

**Human Trafficking
and the
California Transparency in Supply
Chains Act of 2010**

What is Important about Human Trafficking?

The California Office of the Attorney General states that:

“Human trafficking is the world's fastest growing criminal enterprise and is an estimated \$32 billion-a-year global industry. It is a form of modern day slavery that profits from the exploitation of our most vulnerable populations. . . .”

See <http://oag.ca.gov/human-trafficking/what-is>

What is Human Trafficking?

The California Attorney general has stated that:

“Human trafficking is a modern form of slavery. It involves controlling a person through force, fraud, or coercion to exploit the victim for forced labor, sexual exploitation, or both. Human trafficking strips victims of their freedom and violates our nation’s promise that every person in the United States is guaranteed basic human rights. It is also a crime.

Approximately three out of every 1,000 persons worldwide were in forced labor at any given point in time between 2002 and 2011.

Victims of human trafficking include not only men and women lured into forced labor by the promise of a better life in the United States, but also boys and girls who were born and raised here in California.”

See <http://oag.ca.gov/human-trafficking/what-is>

Human Trafficking - California

The California Legislature defined human trafficking as

"all acts involved in the recruitment, abduction, transport, harboring, transfer, sale or receipt of persons, within national or across international borders, through force, coercion, fraud or deception, to place persons in situations of slavery or slavery-like conditions, forced labor or services, such as forced prostitution or sexual services, domestic servitude, bonded sweatshop labor, or other debt bondage."

As codified in the California Penal Code, anyone who "deprives or violates the personal liberty of another with the intent . . . to obtain forced labor or services" is guilty of human trafficking. Depriving or violating a person's liberty includes "substantial and sustained restriction of another's liberty accomplished through fraud, deceit, coercion, violence, duress, menace, or threat of unlawful injury to the victim or to another person, under circumstances where the person receiving or apprehending the threat reasonably believes that it is likely that the person making the threat would carry it out."

Forced labor or services include "labor or services that are performed or provided by a person and are obtained or maintained through force, fraud, or coercion, or equivalent conduct that would reasonably overbear the will of the person."

See <http://oag.ca.gov/human-trafficking/what-is>

Human Trafficking – Federal

Federal law defines trafficking in persons as:

"sex trafficking in which a commercial sex act is induced by force, fraud, or coercion, or in which the person induced to perform such act has not attained 18 years of age"; or "the recruitment, harboring, transportation, provision, or obtaining of a person for labor or services through the use of force, fraud, or coercion for the purpose of subjection to involuntary servitude, peonage, debt bondage, or slavery."

See <http://oag.ca.gov/human-trafficking/what-is>

Purpose of SB657

The legislature has determined that it is the policy of California to ensure large retailers and manufacturers:

- Provide consumers with information regarding their efforts to eradicate slavery and human trafficking from their supply chains; and
- Educate consumers on how to purchase goods produced by companies that responsibly manage their supply chains. This will help improve the lives of victims of slavery and human trafficking.
- The Company wants to be a leader in the effort to eradicate human trafficking.

What Is SB 657?

Every retail seller and manufacturer doing business in California that has annual worldwide gross business receipts that exceed \$100 million and meets other requirements must disclose its voluntary efforts to eradicate slavery and human trafficking from its direct supply chain.

(California Civil Code § 1714.43 (a)(1)).

What Disclosures Must Be Made?

Pursuant to California Civil Code § 1714.43 (c), the Company must disclose to what extent, if any, it does each of the following:

- Engages in verification of product supply chains to evaluate and address risks of human trafficking and slavery. The disclosure must specify if the verification was not conducted by a third party;
- Conducts audits of suppliers to evaluate compliance with company standards for trafficking and slavery in supply chains. The disclosure must specify if the verification was not an independent, unannounced audit;
- Requires direct suppliers to certify that materials incorporated into the product comply with the laws regarding slavery and human trafficking in the country or countries in which they are doing business;
- Maintains internal accountability standards and procedures for employees or contractors failing to meet company standards regarding slavery and trafficking; and
- Provides training on human trafficking and slavery, particularly with respect to mitigating risks within the supply chains, to company employees and management who have direct responsibility for supply chain management.

Definitions

- **Doing business in this state:** actively engaging in any transaction for the purpose of financial gain or pecuniary profit. (California Civil Code § 1714.43 (a)(2)(A)).
- **Gross receipts:** shall have the same meaning as Section 25120(f)(2) of the California Revenue and Taxation Code. (California Civil Code § 1714.43 (a)(2)(B)).
- **Manufacturer:** a business entity with manufacturing as its principal place activity code, as reported on the entity's tax return. (California Civil Code § 1714.43 (a)(2)(C)).
- **Retail seller:** a business entity with retail trade as its principal business activity code, as reported on the entity's tax return. (California Civil Code § 1714.43 (a)(2)(D)).

Existing California Laws on Trafficking

California enacted the California Trafficking Victims Protection Act to make human trafficking a felony in California and assist victims in rebuilding their lives, which included:

- Making human trafficking for forced labor or services a felony punishable by a sentence of 3, 4 or 5 years in state prison. This is increased to 4, 6, or 9 years for trafficking of a minor. (California Penal Code § 236.1).
- Providing for mandatory restitution to the victim. (California Penal Code § 1202.4).
- Allowing a trafficking victim to bring a civil action against his or her trafficker. (California Civil Code § 52.5).

Existing California Laws on Trafficking (cont.)

- Directing the Attorney General to give priority to human trafficking. (California Penal Code § 14023).
- Establishing a statewide task force, the California Alliance to Combat Trafficking and Slavery, to examine California's response to human trafficking and present a report to the Governor, Attorney General and Legislature. (Penal Code § 13990).

What Are the Risks to Companies of Slavery & Human Trafficking?

The risks of slavery and human trafficking in supply chain production are significant. Anywhere from 12 to 27 million people are victims of slavery and other forms of forced labor worldwide, and more than 2.4 million of these victims have been trafficked.

Trafficking and slavery are widespread: One hundred and sixty one countries are either a source, transit, or destination country for trafficking in persons. Slavery and other types of forced labor are found in both the informal and formal economies, and in a wide range of sectors and services. In the United States, for example, ten thousand or more people are being forced to work at any given time. Victims of forced labor in the US are found in sectors including domestic service, the sex industry, food processing, hospitality, factory production, and agriculture. (Compliance is Not Enough: Best Practices in Responding to The California Transparency in Supply Chains Act, a 2011 white paper on the California Transparency in Supply Chains Act prepared by the non-governmental organization Verité.)

Final Report of the California Alliance to Combat Trafficking and Slavery (CA ACTS) Task Force

In October 2007, the California Department of Justice released the final report produced by the California ACTS Task Force entitled “Human Trafficking in California.”

The report found:

“California bears a moral responsibility to exert leadership, through government and business purchasing practices, to implement and monitor codes of conduct assuring fair and human labor practices throughout their supply chain.”

CA ACTS Task Force Final Report (cont.)

- **Businesses in California can proactively address the presence of human trafficking and slavery in their product supply chains.**
- **Some respected California business have already taken the lead to adopt their own codes of conduct that set out minimum labor standards for their suppliers and sub-contractors.**

CA ACTS Final Report Task Force (cont.)

Profile of Trafficking Cases by Type of Exploitation (%)

	U.S.	CA.
Prostitution	46.4	47.4
Domestic Servitude	27.2	33.3
Agriculture	10.4	1.8
Sweat Shop	4.8	5.3
Sexual Exploitation of Children	3.1	1.8
Mail Order Bride	0.8	5.3
Other	6.9	5.3

CA ACTS Final Report Task Force (cont.)

Trafficking Victims by Type of Exploitation in California (%)

Source	UCB	CACTST	Median
Sex Trafficking	44.6	46.0	45.3
Domestic Servitude	16.8	31.0	23.9
Agriculture	0.4	9.0	4.7
Sweat Shop	25.8	5.0	15.4
Other	12.5	9.0	21.5
Women	74.0		
Children	16.0		
Men	10.0		

International Human Trafficking Estimates

According to the U.S. Department of State Trafficking in Persons Report June 2012, the International Labor Organization (ILO) estimates that modern slavery around the world is 20.9 million victims at any time. This figure has increased substantially since the ILO's 2005 estimate of 12.3 million victims. The ILO estimates that 55% of forced labor victims are women and girls.

(Trafficking in Persons Report June, U.S. Department of State – United States of America, 2012.)

SB 657 Bill Analysis of Assembly Committee on Judiciary (June 29, 2010)(cont.)

- **The International Business Leaders Forum has identified eight areas in which businesses will benefit by taking action regarding human rights:**
 - **Safeguarding reputation and brand image;**
 - **Gaining competitive advantage and improving recruitment retention and staff loyalty;**
 - **Fostering greater productivity;**
 - **Securing and maintaining a license to operate;**
 - **Reducing cost burdens;**
 - **Ensuring active stakeholder engagement;**
 - **Meeting investor expectations; and**
 - **Improving access to finances.**

SB 657 Bill Analysis of Assembly Committee on Judiciary (June 23, 2010) (cont.)

Trafficking in California

- **California has been reported to be one of the top four destination states for trafficking victims in the United States.**
- **Over 500 victims for 18 countries were identified in California between 1998 and 2003.**
- **Trafficking victims in California reportedly tend to be concentrated in three “industries”: prostitution, sweat shops, and domestic service.**

California is Fighting Human Trafficking

California is fighting human trafficking. The state has 9 regional task forces. The state reported:

“From mid-2010 to mid-2012, California's nine regional human trafficking task forces identified 1,277 victims, initiated 2,552 investigations, and arrested 1,798 individuals.

As part of their work to combat human trafficking, the task forces also provide training to a variety of audiences on how to identify and respond to the crime. In the same two-year period, California's task forces provided training to 25,591 law enforcement personnel, prosecutors, victim service providers, and other first responders.”

See <http://oag.ca.gov/human-trafficking/fighting>

How to Identify Human Trafficking

Possible Physical Indicators may include:

- **Excessive work-related injuries**
- **Bruises and other evidence of sexual assault, beatings, physical restraint or confinement**
- **Untreated sexually transmitted diseases**
- **Untreated critical illnesses such as diabetes or heart disease, malnourishment, etc.**
- **Severe psychological distress**
- **Poor dental health**
- **Under 18 and providing commercial sex acts**

See: <http://oag.ca.gov/human-trafficking/identify>

Identifying Human Trafficking

California has identified other Important Signs may include:

- Inability to speak to someone else alone, or to speak for themselves
- Disoriented – lack of knowledge of whereabouts and/or loss of sense of time, or inability to clarify where he/she is staying
- Evidence of being controlled
- Not in possession of passport or other forms of identification
- Not in control of his/her own money, have no financial records, or bank account
- Has few or no personal possessions
- Fearful, anxious, depressed, submissive, tense, nervous/anxious
- Unusually fearful or anxious behavior after bringing-up law enforcement
- Works excessively long and/or unusual hours; perhaps not allowed breaks or suffers under unusual restrictions at work

See: <http://oag.ca.gov/human-trafficking/identify>

Reporting Human Trafficking

If you know of somebody who may be a victim of human trafficking, are a victim of human trafficking, or have information about a potential trafficking situation, please call:

- **PCF Ethics Hotline – 1-800-779-5560**
- **Human Resources – Denise Forbes 978-671-1831 or Stephen Fee
201-347-9291**
- **The National Human Trafficking Resource Center Hotline
1-888-373-7888**
- **The U.S. Department of Justice Hotline
1-888-428-7581**
- **Police**

<http://oag.ca.gov/human-trafficking/reporting>

Reporting Human Trafficking

What is the bottom line?

“The United States is widely regarded as a destination country for human trafficking. Federal reports estimate that 14,500 to 17,500 victims are trafficked into the United States annually. This does not include the number of victims who are trafficked within the United States each year.” See <http://oag.ca.gov/human-trafficking/what-is>

It is critical that we do our part to help in this area and starts with understanding what the issues are and what to look for!

Thank you for your attention and time!