges being faced regarding modern slavery. KPIs could also be used to review the training the company is providing to its property managers. We praised the management for its willingness to make changes to its overall approach to tackling slavery within the supply chains of property it invests in.

**VIDENDUM PLC** makes hardware and software for the film industry. We engaged with the company as its modern slavery statement appeared to be missing board approval. Although Videndum asserted that the statement had indeed been approved by the board, we noticed that the statement still failed clearly to show this, despite several emails to the company. Because board approval was still not clearly shown, we then wrote to the company again, explaining that we would be voting against the report and accounts at the company's May AGM and would advise the coalition to do the same. Videndum responded instantly by committing to update the statement.

As a show of faith we supported management at the AGM. But frustratingly, it took several months of chasing before the company actually updated its statement.

Videndum offered us a meeting to discuss its approach to modern slavery reporting, including an explanation of when we could expect the 2023 statement. We were encouraged that during our conversation, the company committed to conducting a full review of its whistleblowing policy to assess the efficacy of the process. The company also said it would take on board our suggestions to improve the information and disclosure provided in the statement, which we felt was weak when compared with other companies. We also advised the company to look into the training provided to employees and suppliers and to set targets. We were expecting the company's 2023 statement to be uploaded by March 2024 at the latest.



## WHAT NEXT?

The Votes Against Slavery coalition is broader-based than ever in 2024 - expanding from 133 to 154 investors. Total assets under management, at £1.99 trillion as at the beginning of the year, is lower than in 2023 because of the departure of a single large investor, but the value of assets remains extremely large.

For 2024, we're expanding Votes Against Slavery beyond FTSE 350 businesses to target non-compliant companies listed on the FTSE AIM market of smaller listed companies. All companies with a turnover of £36 million and above are covered by s54.

Our research has discovered 32 non-compliant FTSE 350 companies and 126 non-compliant FTSE AIM companies. Our work so far shows that many AIM

companies have a limited understanding of this issue - but are often happy to engage on it.

We'll also engage with the Home Office on strengthening s54. As before, this will be a joint effort with CCLA. Our demands are wide-ranging. They encompass including public authorities, more explicitly including investment organisations, more ambitious minimum reporting requirements, and a government-run registry of modern slavery statements. We also want oversight of modern slavery to move from the Home Office to the Department for Business and Trade, since it oversees most corporate reporting requirements.

And last but not least, we want penalties for failing to comply with s54.



## APPENDIX: WHO'S IN THE COALITION?

We would like to thank the following investors who have supported our engagement in 2023:

**Aargauische Pensionskasse**

**Accenture Executive Pensionskasse**

**ATISA Personalvorsorgestiftung der Tschümperlin-Unternehmungen**

**AVENA - Fondation BCV 2e pilier**

**Aviva Investors**

**Bernische Lehrerversicherungskasse**

**Bernische Pensionskasse**

**Border to Coast Pensions Partnership**

**BVG-Stiftung der SV Group**

**Caisse Cantonale d'Assurance Populaire**

**Caisse de pension du Comité international de la Croix-Rouge**

**Caisse de pension Hewlett-Packard Plus**

**Caisse de pensions de l'Etat de Vaud**

**Caisse de pensions de la fonction publique du canton de Neuchâtel**

**Caisse de pensions du CERN**

**Caisse de pensions du personnel communal de Lausanne**

**Caisse de pensions ECA-RP**

**Caisse de pensions Féd. int. des Stés. de la Croix-Rouge et du Croissant-Rouge**

**Caisse de prév. des Fonctionnaires de Police & des Etablissements Pénitentiaires**

**Caisse de Prévoyance de l'Etat de Genève**

**Caisse de Prévoyance des Interprètes de Conférence**

**Caisse de prévoyance du personnel de la Ville de Fribourg**

**Caisse de prévoyance du personnel de l'Etat de Fribourg**

**Caisse de prévoyance du personnel de l'Etat du Valais**

**Caisse de retraite professionnelle de l'industrie vaudoise de la construction**

**Caisse intercommunale de pensions**

**Caisse Inter-Entreprises de Prévoyance Professionnelle**

**Caisse paritaire de prévoyance de l'industrie et de la construction**

**Caisse de prévoyance des travailleurs et employeurs du commerce de détail**

**CAP Prévoyance**

**Cassa pensioni di Lugano**

**CCLA Investment Management**

**Church of England Pensions Board**

**Columbia Threadneedle**

**Eco Advisors**

**EdenTree**

**Emmi-Vorsorgestiftung**

**EQ Investors**

**ESG Portfolio Management**

**Etablissement Cantonal d'Assurance**

**Etablissement cantonal d'assurance et de prévention (ECAP- Neuchâtel)**

**Evangelisch-reformierte Landeskirche des Kantons Zürich**

**Evelyn Partners**

**Fondation de la métallurgie vaudoise du bâtiment**

**Fondation de prévoyance Artes & Comoedia**

**Fondation de prévoyance du Groupe BNP PARIBAS en Suisse**

**Fondation de Prévoyance Edmond de Rothschild**

**Fondation de prévoyance professionnelle en faveur de AROMED**

**Fondation de prévoyance Romande Energie**

**Fondation Interprofessionnelle Sanitaire de Prévoyance**

**Fondation Leenaards**

**Fondation Patrimonia**

Fondazione Ticinese per il secondo pilastro  
Fondo di Previdenza per il Personale dell'Ente Ospedaliero Cantonale  
Fonds de Prévoyance de CA Indosuez (Suisse) SA  
Fonds interprofessionnel de prévoyance  
Future Super  
Gebäudeversicherung Luzern  
Gebäudeversicherung St. Gallen  
GEMINI Sammelstiftung  
Investec Wealth & Investment  
ISGAM  
Istituto di previdenza del Cantone Ticino  
LGPS Central  
Liechtensteinische AHV-IV-FAK  
Lombard Odier Asset Management  
Luzerner Pensionskasse  
Mercy Investment Services, Inc  
Nest Corporation  
Nest Sammelstiftung  
NFU Mutual  
ÖKK Berufliche Vorsorge  
Pension Protection Fund  
Pensionskasse AR  
Pensionskasse Bank CIC (Schweiz)  
Pensionskasse Basel-Stadt  
Pensionskasse Bühler AG Uzwil  
Pensionskasse Caritas  
Pensionskasse der Basler Kantonalbank  
Pensionskasse der Diözese St.Gallen  
Pensionskasse der Schweizer Paraplegiker-Gruppe Nottwil

Pensionskasse der Schweizerischen Nationalbank  
Pensionskasse der Stadt Biel  
Pensionskasse der Stadt Frauenfeld  
Pensionskasse der Stadt Weinfelden  
Pensionskasse der Stadt Winterthur  
Pensionskasse der Stadt Zug  
Pensionskasse der Technischen Verbände SIA STV FSAI USIC  
Pensionskasse des Kantons Nidwalden  
Pensionskasse Graubünden  
Pensionskasse Pro Infirmis  
Pensionskasse Römisch-katholische Landeskirche des Kantons Luzern  
Pensionskasse Schaffhausen  
Pensionskasse SRG SSR  
Pensionskasse Stadt Luzern  
Pensionskasse Stadt St. Gallen  
Pensionskasse Unia  
Personalvorsorgekasse der Stadt Bern  
Personalvorsorgestiftung der Accenture Schweiz  
Personalvorsorgestiftung der Würth-Gruppe Schweiz  
PIRC Limited  
Premier Miton  
Previva, fonds de prévoyance des professionnels du travail social  
Prévoyance Santé Valais  
Profelia Fondation de prévoyance  
Prosperita Stiftung für die berufliche Vorsorge  
Quilter Cheviot  
Raiffeisen Pensionskasse Genossenschaft  
Railpen  
Redwheel

Rentes genevoises - Assurance pour la vieillesse

RP - Fonds institutionnel

Secunda Sammelstiftung

Spida Personalvorsorgestiftung

St. Galler Pensionskasse

Stiftung Abendrot

Stiftung Auffangeinrichtung BVG

Stiftung Personalvorsorge Liechtenstein

SVA Zürich

Swissbroke Vorsorgestiftung

Symova Sammelstiftung BVG

Terre des hommes Schweiz

Trinetra Investment Management

Tweedy, Browne Company LLC

Unfallversicherungskasse des Basler Staatspersonals

Université de Genève

USS

Vanguard

Verein Barmherzige Brüder von Maria-Hilf (Schweiz)

VidaCaixa

Vorsorge SERTO

Vorsorgestiftung der Bourquin SA



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