



CBIS

*Christian
Brothers
Investment
Services, Inc.*

September 10, 2010

Honorable Governor Arnold Schwarzenegger
State Capitol Building
Sacramento, CA 95814

Dear Governor Schwarzenegger:

Christian Brothers Investment Services, Inc. (CBIS), a socially responsible investment advisory firm with offices in New York, Chicago and San Francisco, is writing on behalf of the undersigned 32 research and investment firms representing \$40 billion in assets under management to encourage you to sign The California Transparency in Supply Chains Act of 2010 (SB 657).

The signatories, representing investment analysts, socially responsible shareholders, and faith-based investors, many of whom are members of the Interfaith Center on Corporate Responsibility (ICCR), believe this innovative and influential bill reflects the realities of the marketplace, which increasingly requires that companies be sensitive to social and ethical issues, including labor and supply chains, and create human rights policies, as well as processes to evaluate, monitor and strengthen them.

As shareholders and analysts that have worked for many years with corporations to adopt codes of conduct that establish rules for respecting basic human rights in the workplace, the availability of information like that requested in SB 657 is critical to our business and is an important input into our evaluation of a company's risks and opportunities. Lack of attention to these issues can lead to business interruptions, negative publicity, public protests, and a loss of consumer confidence, all of which can impact shareholder value.

While opponents of the bill have expressed concern about the level and difficulty of disclosure, this type of information is already disclosed by many mainstream corporations operating in California, including apparel companies, manufacturers and retailers such as The Gap, Nike, Target, Wal-Mart, Disney, Levi's, and Tiffany. These companies, which many of us hold in our portfolios, recognize the growing relevance of global labor standards and are working towards disclosing such things as their supplier codes of conduct, audit procedures, compliance measures, and accountability standards for employees and suppliers in order to provide stakeholders with a more complete view of the company's policies and practices.

In addition to helping shareholders and consumers make investment and purchasing decisions, many companies have found reporting on their efforts to eradicate slavery and human trafficking from their direct supply chains to be helpful not only in uncovering human rights issues that have the potential to impact their reputations, but also in revealing opportunities for improvement.

While we recognize the challenges of collecting and reporting the information requested in SB 657, assistance is readily available from a multitude of multi-stakeholder initiatives, including The Global Reporting Initiative, The Forest Footprint Disclosure Project, as well as the California-based Electronics Industry Citizenship Coalition and The Responsible Cotton Network. Many of these organizations have created reporting frameworks, crafted guidelines, and can recommend best practice thanks to the non-profit organizations, corporate executives, labor representatives, and investors that are their members.

Given trends in globalization and growing concerns regarding working conditions, labor issues, human trafficking, and slavery, investors and other stakeholders will increasingly call for information from companies related to their supply chains, and we encourage the state of California to support investors, companies, and workers by enacting SB 657.

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Sincerely,



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