

Trafficking in humans increases supply chain risk

ZURICH: September 28, 2016. A report from business intelligence company RepRisk says the rise in human trafficking worldwide poses a supply chain risk for companies sourcing raw materials and manufactured goods.

The RepRisk study that includes coverage of Food and Beverage, Personal/ Household Goods and Support Services concludes what the U.N. describes as "serious crime and a grave violation of human rights," is on the increase in both emerging markets and developed nations.

According to company CEO Philipp Aeby, human trafficking ranks the highest on RepRisk's list of 28 environmental, social and governance (ESG) risks.

The U.N. Trafficking in Persons Protocol covers the "recruitment, transportation, and harboring of persons by means of abduction, coercion, or deception for the purpose of exploitation." According to the Human Rights Law Network, human trafficking is the third largest form of global organized crime, after firearms and drugs.

UNICEF says 168 million children live as child laborers around the world. Some 85 million are trapped in hazardous work, while a large percentage are also victims of trafficking.

The International Labour Organization (ILO) estimates that 21 million people are trapped in jobs they cannot leave, after being lured into them. The ILO says Asia-Pacific, Africa and Latin America have the highest number of trafficked and enslaved workers, and advises companies that source finished goods or raw material from these areas to "carry out extra due diligence".

The RepRisk's report says the top five industry sectors for human trafficking are Food and Beverage; Personal and Household Goods; Support Services; Travel and Leisure; and Construction and Materials. The top five ESG issues are Human rights abuses and corporate complicity; Poor employment conditions; Forced labor; Child labor; and Fraud.

Companies cited in the Food & Beverage sector include Trillium Farms Holdings; Wal-Mart; Nestlé; Archer Daniels Midland and Bumble Bee. The reports says countries with the most activity are the U.S., Thailand, Ivory Coast, Malaysia and Mali

Under the Personal & Household Goods report segment, RepRisk identifies Leisure Clothing; Aquascutum (1851); Austin Reed Group; China Chongqing International Corporation for Economic and Technical Cooperation; and Daks Simpson Group. The countries most associated with this sector are Malta, Argentina, India, Bolivia, Jordan, Russia, and the UK.

RepRisk says its reports are compiled using information from its ESG database containing risk incidents on over 75,000 listed and non-listed companies, as well as over 18,000 projects.