

MODERN SLAVERY



WHAT IS MODERN SLAVERY?

There is no globally agreed definition of Modern Slavery, however there is broad consensus that it encompasses elements of bonded and forced labour, the trafficking of persons, and descent based or inherited forms of slavery. Modern slavery can include, but does not require, the movement of people. At the heart of this modern phenomenon is the aim of exploiting or enslaving victims in a variety of coercive or deceptive practices.

DOES TRAFFICKING DIFFER FROM MODERN SLAVERY?

They tend to be umbrella and inter-related terms to refer to sex trafficking and compelled labour. In international law, the main source text is the UN Convention on Transnational Organized Crime (2000) which includes the Protocol to Prevent Trafficking in Persons (also known as the Palermo Protocol). This entered into force in 2003 and is the first binding agreement to tackle the phenomenon of Modern Slavery.

WHAT FORM DOES MODERN SLAVERY TAKE?

The main form Modern Slavery takes is people trafficking for the purpose of either sexual or labour-related exploitation. Sex trafficking occurs when individuals are forced or coerced into prostitution, often linked to a 'debt', which exploiters force the individual to pay off before they can be released. Child sex trafficking is a similar offence where the individual is legally a minor. Forced or bonded labour is another form of Modern Slavery (or labour trafficking) where an individual is recruited, transported and compelled to work. Female victims of labour trafficking exploited in domestic servitude are also vulnerable to sexual abuse and exploitation. Debt bondage (bonded labour) is a specific form of forced labour linked to an imposed bond or debt. Debt (which can be inherited or imposed) is exploited by traffickers often to the point where it is difficult or impossible to pay off thereby perpetuating the conditions for enslavement. People may also be born into slavery because their ancestors or families have 'belonged' to slave-owning families. Slave status is thereby passed down the maternal line. This form of slavery can be most commonly found across the Sahel belt of Africa in countries such as Mauritania and Niger.

WHAT COUNTRIES HAVE SLAVERY TODAY?

In reporting the prevalence of Modern Slavery, the UN found no country to be wholly immune. The 2016 Global Slavery Index (GSI) estimated that 45.8m people are involved in some form of Modern Slavery across 167 countries. It found of those living in slavery, 58% are drawn from just five countries: India, China, Pakistan, Bangladesh and Uzbekistan. The countries with the highest prevalence of slavery proportionate to population size are North Korea, Uzbekistan, Cambodia, India and Qatar. Countries with the lowest prevalence overall are all to be found within the EU or EEA (Luxembourg, Ireland, Norway and Denmark).

HOW MANY ARE CAUGHT UP IN MODERN SLAVERY?

Estimating exact numbers is challenging; by its very nature people trafficking is a 'stealth-industry'. However, to give some indication of scale the GSI estimates 1.4% of India's population or 18.3m people to be involved in Modern Slavery. A survey by the Mekong Club (an anti-slavery NGO) estimates 1.1m new victims of Modern Slavery a year or 3,000 a day, with conservative estimates of those caught up in forced labour alone totalling 20.9m. UNICEF has put an estimate of 1.1m child victims of Modern Slavery. The overwhelming majority are exploited by private individuals or enterprises, but over 2m people are enslaved by government or rebel backed entities.

IS THE UK AFFECTED?

In the UK, 11,700 people are estimated to be in some form of Modern Slavery. The latest figures from the National Referral Mechanism for 2016 identified 3,805 potential victims (referrals) – a 17% increase on 2015. The potential victims were from 108 different nationalities, with Albanian and Vietnamese nationals the most likely potential victims. Labour exploitation was the most common exploitation type (53%), and analysis showed a worrying increase in reported incidences concerning minors (34% of all referrals). Whilst incidences of referral are increasing, this could, in part, be down to improved recording.

HOW IS BUSINESS AFFECTED?

The Modern Slavery Act (2015) is the UK's legislative response to tackling human trafficking and Modern Slavery. It consolidates and strengthens existing law and created an Anti-Slavery Commissioner. The Act also includes *Transparency in Supply Chain Provisions*

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relating to potential incidences of slavery within corporate supply chains. The Act requires companies with turnover exceeding £36m pa to publish an annual statement that either:

- Confirms the steps taken to ensure Modern Slavery and trafficking are not taking place, or
- Or confirms that no steps have been taken to audit potential incidences of Modern Slavery and trafficking in the supply chain

IS THE ACT BINDING ON BUSINESS?

The Act does not mandate any binding due diligence on business and no penalties for non-compliance. Companies are required to prepare a statement on the steps (or not) taken to assert that human trafficking has not taken place. The Registry is the largest global resource of how companies globally are responding to the challenge of Modern Slavery, and currently comprises over 2,800 corporate statements from 34 countries operating across 26 sectors. These Statements can be viewed at www.modernslaveryregistry.org

“A commercial organisation...must prepare a slavery and human trafficking statement for each financial year...a statement of the steps the organisation has taken to ensure that slavery and human trafficking is not taking place, in (i) any of its supply chains and (ii) in any part of its own business [or] a statement that the organisation has taken no such steps”.

Modern Slavery Act 2015 Part 6 Section 54 ‘Transparency in Supply Chains etc.’

WHAT SECTORS ARE EXPOSED TO MODERN SLAVERY?

All sectors may have potential exposure to human rights related issues. However, this will be of material concern in a small number of sectors such as agricultural produce, apparel, construction and some service sectors. Areas where we have sought to engage over the years include apparel and food retailers, transport companies (end of life shipbreaking), labour conditions in the travel (cruise) industry, the sourcing of stone in construction, and artisanal gold mining.

WHAT IS EDENTREE'S RESPONSE TO MODERN SLAVERY?

Human rights are a core positive pillar for inclusion into the Amity Funds, and we therefore strongly support the UN Guiding Principles ‘Protect, Respect and Remedy’ regime. Companies for whom human rights are a material risk must, in our assessment, have adequate policies and processes in place to police and mitigate any potential human rights violations throughout their sphere of influence.

We assess all companies for the material impact of potential human rights risk, which may include:

- A broad assessment of supply chain human rights risk
- Corporate preparedness for dealing with material human rights risk in direct or supplier operations
- Particular focus on any prevalence of child, forced, bonded or trafficked labour
- Particular focus on countries or territories with poor human rights records as recorded by Freedom House and Transparency International
- Companies may be excluded or not recommended for investment under our positive screen where there is either prevalence or a high potential for human rights violations

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THE EDENTREE RI TEAM



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We have a specialist in-house Responsible and Sustainable Investment (RI) team who carry out thematic and stock-specific research to identify investment ideas for our range of Amity Funds. Headed up by Neville White, Head of RI Policy & Research, and supported by Responsible Investment Analysts Esmé van Herwijnen and Jon Mowll, the team is also creates an on-going dialogue with companies, allowing us to engage on a wide variety of responsible and sustainable investment concerns. Our process is overseen by an independent Amity Panel that meets three times a year, and comprises industry and business experts, appointed for their specialist knowledge.

We hope you enjoy this RI Expert Briefing and find it useful and informative. For any further information please contact us on 0800 011 3821 or at ifa@edentreeim.com