

STATEMENT OF PRINCIPLES & RECOMMENDED PRACTICES FOR CONFRONTING HUMAN TRAFFICKING & MODERN SLAVERY





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ABOUT ICCR

Currently celebrating its 42nd year, ICCR is the pioneer coalition of active shareholders who view the management of their investments as a catalyst for change. Its 300 member organizations with over \$100 billion in assets have an enduring record of corporate engagement that has demonstrated influence on policies promoting justice and sustainability in the world.

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“Jewish tradition teaches us that every human being is created in God’s image. To degrade and enslave another human life is the ultimate denial of that reality.”

Rabbi Rachel Kahn-Troster

“I reaffirm here that the “trade in people” is a vile activity, a disgrace to our societies that claim to be civilized. Exploiters and clients at all levels should make a serious examination of conscience both in the first person and before God! Today the Church is renewing her urgent appeal that the dignity and centrality of every individual always be safeguarded, with respect for fundamental rights...”

Pope Francis

“Since Islam recognizes human dignity, the requirements and consequences of human dignity are paid attention to in Muslim rules and regulations and there is no rule incompatible with human dignity in Muslim rules.”

Behrouz Yadollahpour, Ph.D.

“[The] threat of modern slavery looms most prominently over those who have already suffered poverty, abuse, and dejection... Respond with vigilance to the violence of human trafficking with an openness to receive and encounter God’s enslaved children, just as Christ received and freed each of us.”

Episcopal Church Presiding Bishop Katharine Jefferts Schori

“We should have a clear realization of the oneness of all humanity.”

Dalai Lama XIV

“Trafficking in persons, or modern-day slavery, mars every corner of the globe and manifests itself in a debasement of our common humanity that is completely at odds with religious and ethical teachings alike.”

President’s Advisory Council
on Faith-based and Neighborhood Partnerships

BACKGROUND

Generating Public Awareness of Trafficking and Slavery

The exploitation of persons--for labor or sexual purposes--is the third largest illegal “business” after drug and arms trafficking. While slavery was officially abolished in the United States 150 years ago, in 2012 the International Labor Organization conservatively estimated that some 21 million persons globally, including in the US, remain enslaved. 14.2 million people are victims of forced labor and another 4.5 million are victims of forced sexual exploitation.¹ Other estimates put the victims of modern day slavery much higher, however due to the clandestine nature of trafficking, it is difficult to get accurate numbers.² For this reason, building public awareness of labor and sex trafficking is imperative. Due to recent media attention, new domestic and international legislation, consumer pressure and the collective initiatives of faith-based and non-governmental organizations, human trafficking and modern-day slavery are no longer considered underground crimes committed in far off lands, but understood as real threats that are “hidden in plain sight”.

Some recent examples of increased public focus on the issue are:

- The passage in 2010 of the California Transparency in Supply Chain Act and pending federal legislation sponsored by Rep. Carol Maloney
- The tragedy of the Rana Plaza collapse in Bangladesh where over 1,100 garment workers lost their lives
- Pope Francis’ condemnation of slave labor on May 1, 2013, World Labor Day³
- President Obama’s September, 2012 address at the Clinton Global Initiative on slavery and the April, 2013 White House Forum to Combat Human Trafficking⁴

History of ICCR Shareholder Engagements on Human Rights

Respect for human rights are a founding theme for our organization as members first galvanized to bring an end to the apartheid system in South Africa over 40 years ago. One of the key measures ICCR members use to assess corporate performance is how well the dignity of the human person is respected both within a company’s own supply chains and in the communities impacted by their operations. A fundamental measure of good company performance is the adoption and implementation of a comprehensive, transparent and verifiable human rights policy.

ICCR members have:

- Actively participated in the founding of the Coalition for Justice in the Maquiladoras in 1989, engaging companies to improve working conditions and pay a living wage to workers in their factories in Mexico;
- Led investors in confronting sweatshop conditions in the apparel industry in the 1990s and been successful in getting dozens of companies to adopt and implement supplier

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codes based on International Labor Organization standards regarding freedom of association and collective bargaining, prohibitions on child and forced labor and nondiscrimination. This work continues today as ICCR convenes a coalition of over 200 global investors that are advocating for stronger supply chain oversight in the Bangladesh garment industry in the aftermath of the Rana plaza collapse;

- Helped to build a broad coalition of investors, companies, human rights groups and trade associations to end government-sponsored forced child labor in the cotton fields of Uzbekistan; and engage companies to rid their supply chains of ‘conflict minerals’ sourced from the Democratic Republic of Congo and surrounding countries;
- Provided input and support for the creation of the UN Guiding Principles on Business and Human Rights.



The Business Case for Greater Human Rights Due Diligence

More companies are becoming aware --through direct engagement with ICCR members and other stakeholders--of the potential for human rights abuses in their global operations and supply chains and what they can do to prevent these egregious crimes. Given the complexity of company supply chains and the multitude of contractors, recruiters, and suppliers used throughout a production process, there can be great risks to companies from human trafficking, including lawsuits, negative publicity and consumer boycotts, business interruptions and strikes--all of which can have a deleterious impact on shareholder value.

The Corporate Responsibility to Respect Human Rights – The UN Guiding Principles

The principle that companies have a responsibility to respect human rights has gained unprecedented acceptance over the past decade. Companies are not only expected to meet their responsibilities but may face reputational, legal or other consequences if they do not. A global framework is now in place—the United Nations “Protect, Respect and Remedy” Framework for Business and Human Rights (2008) and the subsequent UN “Guiding Principles on Business and Human Rights.”²⁵ The Framework and Guiding Principles were unanimously endorsed by the UN Human Rights Council in 2011. At the core of the ‘corporate responsibility to respect’ is the implementation of ‘human rights due diligence’ which includes, “assessing actual and potential human rights impacts, integrating and acting upon the findings, tracking responses, and communicating how impacts are addressed.”

The Guiding Principles and human rights due diligence provide shareholders and other stakeholders with an important accountability framework to assess and address corporate performance on the full range of human rights, including human trafficking and modern day slavery--activities in which one person obtains or holds another in compelled service. The new global norm provides guidance for a company on how it can “know” what its human rights impacts are and to “show” what it is doing to address them in a transparent way.

Corporate Compliance with New Human Rights Legislation

Increasingly corporate supply chain reporting on human rights issues is being legislated. Two recent examples are: a) the Conflict Minerals Special Disclosures provision of the Dodd-Frank Financial Reform Act⁶ which requires US listed companies from the electronics industry and other sectors to trace and disclose its use of ‘conflict minerals’ from the Congo and surrounding region; and b) the California Transparency in Supply Chain Act of 2010⁷ requiring companies doing business in California with annual world-wide gross receipts that exceed \$100 million to report on what they are doing in their product supply chains to evaluate and address risks of trafficking and slavery, through audits, certification, internal accountability procedures and the training of supply chain personnel on trafficking and slavery. A bill at the Federal level is being introduced in the Senate and House that is similar to the California Act and includes language addressing the role of labor brokers:⁸



KEY PRINCIPLES FOR ANTI-TRAFFICKING ENGAGEMENT

ICCR members urge companies to scrutinize their operations and supply chains to ensure that they are not inadvertently complicit in abuses associated with trafficking and modern day slavery, including forced labor, bonded labor, child labor and sexual servitude.

The ICCR Human Trafficking/Modern Day Slavery group bases its corporate engagements on these six principles:

1. **Dignity:** Upholding the dignity of the human person is the overarching principle upon which ICCR’s anti-slavery work is based.
2. **Policy:** A comprehensive policy with implementation steps to assess and address human trafficking and slavery risks and impacts is evidence of the corporate responsibility to respect human rights.
3. **Impact:** It is not enough to adopt a policy and list the activities, processes and outputs of corporate actions. “Knowing” and “showing” outcomes and impacts on people and communities is crucial.
4. **Collaboration:** Through multi-stakeholder initiatives and public-private partnerships, companies can actively confront trafficking and slavery.
5. **Transparency:** To shine a light on hidden trafficking networks is a powerful tool for protecting and preempting exploitative behavior.
6. **Remedies:** Corporations must make effective mechanisms for justice available to victims.

1. Dignity

ICCR members focus their corporate engagements on two areas:

a. **Sex Trafficking.** Through active dialogues and the filing of shareholder resolutions, ICCR members have engaged companies in the travel and tourism sector encouraging hotel chains and airlines to adopt and implement policies designed to address the sexual exploitation of women, children and men. In addition to their on-going engagement of companies, ICCR members initiated the *Celebration Without Exploitation*⁹ program focusing on outreach to hospitality companies prior to major sporting events where there is a potential increase in sex trafficking. As a result of this initiative, more hotels have become aware of the issue and trained staff to detect potential trafficking at the World Cup, Super Bowl and the Olympics.¹⁰ Importantly, several hotel chains and one major U.S. airline have signed the ECPAT code of conduct committing them to train personnel to spot and report incidents of sex trafficking.

b. **Labor Trafficking.** One of the benefits of globalization is that many have found decent jobs with decent pay. However, other job-seekers have been the victims of unscrupulous labor recruiters who bait and switch, promising well-paying jobs but, once the worker arrives at the new job site, renege on those promises. Wages are extremely low or withheld for no reason, documents and passports are confiscated, and fees are charged for transportation and lodging—all of this equals enslavement. Foreign workers and migrant workers, particularly in the agricultural sector, are especially vulnerable to slave labor.

The human rights focus of shareholders has broadened from improving workplace conditions and wages in factories and farms to creating more ethical recruitment standards and practices. Companies are encouraged to implement responsible hiring practices throughout their operations and supply chains and utilize tools to address labor trafficking, including *Verite's Fair Hiring Toolkit*¹¹ and the *Ethical Framework for Cross Border Labor Recruitment*.¹²

2. Policy

To effectively address labor and sex trafficking, a corporate-wide human rights policy must be adopted, based on the following four international standards:

- I. The Universal Declaration of Human Rights;
- II. The UN Guiding Principles on Business and Human Rights;
- III. The International Labor Organization's Declaration on Fundamental Principles and Rights at Work, and;
- IV. The United Nations Convention against Transnational Organized Crime's Palermo Protocol of 2000.¹³

Further, the policy should include the definition of human trafficking and slavery based on the Palermo Protocol.

The Palermo Protocol

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.

Because modern day slavery is so egregious and pervasive, companies must go beyond individual initiatives to partner with industry leaders, suppliers, non-governmental organizations, trade unions, child rights' organizations, law enforcement, consumers, governments and the communities most impacted.

3. Impact

When it comes to human rights abuses and the prevention of labor and sex trafficking, it is not enough to adopt a policy and list the activities, processes and outputs of corporate actions. “Knowing” and “showing” outcomes and impacts on people and communities is imperative. Companies need to conduct on-going impact assessments to identify human rights risks in their operations and supply chains and address how findings are incorporated into programs and remediation plans. Understanding the impacts and risks of trafficking and slavery will help companies design effective training programs and human rights monitoring.

4. Collaboration

Because modern day slavery is so egregious and pervasive, companies must go beyond individual initiatives to partner with industry leaders, suppliers, non-governmental organizations, trade unions, child rights' organizations, law enforcement, consumers, governments and the communities most impacted. Through multi-stakeholder initiatives and public-private partnerships, companies can actively confront trafficking and slavery. Engaging stakeholders as equals is a core principle of collaborative initiatives and actions. Public education and awareness campaigns are required if citizens, consumers and governments are to make ending modern day slavery a priority. Since many persons exploited for either sex or labor come from poor communities where individuals are vulnerable to unscrupulous recruiters, it is imperative to partner with those communities in creating joint action plans that address the root causes of trafficking and slavery.

5. Transparency

Exposing hidden trafficking networks and educating the public about the risks of trafficking and slavery can be a powerful tool for protecting persons against enslavement and preventing exploitative behavior. Government reports like the US State Department's annual *Trafficking in Persons Report*¹⁴ attempt to shine a light on countries that aren't successfully addressing these crimes and serve as a warning to any company doing business there.

Companies can best demonstrate how they are addressing human trafficking risks within their supply chains through regular reporting. Disclosure provides investors with the confidence that companies are adequately managing these risks and builds trust with all stakeholders. Companies should report on their short and long-term anti-trafficking goals, timeframes for their implementation performance against these goals, the audit process and results, accountability measures, and percent of high risk factories and/or countries of operation within their supply chains.

6. Remedies

According to the UN Guiding Principles, individuals or communities negatively impacted by corporate human rights abuses have the right to “legitimate, accessible, predictable, equitable, transparent, rights-compatible remedies”.¹⁵ Corporations need to ensure the availability of effective mechanisms whereby victims, including both individuals and communities, can receive a measure of justice. Human trafficking and modern day slavery survivors have been subjected to coercive, violent behavior and require time and a safe environment for healing and restoration.

RECOMMENDED PRACTICES

Dignity

Sex Trafficking

- Integrate the Luxor Implementation Guidelines' zero tolerance policy towards trafficking in human beings—women, children and men-- into corporate practices and supply chain accountability.¹⁶
- Adopt and implement the ECPAT Code (End Child Prostitution, Child Pornography and Trafficking of Children for Sexual Purposes) addressing the sexual exploitation of children and include the code provisions in its human rights policy.¹⁷
- Include a clause in contracts with vendors, suppliers, host-government agreements and joint ventures to state a common repudiation of trafficking and compliance with local, national and international laws related to all forms of trafficking.
- Train employees on effectively detecting trafficking victims and publicly report on how staff is trained: the number, frequency and type of staff trained and the impact of the training.
- Implement a corporate policy for business travel to use hotel chains that have adopted the ECPAT code or similar policies to combat sex trafficking.

Labor Trafficking

- Integrate fair and responsible hiring policies and practices into corporate wide-operations and supply chains.¹⁸
- Adopt a “no fees” policy for operations and supply chain partners prohibiting the practice of workers paying for their job.
- Utilize existing guidelines for suppliers, such as Verite's *Fair Hiring Tool Kit*¹⁹ who out-source recruitment to ensure that their labor brokers are ethical and in full compliance with labor laws.
- Conduct audits to identify problems or instances of non-compliance and develop corrective action plans that identify root causes to prevent instances of recurrence.
- Participate in” bottom-up,” multi-stakeholder supply chain initiatives--modeled on the Accord on Fire and Building Safety in Bangladesh, that include trade unions, non-governmental organizations, brands/retailers and suppliers--in addressing labor trafficking.²⁰
- Negotiate fair prices for products made by suppliers so that workers will receive a living wage and not be trapped in debt bondage.

Policy

- Develop and implement a trafficking and modern day slavery policy based on the Palermo Protocol of 2000.
- Incorporate International Labor Organization standards on forced labor, child labor, freedom of association and collective bargaining and nondiscrimination into policy and practices.
- Put in place a human rights due diligence process that assesses trafficking risks, integrates findings into business decisions, tracks and reports publicly on performance.
- Adopt, implement and track fair and responsible hiring policies.





Impact

- Develop qualitative and quantitative indicators for measuring performance in addressing trafficking and slavery.
- To effectively measure impact, companies need to understand the perspective of potentially affected individuals and groups, particularly the most vulnerable, and participate in stakeholder engagement as equal partners.
- Determine high-risk sectors, regions and commodities associated with human trafficking. Helpful resources include The U.S. State Department's *Trafficking in Persons Report*²¹ which ranks countries on anti-trafficking measures, and the Department of Labor's *List of Goods Produced by Child Labor or Forced Labor*²². Implement on-going human rights impact assessments that cover adverse trafficking and slavery abuses which the company may cause or contribute to through its own activities or the activities of its suppliers.

Collaboration

- Participate in multi-stakeholder initiatives focused on the eradication of sex or labor trafficking such as the campaign to end government-sponsored forced child labor in the cotton industry in Uzbekistan²³ and the international commitment to the National Pact for the Eradication of Slave Labor in Brazil.²⁴
- Join public-private partnerships to advance awareness and actions needed to address root causes of trafficking.
- Develop equal relationships with all parties, especially local, community-based organizations and train company personnel on the skills needed for effective community engagement.
- Work with community groups and NGOs like the Polaris Project, which runs the National Human Trafficking Resource Center (NHTRC) a national, toll-free hotline, available to answer calls and texts from anywhere in the country, connecting trafficked victims with services in their area.²⁵

Transparency

- Publicly report on key performance indicators on implementation of the human rights due diligence process related to all elements of anti-trafficking and slavery policies and practices.
- Comply with and go beyond the reporting requirements of the California Transparency in Supply Chain Act of 2010 and the Conflict Minerals Special Disclosures provision of the Dodd-Frank Financial Reform Act.
- Take leadership by supporting the Business Transparency on Trafficking and Slavery Act in the US Congress.

Remedies

- Establish operational-level grievance mechanisms that are accessible to persons and communities who may be adversely impacted by corporate actions. These mechanisms should proactively facilitate the identification of grievances and address them as early as possible.
- Cooperate in the remediation of a trafficking violation when an independent third party facilitator is required.
- Work with NGOs and faith-based organizations to provide the necessary services and support for survivors of trafficking and slavery.

We call upon companies, investor organizations, faith-based communities and non-governmental organizations to endorse these principles and fully implement the recommended practices to move towards the eradication of human trafficking and modern day slavery.

“We see you. We hear you. We insist on your dignity.”



“Right now there is a young boy in a brick factory covered with dust, hauling his heavy load under a blazing sun thinking, if he could just go to school, he might know a different future, but he does not think anybody is paying attention. Right now there is a girl somewhere trapped in a brothel crying herself to sleep again, and maybe daring to imagine that someday, just maybe, she might be treated not like a piece of property, but as a human being. And so our message today, to them, is - to the millions around the world - we see you. We hear you. We insist on your dignity. And we share your belief that if just given the chance, you will forge a life equal to your talents and worthy of your dreams. Our fight against human trafficking is one of the great human rights causes of our time, and the United States will continue to lead it - in partnership with you.”

President Barack Obama, Clinton Global Initiative, September 2012

NOTES

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