

CHRISTIAN BROTHERS INVESTMENT SERVICES FINAL RESULTS OF THE INITIATIVE ON HOTELS AND HUMAN TRAFFICKING AT THE WORLD CUP

Background

In April, 2010, Christian Brothers Investment Services (CBIS), members of the Interfaith Center on Corporate Responsibility, and 300 investors and faith-based organizations signed a letter (see <http://www.cbisonline.com/page.asp?id=1037>) that was sent to major hotels with chains in South Africa to learn about actions being taken to combat human trafficking in advance of The World Cup in June and July. Hotels that received the letter were:

- **Accor (brands include Formule1, Mercure, Motel6, Sofitel)**
- **Best Western**
- **Carlson (brands include Radisson, Country Inn & Suites – and the company is majority shareholder of The Rezidor Hotel Group, which operates in South Africa)**
- **Hilton**
- **Hyatt (letter sent to the hotel by the Presbyterian Church - USA)**
- **InterContinental (brands include Holiday Inn and Crowne Plaza)**
- **NH Hoteles**
- **Starwood (brands include Westin and Sheraton)**

According to the United Nations, 12 million people are victims of human trafficking. Some of the most vulnerable are children, primarily through prostitution and sex tourism. Events like The World Cup, which attracted up to 500,000 visitors, have the potential to be accompanied by an increase in human trafficking. While not responsible for this crime, the lodging industry is well positioned to help by taking action to stop the use of hotels for these purposes.

We asked hotels how they were preparing for the influx of visitors:

- *Is there a human rights policy that includes child protections?*
- *Is hotel staff trained to be observant to potential victims of human trafficking and know to whom to report incidents?*
- *Does the hotel work with local authorities and social service agencies to protect victims?*
- *Has the hotel endorsed codes of conduct that seek to combat human trafficking?*
- *Does the hotel inform guests about trafficking laws and ways to report potential abuse?*

Major Findings: Hotel policies and practices on human rights and trafficking

CBIS appreciates the responses from the hotels that received our letter.

To review a summary of responses from Accor, Carlson/Rezidor, NH Hoteles, and InterContinental, as well as links to articles about the initiative in newspapers and magazines, visit <http://www.cbisonline.com/page.asp?id=1047>.

The Business and Human Rights Resource Centre picked up the story following CBIS' June 1st press release and invited the companies that had not responded or had responded inadequately at that time to respond or expand on their previous response. To view the responses, go to: <http://www.business-humanrights.org/Documents/Hotels>.

The points below highlight the major findings and provide recommendations based on CBIS' review of the hotels' responses, policies and programs to address human trafficking in South Africa and around the world. See also the chart on page 5 that depicts the results:

- We were pleased that **Hyatt, Accor, Carlson, and NH Hoteles** took action to address child sexual exploitation in South Africa. While **NH** and **Hyatt** informed staff in South Africa about the issue, it was disappointing that **InterContinental, Best Western, Starwood, and Hilton** did not mention taking action in South Africa to increase awareness among staff about human trafficking. **Accor** and **Carlson/Rezidor** were most active and the only hotels with a systematic approach to address human trafficking with robust and substantive programs and policies on child sexual exploitation.

Accor and Carlson: The Leading Programs to Combat Child Sexual Exploitation

Accor's program is an example for the tourism industry to emulate and confirms the company's leadership in combating child sexual exploitation. Accor was the only hotel to provide in its response and on its website information on future goals for its programs and specific detail to demonstrate that its policies and programs are being implemented

(<http://www.accor.com/en/sustainable-development/ego-priorities/child-protection.html>).

Last year, Accor trained 13,000 employees worldwide on the issue and conducted refresher training for 85 employees and 24 business partners in South Africa. Accor Hospitality Southern Africa generously made its own internal training materials available to the non-profit Fair Trade in Tourism South Africa to train other tourism professionals in South Africa. Accor was the only hotel that selected the fight against child sex tourism as one of the top priorities of its sustainable development program and it has been a key program element since 2006. Accor has more than 20 hotels in South Africa and 4000 hotels worldwide.

See: <http://www.accor.com/en/news/south-africa-accor-reaffirms-its-commitment-to-the-fight-against-sex-tourism.html> and <http://www.cbisonline.com/page.asp?id=1047>.

Carlson trains every new employee on the issue of child sexual exploitation and provides refresher training annually. The company's Chair, Marilyn Carlson Nelson, is a frequent speaker on the topic, sharing Carlson's experience in engaging against human trafficking. Carlson is majority shareholder of **The Rezidor Hotel Group**, which operates in Europe, the Middle East and Africa. Rezidor has also created an exemplary program in South Africa, including training employees to identify human trafficking and the process to report incidents. It has provided staff in South Africa with important telephone numbers of child protection agencies that can be contacted if an employee suspects a child is at risk and, like Accor, has distributed leaflets to travelers with hotline numbers to report abuse or exploitation and with information on human trafficking laws. Carlson has 1000 hotels in 150 countries

(<http://hugin.info/142138/R/1422110/371224.pdf>).

Both **Accor** and **Carlson** have adopted the tourism code of conduct against child sex tourism known as The Code (www.thecode.org), an industry-wide tool for facilitating the protection of children's rights by the travel and tourism sector.

RECOMMENDATION: We believe that all hotels should have clearly formulated and well-monitored policies and programs to combat child sexual exploitation. It is especially important for hotel chains to have programs in place in advance of major events and meetings that cause an influx of tourism, such as The Olympics, and other key conferences and conventions that could possibly create a situation where human trafficking might flourish.

*Many hotel chains in the U.S. lack programs to deal with child sexual exploitation, such as **Best Western, Hyatt** and **Hilton**. Creating policies and programs can help address this critical issue while enhancing the company's public profile with current and future customers, reducing reputational risk, and creating a competitive advantage within the sector.*

- Only three of eight hotel chains - - **Accor, NH Hoteles, and Rezidor/Carlson Companies** - - have adopted the tourism code of conduct against child sex tourism known as The Code (www.thecode.org), an industry-wide tool for facilitating the protection of children's rights. **Accor** has signed The Code in 34 countries where the hotel operates and has been a member of The Code's Board of Directors since 2008. We applaud **Carlson** as the only major chain to adopt The Code in the U.S.

Developed by ECPAT (End Child Prostitution, Child Pornography and Trafficking of Children for Sexual Purposes) Sweden (www.ecpat.net) in collaboration with the travel industry, it asks tourism providers to adhere to a six-point pledge to help protect children from sexual exploitation by training staff to identify victims and to report incidents to management, developing materials to alert travelers to trafficking laws, creating partnerships with social service and government agencies to assist victims, and reporting publicly on progress towards programs and policies.

*RECOMMENDATION: We strongly encourage **Best Western, Hyatt, Hilton, InterContinental, and Starwood** to join The Code, or implement the elements of The Code, in order to provide a framework for the development of a credible and robust program. The Code enables companies to join with more than 900 signatories in the travel and tourism industry to demonstrate their commitment, learn about innovative programs and policies, and share best practices.*

*While **Accor's** program is exemplary and the company has noted publicly its goal that all Accor's brands eventually adopt The Code, we encourage its U.S. chain **Motel6** to sign The Code given the lack of leadership in the U.S. We also encourage **NH Hoteles** to sign The Code worldwide, in addition to its recent progressive actions in Mexico.*

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- Only three hotels - - **Starwood, Accor and Carlson** -- have a human rights policy that specifically addresses child protections. (For example, see Starwood's policy at <http://library.corporate-ir.net/library/78/786/78669/items/273519/Human1207.pdf>.) We were dissatisfied that **Best Western, Hyatt, and Hilton** lack human rights policies or programs on the issue.

*RECOMMENDATION: We strongly encourage **Best Western, Hyatt, and Hilton** to create and implement a human rights policy that protects the rights of children and condemns all forms of exploitation of children.*

*While **Hilton** reported that the American Hotel and Lodging Association's (AHLA) statement that condemns all forms of human trafficking represents the company's global view, Hilton did not provide detail as to how it has integrated the statement into its own policies and programs (to view the ALHA statement, see Hilton's response at <http://www.business-humanrights.org/Documents/Hotels>.)*

***InterContinental** has taken the important step of creating a human rights policy. We encourage the company to revise its policy to include protections of the rights of children. Further, while **InterContinental, NH, and Carlson** have shown further leadership by signing The United Nations Global Compact, a strategic policy initiative for businesses that seek to align their operations and strategies with universally accepted principles in the areas of human rights, labor, environment and anti-corruption (www.unglobalcompact.org), we encourage these hotel chains to publicly report how they are implementing Principle 5, which references child*

trafficking and prostitution. **Starwood, NH, and Carlson**, which have Human Rights policies, also need to demonstrate and report progress on policy implementation.

For stakeholders, a crucial priority is gaining greater evidence that human rights policies are being implemented and the results of that implementation. Demonstrating that policies are implemented can enhance credibility and increase consumer confidence in a company's policies. Given the existence of training materials from such organizations as ECPAT and the relative ease of integrating training on human trafficking into existing training programs, it is apparent that these hotels can create and implement a human rights policy relatively quickly.

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- Only **Accor** publicly disclosed on its website the number of staff trained on child sexual exploitation and goals for its program.

*RECOMMENDATION: We strongly encourage **Best Western, Carlson, Hilton, Hyatt, NH Hoteles** and **Starwood** to publicly report their environmental and social performance, including steps taken to combat human trafficking and child sexual exploitation. **InterContinental**, the only hotel chain to take the important step of producing a corporate responsibility report using the standardized framework of The Global Reporting Initiative (GRI - www.globalreporting.org), does not report on programs and policies on human trafficking.*

Disclosure is an important aspect of corporate social responsibility and a critical tool for building trust with investors and the public. It also provides a basis for analysis and allows stakeholders to evaluate a company's progress over time and compare company performance to that of its peers. Leadership in transparency and disclosure may enhance a company's public profile with current and future customers and demonstrate competitive advantage within the sector.

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- Several hotel chains, including **Starwood, Hyatt, and NH Hoteles**, mentioned membership in the International Tourism Partnership (ITP-www.tourismpartnership.org), an industry initiative that focuses on developing responsible business practices and responses to social and environmental issues. Starwood is a founding member. The ITP Charter commits members to standards of ethical management within its business operation and with external stakeholders in the tourism industry.

RECOMMENDATION: It is not clear how ITP is addressing the issue of human trafficking and child sexual exploitation. When providing information about industry association initiatives, it is important to include details that explain such things as the specific goals and objectives, the company's level of involvement and how the company assists in their achievement, how the initiative addresses and impacts social and/or environmental issues, how often the company participates in or leads events and meetings, and how the initiative is incorporated into the corporation's overall sustainability programs.

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- We were pleased to see that many hotel chains have philanthropic programs with a focus on children. For example, **Hyatt** is an active participant in the Youth Career Initiative (YCI) that promotes youth engagement, education and development opportunities. **Best Western** has partnered with World Vision, a global relief agency, to alleviate child poverty. Their hotels make contributions to provide poor communities with access to basic services, such as food, safe water and health care. Best Western's

guests can also provide support through the company’s rewards program or through the website. While not a substitute for a focused program to combat human trafficking, philanthropy can provide needed funds to important causes.

RECOMMENDATION: Stakeholders would benefit from greater detail from **all hotels** concerning their involvement in child-focused philanthropic program in terms of the dollar value of their commitment, changes in the level of donations year-to-year, goals and objectives for the program, and impacts and achievements related to the company’s participation. Further, we strongly encourage **Best Western, Hyatt, and Hilton** to augment philanthropic initiatives with specific programs and policies to combat human trafficking and child sexual exploitation.

Conclusion

Christian Brothers Investment Services and the letter’s signatories hope that hotels will take steps on an ongoing basis to address human trafficking throughout their operations worldwide, including signing The Code or implementing its elements; creating human rights policies that include child protections; training staff to identify potential victims and to report incidents to management; developing materials for guests with information on trafficking laws and ways to report potential abuse; partnering with governments and social service organizations; and reporting publicly on progress. As shareholders in and frequent guests at several of these companies’ hotels, we view their commitment to protect children as an important element of corporate responsibility that will also help to reduce risk and improve operations. CBIS will continue our outreach to these and other hotels following The World Cup and monitor policy development, implementation and public reporting in order to reduce the likelihood of incidents of child sexual exploitation. For more information, visit www.cbisonline.com

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	Took Action in South Africa	Signed The Code ¹	Has Human Rights Policy that Includes Child Protections	Conducts Training on Issue	Shares Training Materials	Provides Specific Details on Child Protection Policy Implementation	Full Reporting Using The Global Reporting Initiative ²	Signed The United Nations Global Compact ³
Accor	✓	✓	✓	✓	✓	✓		
Carlson	✓	✓	✓	✓	✓			✓
InterContinental							✓	✓
NH	✓	✓		✓				✓
Starwood			✓					
Hyatt	✓							
Best Western								
Hilton								

¹ The Code is a tourism code of conduct to combat child sexual exploitation. www.thecode.org

² Global Reporting Initiative is a standardized framework for companies to report on social and environmental policy and performance. www.globalreporting.org

³ The United Nations Global Compact is a strategic policy initiative for businesses that seek to align their operations and strategies with ten universally accepted principles in the areas of human rights, labor, environment and anti-corruption. www.unglobalcompact.org