



Interfaith Center on Corporate Responsibility - Human Trafficking Investor Statement—June 27, 2011

For over two decades, members of the Interfaith Center on Corporate Responsibility (ICCR), a coalition of nearly 300 faith-based and values-driven institutional investors representing \$100 billion in assets under management, have been pressing businesses to scrutinize their supply chains and operations to ensure that they are not inadvertently complicit in human rights violations, specifically, violations associated with human trafficking and modern day slavery, including child labor, forced labor and slave labor.

Current trends around supply chain issues indicate that these practices will soon be legislated. Today we are calling on companies to proactively develop human rights policies that specifically address human trafficking and modern day slavery and request that these policies are integrated into business plans, and that public reporting on these measures be made available to both current and future investors. We also call on companies to work in collaboration with other stakeholders to eradicate these egregious human rights abuses.

Human Trafficking Defined

For reference, we use the definition of human trafficking provided in the United Nations “Palermo Protocol of 2000” by the UN Global Initiative to Fight Human Trafficking.¹

ACT: Human trafficking involves the recruitment, transportation, transfer, harboring and/or receipt of a person.

MEANS: It can include the threat or use of force, deception, abduction, the abuse of power or a position of vulnerability, or other form of coercion.

PURPOSE: The purpose of human trafficking is exploitation, which can include the prostitution of others, forced labor, slavery or servitude.²

Business Case for Action

Beyond the obvious moral mandate, non-compliance on human rights issues, including human trafficking and modern day slavery, carries genuine material and reputational risk which could deleteriously impact the value of our investments. Conversely, comprehensive assessments of potential exposure to human rights violations throughout the entire supply chain are an essential measure of sound governance building trust and, consequently, value in the brand. Increasingly, business supply chain reporting on human rights issues is being legislated. Recent examples include: a) the *California Transparency in Supply Chain Act* requiring retailers and manufacturers doing business in California to publicly report their efforts to train company employees on human trafficking and slavery in supply chains and; b) the Conflict Minerals Special Disclosures provision of the Dodd-Frank Financial Reform Act which requires U.S. listed companies from the electronics industry and other sectors to trace and disclose use of conflict minerals from the Congo and surrounding region.

Voluntary reporting preempts what will inevitably be required by law and sends a strong message to investors and consumers that these violations are taken seriously and will be eradicated.

ICCR's Human Rights Legacy

ICCR member advocacy on human rights issues began with our work in the 1980s to address sweatshop labor in the apparel industry. Since then we have focused on child labor in the cocoa fields in Africa and the cotton fields in Uzbekistan; child and slave labor in the coffee fields of Latin America, slave labor in Brazil associated with the production of pig iron; and exposure to conflict minerals sourced from the Democratic Republic of Congo. Most recently, our faith-based investors addressed one of the most sensitive human rights abuses – child sex tourism – in the hotel and tourism industry, which impacts up to 2 million children globally. Our efforts have yielded tangible results, in many

¹http://www.uncjin.org/Documents/Conventions/dcatoc/final_documents_2/convention_%20traff_eng.pdf

² *Human Trafficking and Business: Good Practices to Prevent and Combat Human Trafficking*, www.unqif.org.

cases leading to the adoption of industry-wide protocols in cross-sector supply chain management and the development of corporate codes of conduct which include human trafficking and modern day slavery measures.

Proactive Steps for Companies

A number of companies are to be commended for showing leadership on this issue including Carlson, Gap, HP, LexisNexis and Manpower, among others. In order for companies to demonstrate respect for human rights, they must implement due diligence processes that incorporate the following:

1. A policy stating the company's commitment to respect human rights;
2. An assessment of actual and potential human rights impacts, including human trafficking and modern day slavery;
3. Integration of the policy and corresponding assessment into internal oversight systems and monitoring programs;
4. Training of employees, contractors and vendors;
5. A clause in contracts with suppliers, host-government agreements and joint ventures stating a common repudiation of human trafficking to ensure that their conduct is consistent with human rights standards.
6. Alliances with appropriate authorities including police, anti-trafficking organizations, child welfare agencies and public-private partnerships with governmental and international institutions;
7. Contribution to the prevention of trafficking, including awareness raising and educational campaigns;
8. Annual public reports on performance.

Guideposts

- Companies in the travel and tourism industry are strongly urged to adopt the ECPAT (End Child Prostitution, Child Pornography and Trafficking of Children for Sexual Purposes) code addressing the sexual exploitation of children.³
- Other sectors are encouraged to look at the Athens Ethical Principles and the accompanying *Luxor Implementation Guidelines to the Athens Ethical Principles: Comprehensive Compliance Programme for Businesses* under the End Human Trafficking Now initiative for guidance.⁴
- Lastly, all companies are urged to review the "Guiding Principles for Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework" to be presented to the UN Human Rights Council by Professor John Ruggie, the UN Secretary-General's Special Representative for Business and Human Rights.⁵

Multi-Stakeholder Collaboration

Because human trafficking is so egregious and pervasive, companies need to go beyond individual initiatives to partner with other industry leaders and non-governmental organizations in multi-stakeholder initiatives and public-private partnerships that are actively confronting this issue. Public education and awareness campaigns are required if consumers, citizens and governments are to place human trafficking at the top of their agenda. Specifically, companies are urged to participate in initiatives like the newly-forming Business Coalition against Human Trafficking comprised of company representatives from a broad cross-section of industries which focus on achieving long-term sustainable change.

The United Nations Global Initiative to Fight Trafficking, which works with all stakeholders, including governments, business, academia, civil society, investors and the media, has developed effective tools to end human trafficking.

Summary

As investors, we are concerned with the serious material and reputational risks posed by human trafficking and modern day slavery to corporate operations and their supply chains. We believe progress will be made as companies implement verifiable human rights due diligence processes, work collaboratively with other stakeholders and make transparent what has long been hidden.

³ <http://www.thecode.org>

⁴ http://www.unglobalcompact.org/docs/issues_doc/human_rights/Resources/Luxor_Implementation_Guidelines_Ethical_Principles.pdf

⁵ <http://www.business-humanrights.org/SpecialRepPortal/Home/Protect-Respect-Remedy-Framework/GuidingPrinciples>

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