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

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

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3 http://www.thecode.org
5 http://www.business-humanrights.org/SpecialRepPortal/Home/Protect-Respect-Remedy-Framework/GuidingPrinciples
Sister Florence Seifert, President
Sister Jeanette Buehler, Vice-President/Secretary
Sister Edna Hess, Councilor/Treasurer
Sister Marita Beumer, Councilor
Sister Madonna Ratermann, Councilor
Leadership Team of the Sisters of the Precious Blood

Margaret Diener, OP
Chair, Socially Responsible Investment Committee
Dominican Sisters of San Rafael.

Stephen Viederman
Christopher Reynolds Foundation

Mark Regier
Director of Stewardship Investing
E reverence Financial

Carole Lombard CSJ
Sisters of St. Joseph of Boston
Director of Justice and Peace

Patricia M. Simpson, Administrator
Endowment Investment Committee of the Paulist Center Community, Boston, MA

Sister Clarita Trujillo
General Treasurer
Our Lady of Victory Missionary Sisters

Eileen Gannon, OP
Executive Team Member
Dominican Sisters

Sister Helen McDonald SHCJ, Provincial Leader
Society of the Holy Child Jesus American Province - Rosemont, PA

John Capel, Executive Director; Bench Marks Foundation, South Africa

Marie Lucey, OSF
Associate Director for Social Mission
LCWR

Julie Tanner
Assistant Director of Socially Responsible Investing
Christian Brothers Investment Services, Inc.

Allan E. Wentzel, Chair, CDT Foundation, South Africa

Rose Marie Jasinski, CBS

Patricia Jurewicz
Director
Responsible Sourcing Network

Judy Byron, OP
Intercommunity Peace & Justice Center Northwest Coalition for Responsible Investment

Ethel Howley, SSND
Social Responsibility Resource Person
School Sisters of Notre Dame Cooperative Investment Fund

Stella Storch, OP
CSA Justice Coordinator
Congregation of Sisters of St. Agnes - Fond du Lac, WI

Robert Mulcahy, SSJ
Socially Responsible Investment Coordinator
Sisters of St. Joseph of Springfield

Donna Meyer, Ph.D.
SRI Consultant
CHRISTUS Health

Cathy Rowan
Corporate Responsibility Coordinator
Maryknoll Sisters

Frank Rauscher
Senior Principal
Aquinas Associates

The Human Trafficking Working Group of the Sisters of Saint Francis, Rochester, MN

Sister Joellen Sbriissa, CSJ
Congregation of St. Joseph

Adam M. Kanzer, Esq.
Managing Director & General Counsel Domini Social Investments LLC

Irene Senn
Socially Responsible Investments Committee
Sisters of St. Francis of Assisi

Mari Lotvonen
M & E Consultation
H.O.P.E. Africa
Capetown, South Africa

Edward Gerardo
Director, Community Commitment and Social Investments
Bon Secours Health System, Inc.

Patricia Marshall, SBS
Social Justice Office Director
Sisters of the Blessed Sacrament

Bro. Steven O’Neil, SM
Marianist Province of the US

John Gonzalez
Passionist SRI Project

Miles Litvinoff
Co-ordinator
The Ecumenical Council for Corporate Responsibility (ECCR)

Meghan Moore
Assistant SRI Analyst
Legg Mason & Co., LLC

Mary Dowd, OSU
Alice M. Giordano, osu
JPIC Office
Ursulines of the Roman Union, Eastern Province

Society of St. Ursula - US Region

Joy Peterson, PBVM
Shareholder Advisory Committee
Sinsinawa Dominicans

Robert J. Benz
Founder & Executive Vice President
Frederick Douglass Family Foundation

Rev. Séamus P. Finn, OMI
Director
Justice, Peace and Integrity of Creation Office Missionary Oblates of Mary Immaculate Leadership Team of the Sisters of Providence (St. Mary-of-the-Woods, IN)

Sister Barbara Aires
Sisters of Charity of Saint Elizabeth, NJ

Patricia A. Daly, OP
Tri-State Coalition for Responsible Investment Sisters of St. Dominic of Caldwell, NJ

Alessandra Viscovi
Managing Director
Etica SGR

Sister Mary Christopher Moore, CSSF
Provincial Minister
Felician Sisters of North America

Patricia Eck, CBS
Congregational Leader
Sisters of Bon Secours of Paris
Leader, Sisters of Bon Secours USA

Christopher Matthias
Program Coordinator for Justice and Peace
and Corporate Responsibility
Adrian Dominican Sisters

Colleen Scanlon, RN, JD
Senior Vice President, Advocacy
Catholic Health Initiatives

(The Rev.) David Mesenbring
Pastor for Church in the World Ministries
Saint Mark’s Cathedral, Seattle

Pat Millen, OSF
Executive Director
St. Joseph Family Center

Deborah R. Fleming
Chair
Northwest Women Religious Investment Trust

Sister Marietta Schindler, OSB
Queen of Angels Monastery
Benedictine Sisters, Mt. Angel OR

Mariellen Blaser, SNJM
Marcia Friderger, SNJM
Jane Hibbard, SNJM
Kathleen Hilton, SNJM
Mary Ellen Holohan, SNJM
Province Leadership Team
U.S.-Ontario Province
Sisters of the Holy Names

The Leadership Team
Sisters of St Joseph of Peace

Karin Dufault, SP
Judith Desmarais, SP
Maureen Newman, SP
Jo Ann Showalter, SP
Jennifer Hall
Karen Lauby
Leadership Team of the Sisters of Providence
– Mother Joseph Province