



Investors welcome federal bill calling for corporate disclosures on trafficking and slavery risks

June 12, 2014 -- [The Interfaith Center on Corporate Responsibility](#), a coalition of 300 investors with assets under management of over \$100 billion, [Calvert Investments](#) and [Christian Brothers Investment Services](#), commend Congresswoman Carolyn Maloney (D-NY) and Congressman Chris Smith (R-NJ) on the introduction of The Business Supply Chain Transparency on Trafficking and Slavery Act of 2014 (**H.R. 4842**). The new bill calls on corporations to strengthen their commitment to end human trafficking and modern day slavery by requiring them to disclose the policies and management systems they have in place to better identify and eradicate these violations within their global supply chains.

Specifically, the bill would require public disclosures around auditing and verification procedures, risk assessments, training, remediation plans and accountability mechanisms that address trafficking and slavery risks. Investors believe these risks are material and that corporations have a responsibility to disclose their efforts to counter them as underscored by the UN Guiding Principles on Business and Human Rights.

Given the complexity of global supply chains and the multitude of contractors, recruiters, and suppliers used throughout a production process, companies without comprehensive anti-trafficking and slavery protocols are exposed to a host of financial, regulatory, legislative, legal and reputational risks with the potential to adversely impact shareholder value. Proactively addressing these risks can guard against the negative publicity, business interruptions, potential lawsuits, public protests, and reputational damage that may result from undetected human rights violations.

As concerned investors, we believe that companies with formal human rights due diligence processes are better positioned to safeguard against these adverse human rights impacts and hence, better able to protect shareholder value. In our analysis of companies, we seek to understand how they are addressing human and worker rights challenges in their global supply chains and expect evidence of their due diligence on these issues. The disclosures required in H.R. 4842 will provide investors with the information necessary to adequately evaluate risks within their portfolios.

H.R. 4842 builds on The California Transparency in Supply Chains Act, which took effect on January 1, 2012 and applies to manufacturers and retailers doing business in the

state. If enacted, H.R. 4842 would apply to all publicly traded or private entities in every sector and, consequently, would have broad international impact.

The proposed legislation comes against the backdrop of the proposed introduction of similar legislation in the United Kingdom (UK), the *Modern Slavery Bill*. As evidence of the broad-scale investor support for these types of human rights disclosures, a coalition of investors representing £195 billion in assets under management in the UK has called for the inclusion of a *Transparency in Supply Chains* (TISC) clause. The Joint Committee drafting the bill recommended the inclusion of supply chain reporting requirements, and although the government failed to implement this recommendation, TISC will be hotly debated in the UK Parliament following the introduction of the bill on June 4, 2014.

The *Federal Acquisition Regulation; Ending Trafficking in Persons* and Section 1502 of the Dodd-Frank Act are further proof of the widespread acknowledgment of the importance of supply chain oversight to ensure that corporations are not unwittingly complicit in human rights abuses. But beyond a company's required regulatory and legislative compliance lies a clear moral mandate: safeguarding human rights is everyone's "business". As responsible investors we view this mandate as fundamental for companies to retain their social license to operate.

The intractability and pervasiveness of trafficking and slavery require strong legislation that moves beyond voluntary disclosures and levels the playing field for all companies. We strongly urge members of Congress to co-sponsor this bill.

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