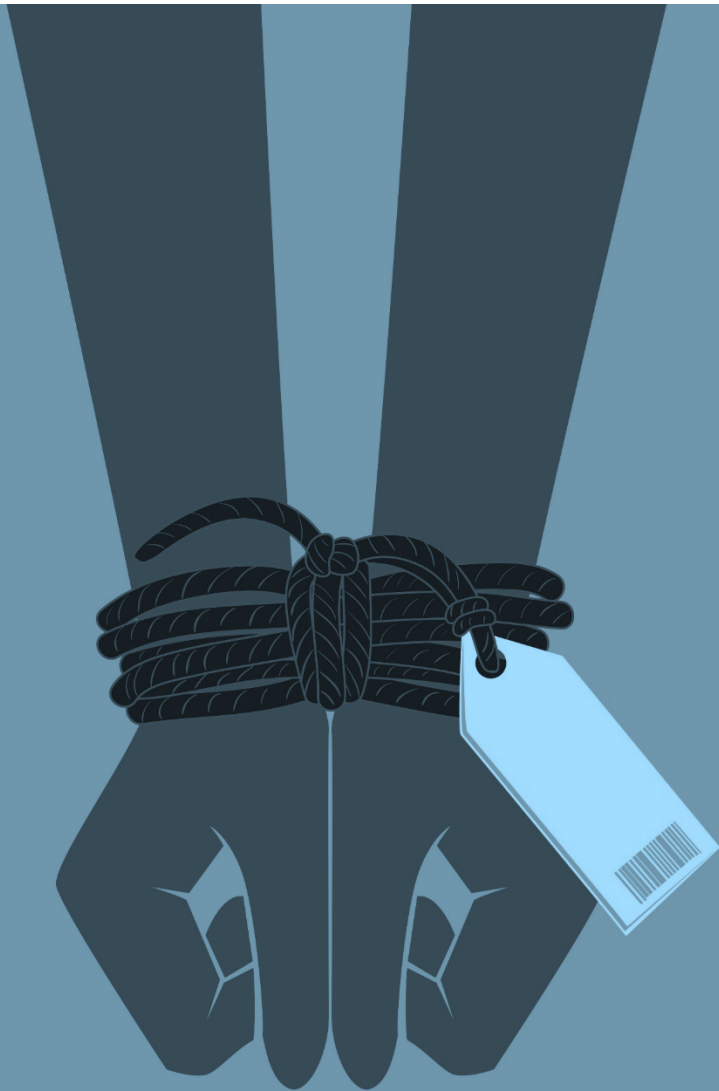


# Human Trafficking

March 2021



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The modern investor doesn't often think about slavery. They may even think it ended with the 13th Amendment in 1865. But even as the effects of slavery in the United States still impact the African American community today, modern slavery menaces the lives of millions of people across the globe despite largely being hidden from the public eye or the brokerage statement.

'Human trafficking' is an overarching term for forced labor and sex trafficking, which is the basis for modern slavery. According to the Polaris Project, a Washington D.C.-based nonprofit aimed at targeting systems that make human trafficking possible and helping prevent it, the business of human trafficking is to steal freedom from people in exchange for profit. In many cases, traffickers trick or even use physical force to make victims sell sex and/or labor. These victims are manipulated or threatened into involuntarily working in dangerous and, in most cases, inhumane environments.

The Polaris Project states that it is clearer than ever that human trafficking does not occur in a vacuum. Rather, it is a result of persistent inequities as well as injustices embedded in our society and our economy alike. Many trafficking victims in the U.S. are people from societal groups that have historically faced discrimination and have lived through the social, political, and economic consequences. These groups include, but are not limited to, people of color, indigenous peoples, immigrants, and people who identify as LGBTQ+. People struggling with addiction, abuse, trauma, poverty, or unstable housing conditions are also at a higher risk of falling victim to trafficking. The Polaris Project has found that the one similarity between the vast majority of human trafficking victims is that they all have a void they desperately need to fill – whether it be a job, drugs, or a safe place to stay. Often, traffickers then target these people and propose to fill whatever that need may be – a proposition left unfulfilled every time.

Human trafficking is not a small operation. After drug and weapon trafficking, it is the third largest illegal business in the world and is estimated to be a multi-billion dollar industry. The Interfaith Center on

Corporate Responsibility (ICCR), of which Bailard is a member, estimates that more than 20 million people globally – the United States included – are enslaved, with more than 14 million victims of forced labor and more than 4 million victims of sexual exploitation. Amnesty International almost doubles this number and is concerned that there are closer to 45.8 million individuals enslaved worldwide. Modern slavery is a very real issue that affects virtually every sector, region, and country. Cheap labor is extremely attractive to many industries and when combined with lack of governance in developing markets, these targeted individuals quickly become victims thrust into the world of forced labor.

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Of course, it is nearly impossible to have completely accurate data when it comes to human trafficking due to the covert nature of these operations. Increasing awareness on the issue is the first step in combatting human trafficking. According to the ICCR, increased attention from the media, new legislation, advocacy organizations, and consumer pressure has helped shine a light on and combat the very real threat of human trafficking.

Protecting the best interest of workers, communities, and consumers is one of the biggest challenges companies face today in the massive, global marketplace. Luckily, there are resources and organizations aimed at tackling this very issue. KnowTheChain is an organization that can be used to help address the problem of forced labor among global supply chains. KnowTheChain provides benchmarks to help companies evaluate their operations and conditions under which people work as well as resources to aid companies in being more transparent

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and responsible. They also have sector reviews to see how entire industries compare against others.

Corporate Human Rights Benchmark (CHRB) is another resource that confronts challenges regarding the best interests of workers, consumers, and the community. According to CHRB, the 2019 Corporate Human Rights Benchmark evaluates the 200 largest global publicly traded companies on a set of human rights indicators. Companies are assessed with six different measurement themes: Governance and Policies; Embedding Respect and Human Rights Due Diligence; Remedies and Grievance Mechanisms; Performance: Company Human Rights Practices; Performance: Responses to Serious Allegations; and Transparency.

These measurement themes are weighted differently. For example, Embedding Respect and Human Rights Due Diligence has the heaviest weight of a possible 25 points, and the lightest weight is tied between Governance and Policy as well as Transparency, at a possible 10 points. From the results of the benchmarking, CHRB found that over half of the 200 benchmarked companies scored less than 20% out of 100% across all the themes, and one in every ten companies achieved a score over 50% out of 100%. While many companies have seen progress over time and achieve scores of 70% and higher across all the themes, about half of the companies assessed have a score of 0 for all indicators related to human rights due diligence, which is alarming to say the least. This, in addition to many companies lacking improvement in progressing their benchmark scores, CHRB and KnowTheChain alike, are a wakeup call for action.

## Faith-based help in ending human trafficking

Religious groups have a spotty record over time on slavery. The treatment of indigenous people in California during the era of Missions would be just one example. But faith-based groups have also played an important role in helping to stop human trafficking by advocating for and supporting victims as well as engaging their respective communities while raising awareness on this issue.

While today, the world of human trafficking is top of mind for various religions as well as their leaders, the

Quakers have long been a group focused on human rights and their history in abolition movements speaks volumes to their commitment to equality. As the Quakers made their way across the Atlantic, they saw slavery firsthand, and some even became slave owners early on. They very quickly saw that the ownership of a human being as property directly contradicted their belief system in fundamental equality for all people. The Germantown Quakers of Philadelphia stated that slavery was immoral in 1688 and made the very first recorded protest against it the same year. As a community, they looked inward and worked tirelessly to eradicate slavery from within the Quaker community. Decades after British Quakers forbade the participation in slavery, in 1774 all Quakers in North America were required to give up slavery, or they would have to leave the Religious Society of Friends (the former name for Quakers). Once the Quaker community was completely slave free, its next mission was to help eliminate slavery from society as a whole. Their two methods to achieve this were campaigning to win the hearts and minds and supporting newly freed slaves to help them build a new life. The Quakers boycotted slave produced goods, aided in the escape of many slaves through the Underground Railroad, and even set up schools and safe places to live for newly freed families.

The Quakers were one of the very first groups to show leadership in the abolition movement and held very significant campaigns to do so in North America as well as back in Europe. It is safe to say that the effort from the Quakers prompted the abolition of the slave trade in 1807, the total abolition of slavery in the British Empire in 1833, and eventually, its abolition in the States in 1865.

Despite all the work of the Quakers and other abolitionists, rather than disappearing slavery has shapeshifted over time and has found other forms such as forced and bonded labor, child labor, and trafficking. As these new forms arise, the Quakers' commitment to human rights and justice remains strong as ever. Anti-Slavery International (ASI), a Quaker backed group derived from The British & Foreign Anti-Slavery Society in 1839, continues to fight against current forms of trafficking and injustice.

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The Quakers are not the only religion with human trafficking front of mind. February 8, 2021 marked the 7th International Day of Prayer and Reflection against Human Trafficking, and it was observed with an online prayer marathon by the Catholic Church. During this online marathon, Pope Francis called for an economy of “care, courage and the promotion of justice aimed at building a society that puts the human person at the center.” The 8th of February is also the liturgical memorial of St. Josephine Bakhita, a slave girl who became a saint and a universal symbol of the Church’s commitment against slavery. Pope Francis extended his message to “all people of goodwill who pray, engage, study and reflect on the fight against human trafficking,” most especially to those who, like St. Bakhita, “have experienced the tragedy of trafficking in their own lives.” Pope Francis continued to say we must “learn to approach with humanity and courage those who have been marked by so much pain and despair, keep hope alive.”

When addressing the economy, Pope Francis proclaimed that an economy without trafficking is an “economy of care.” He explained that this “economy of care” is one that takes good care of nature and its people as well as offer products and services for the common good while creating employment free of exploitation and degradation.

Courage is also central to an economy without human trafficking. Pope Francis describes courage as pursuing patient construction rather than risky operations in hopes of risky gains. He says planning should not only consider quick short-term gains but also medium- and long-term fruits, as well. This is achieved by putting people first – by using courage to “combine legitimate profit with the promotion of employment and decent working conditions.”

The United Methodist Church is another group that is passionate about ending human trafficking. In their 2016 Book of Resolutions, the United Methodist Church states, “We call on United Methodists... to actively champion anti-slavery efforts by petitioning

the United Nations and the legislative bodies of all countries in which The United Methodist Church has organized ecclesiastical structure, to demand the freeing of all persons subjected to modern day forms of enslavement and bonded labor.” While they actively condemn modern slavery, The United Methodist Church is also very focused on caring for those affected by trafficking by seeking to “provide pastoral care for individuals, while also working to end the supply and demand of trafficking.” With the ongoing commitment to challenge the cultural, economic, and political systems that create vulnerability towards exploitation, The United Methodist Church is a community dedicated to eliminating human trafficking completely.

## Investors and consumers can help fight human trafficking

Human trafficking is a huge issue that requires a massive public and private effort to curtail. Only with more resources and organizations standing up for change, will a better future be possible for its victims. Investors can help combat human trafficking by voting on and engaging with shareholder proposals for companies in their portfolios. Proposals relating to human trafficking can come in the form of reexamination of supply chains or risks of modern-day slavery, for example. Customers also have the power to curb human trafficking even if they do not own a piece of a company. When shopping, people can search for the “Fairtrade” or “Slave-Free” logo on their products to ensure their dollars go toward prioritizing fairness in the supply chain and not supporting human trafficking or slave labor. On the following page is a list of practices the ICCR has recommended for companies to protect themselves and their communities against the risks of human trafficking, taken from [ICCR's Statement of Principles and Recommended Practices for Confronting Human Trafficking & Modern Day Slavery](#).

**ICCR'S RECOMMENDED PRACTICES FOR COMPANIES*****Labor Trafficking***

- Integrate fair and responsible hiring policies and practices into corporate wide-operations and supply chains.
- 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](#) who outsource 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.
- Negotiate fair prices for products made by suppliers so that workers will receive a living wage and not be trapped in debt bondage.

***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.
- 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.
- 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.

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