NATIONAL CATHOLIC REPORTER
Published on *National Catholic Reporter* (https://www.ncronline.org)

New California law targets global child labor, slavery

Jerry Filteau | Jan. 10, 2012

A boy picks cotton in a field near Korhogo, Ivory Coast, in 2007. (AFP/Getty Images/Issouf Sanogo)

Religious advocates of responsible investment are praising a new California law for making it tougher for major corporations to profit from child labor or human slavery around the world in the supply chain of their products.

The state?s Transparency in Supply Chains Act, which took effect Jan. 1, requires all large companies that do any business in California to study the supply chains for their products.

It says they must spell out in plain and public language, such as on their website, their policies against trafficking in persons and how they monitor their suppliers to assure that no sources of their goods were produced by forced adult or child labor.

?It?s a great piece of legislation? that will require transparent disclosure of supply sources from some 3,200 leading companies worldwide, said Julie Tanner, assistant director of socially responsible investing for Christian Brothers Investment Services, which has about 1,000 Catholic client investors, including religious orders, dioceses and other Catholic organizations.

The law applies to all companies whose annual global sales exceed $100 million. The size of the California market would make it economically difficult, if not disastrous, for almost any major company to ignore the law and forego all its income from that state.

Tanner said her organization, along with the Interfaith Center on Corporate Responsibility and Calvert Investments -- all involved for decades in promoting ethical and responsible corporate activity through shareholder resolutions and other advocacy channels -- has developed a guide for corporations to comply with the new California law.

Christian Brothers Investment Services, the Interfaith Center on Corporate Responsibility and Calvert Investments often made news in their early years for criticisms of companies that failed to meet their criteria for responsible investment, but over the years -- largely unnoticed by the media -- they have built a track record behind the scenes of helping businesses become more socially responsible and ethical, with models of corporate ethics and good business practice that a number of companies have adopted.

The challenges of maintaining sound business practices in a global economy were highlighted shortly before the new California law took effect when a Bloomberg Report investigation, later broadcast on ABC News and other outlets, revealed that Victoria?s Secret, a U.S. producer of expensive women?s lingerie, had -- unknowingly, according to Victoria?s Secret spokespersons -- contracted with undergarment suppliers in Asia who purchased cotton from Burkina Faso that had been picked by orphan children who were part of a slave labor force.

The Bloomberg Report and ABC News reports noted that the cotton from Burkina Faso, a poor country in Africa, had been labeled as fair trade, certifying that it met international standards against child and slave labor, but the reports said owners of the cotton plantations reaped financial benefits from premium prices they received for the cotton as meeting fair trade standards while in fact they were violating those standards by forcing underage orphan girls to pick the cotton without wages for their labor.

Tanner said the new California law ?is the first that I?m aware of? anywhere in the world that requires major corporations to provide detailed public documentation of both their standards against exploitative labor and their policies and practices to prevent it throughout the supply chains of their products.

Christian Brothers Investment Services, the Interfaith Center on Corporate Responsibility and Calvert Investments recently issued guidelines for supply chain accountability to assist major corporations in meeting the requirements of the new California law.

?For more than 30 years,? it begins, ?faith-based members of the Interfaith Center on Corporate Responsibility and members of the socially responsible investment community have encouraged companies to adopt comprehensive, transparent and verifiable human rights policies and systems for their direct operations and supply chains.?

The new California law, it says, ?calls for greater supply chain accountability by requiring every retail seller and manufacturer doing business in California and having annual worldwide gross receipts that exceed $100 million to disclose its efforts to eradicate slavery and human trafficking from its direct supply chain for tangible goods offered for sale.?

The joint guide for corporations on effective supply chain accountability and transparency outlines not only the requirements of the new California law, but the effective business case for compliance with the law.

It includes several examples of existing corporate practices such as those by Gap, Adidas, Hewlett Packard, Levi Strauss and Ford that could serve as models for other corporations not only to comply with California?s new law but to meet broader ethical standards for businesses operating in the new global economy.

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Christian Brothers Investment Services
www.cbisonline.com

Interfaith Center on Corporate Responsibility
www.iccr.org

Calvert Investments
www.calvert.com

Guidelines for supply chain accountability
www.iccr.org/issues/subpages/pdf/11.17.11SupplyChainGuide.pdf

Bloomberg Report on Victoria?s Secret
www.bloomberg.com/news/2011-12-15/victoria-s-secret-revealed-in-child-picking-burkina-faso-cotton.html

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