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National Slavery and Human Trafficking Prevention Month

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Educating corporations and corporate counsels on the business risks associated with human trafficking, forced labor, and modern slavery within supply chains, and promoting the adoption of counter-human trafficking corporate policies and adherence to human trafficking legislation and regulations.

Counter Human Trafficking Compliance Solutions (CHTCS) is a global compliance and advisory company that provides on-site assessments, improvement plans, training, research, and supply chain transparency required for corporations to combat human trafficking, forced labor, and modern slavery. We offer a wide array of services designed to help corporations understand intricate legislative policies and mitigate risk within their global supply chain.



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National Slavery And Human Trafficking Prevention Month Issue

EDITOR'S NOTE

Since the inception of the U.S. State Department's Trafficking in Persons Report or TIP Report in 2001, the international attention on human trafficking has steadily increased. The TIP Report has evolved a great deal since the Trafficking Victims' Protection Act (TVPA) of 2000 as have international interests. For instance, immediately following the TVPA, the United Nations adopted the Convention against Transnational Organized Crime and three additional protocols. The Palermo Protocol was the most important of these, criminalizing human trafficking under international law.

Beginning as only 102 pages providing country narratives for 82 countries, the TIP Report now provides detailed narratives of 201 countries in an almost bloated 445 pages. All except 20 of those countries, to include North Korea, Iran, Republic of Congo, Pakistan, and Yemen, are State Parties to the Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children which is a supplement to the United Nations Convention against Transnational Organized Crime.

As participation against human trafficking increases with legislation, protocols and regulations, international business is becoming more affected through compliance measures and growing liability, yet the TIP Report is monstrous and not a reader-friendly publication for business guidance. With this issue of the CHTCS Quarterly Journal, we hope to provide highlights of the TIP Report that are most important to business risks and operations worldwide.

In this condensed version of the TIP Report, we cover the nine countries that are teetering on the brink of failure to combat human trafficking but have been raised from Tier 3 to the Tier 2 –Watch List ranking. Conversely, we also highlight the five countries that have failed to show improvement for over three years and were demoted to Tier 3 ranking. With these highlights from the TIP Report, it becomes a stark reminder of who you may be doing business with and at what cost.

Respectfully,

JESSICA VINCENT

Director of Intelligence & Editor

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2017 Stop Slavery Awards led by Adidas

The annual Stop Slavery Award was awarded to four winners at the 2017 Trust Conference. The award was led by Adidas with additional recognition as an "Outstanding Achiever" for excelling in every judging category. The international fashion retailer C&A was awarded for going beyond compliance standards in all categories. Through the "Bright Future" program, The Co-operative Group offers employment opportunities for victims of modern day slavery and was honored for having excelled in business partnership engagement and for having demonstrated excellence in supplier engagement and capacity building. The major U.S. technology company, Intel Corporation, was awarded for its outstanding work in demonstrating and implementing innovation across its programs against child sexual exploitation and refusing new business to suppliers who have failed to implement measures to combat slavery.

The Stop Slavery Award was launched by the Thomson Reuters Foundation. The initiative recognizes companies that have taken concrete steps to eradicate forced labor from their supply chains. Short-listed nominee candidate companies included: Aldi UK, Barclays Bank Plc, CH2M, Fortescue Metals Group, Marks & Spencer, Marshall Plc, MGM China Holdings Ltd, Nestle' S.A., Shiva Hotels, Waitrose, and Walmart Stores, Inc.

www.stopslaveryaward.com

Accord on Fire and Building Safety Reaches Important Milestones

The Accord on Fire and Building Safety in Bangladesh is one of three initiatives launched in response to the Rana Plaza building collapse, the deadliest disaster in history of the global garment industry, in which 1,134 workers were killed. The Accord publishes a Quarterly Aggregate Report as part of its commitment to transparency and accountability. As an overview of implementation of the Accord program and remediation progress of participating Ready-Made Garment factories, the October 2017 report details several important milestones;

- Overall remediation progress is at 79%
- 100% remediation from initial inspections at 107 factories
- 90% or more remediation at 603 factories
 - Safety Committee training completed at 132 factories
 - 141 health and safety complaints resolved

"Accord Quarterly Aggregate Report", Business Human Rights, October 2017

Clothing Company Zara is Publicly Outed

Turkish shoppers in Istanbul, Turkey discovered unusual notes sewn into their newly purchased Zara brand clothing items. The fashion retailer was on its heels when their garments made by Turkish garment workers from Bravo Tekstil placed tags into the garments reading, "I made this item you are going to buy, but I didn't get paid for it." Although Zara had paid the factory and fulfilled the contract, workers have not received payment since the factory abruptly shut down a year ago, when the owner vanished with all the missing funds. After widespread media reports, Zara's parent company Inditex has launched a fund to help compensate the unpaid workers.

"Factory workers use Zara clothing tags to seek back wages, after factory owner leaves them in a lurch", after factory owner leaves them in a lurch. CNBC, November 2017

Slave Labor Lawsuit Against Canadian Mining Company Going to Trial

In 2014, three Eritrean men filed a civil lawsuit before the Supreme Court of British Columbia in Vancouver against Nevsun Resources Limited over the use of slave labor at Nevsun's Bisha mine in Eritrea. Additional civil claims, with 51 more plaintiffs, were filed in 2016 and 2017. The case alleges that Nevsun engaged two Eritrean state-run contractors and the Eritrean military to build the mine's facilities and that the companies and military deployed forced labour under abhorrent conditions. The case also alleges that Nevsun expressly or implicitly approved the use of conscripted labor, a practice alleged to be so widespread that it constitutes crimes against humanity. Nevsun, which owns a majority share of the Bisha mine, is headquartered in Vancouver and is incorporated under the laws of British Columbia.

The lawsuit advances ground-breaking claims based on the international law prohibitions on forced labour, slavery, torture and crimes against humanity. It is one of the first human rights lawsuits in Canada to assert claims based directly on international law.

"La Cour d'appel confirme qu'une poursuite concernant l'esclavage contre une compagnie minière canadienne pourrait procéder au Canada". CCJI, November 2017

Draft DHS Regulation Will Excise The H-1B Spousal Visa

In an effort to curb an estimated 450,000-900,000 foreign professionals in U.S.-based jobs through the H-1B visa temporary work program, a draft regulation will remove the accompanying spousal privilege. Most H1-B visas are dedicated to lower-tier computer and software experts, but under the H1-B program professional may include foreign non-tech workers including: foreign pharmacists, therapists, industrial designers, lawyers, editors, teachers, doctors, professors, and lab technicians. Participants in the H1-B program may apply for green card status or a Permanent Resident Card allowing them to live and work permanently in the United States. Most workers renew their temporary work visas in one to three year increments for continued status while awaiting their green card.

Under current temporary worker legislation, certain spouses of H1-B visa holders are awarded a H-4 visa as dependents of H1 visa holders. The spouses can file for employment authorization and also apply to receive a green card. Lobbying firms representing companies with huge demand for cheap white-collar guest workers like Facebook, Twitter, Microsoft, and Amazon are denouncing the proposed legislation and are preparing lawsuits for discrimination.

"DHS Prepares Plan to End Work Permits for Foreign H-1B Spouses", Breitbart, November 2017

Migrants Are Being Sold at Live Auctions in Libya

After cell phone video footage of a live slavery auction in Libya surfaced last November, the world is outraged to learn from a CNN published report that the auctions continue to sell migrants as slaves. With hundreds of thousands of migrants traveling through Libya each year en route to Europe, many don't reach their destination. Originating from central and eastern Africa, the migrants succumb to the dangers of the smuggling networks. Smugglers often victimize the migrants with torture, extortion, detainment, killing or even slavery. The slavery auctions are recompense for missing smuggling fees with each human sold into forced labor conditions to the highest bidder at an average of \$400 each.

The Libyan government has launched an investigation into slave auctions, but the fear in the human rights community is change will be slow, and the slavery auctions will continue as long as human smuggling of migrants continues to swell.

"People for sale", CNN, November 2017

CTPAT Gets New Logo and Prepares for New Updates



At the Annual Northeast Cargo Symposium held by the Coalition of New England Companies for Trade (CONNECT) in Providence, R.I. last November, the Customs Trade Partnership Against Terrorism or CTPAT announced it is making more than just aesthetic changes to the program. In addition to a new logo, a red, white, and blue globe made of interlocking pieces, and changing the spelling, with no hyphen in its name or acronym, the program will be implementing a new "best practices" framework. The framework is still in development but will include five elemental changes:

1. **Senior management support, including the participating organization's culture and management philosophy regarding security and compliance**
2. **Innovative application of technology, as appropriate for the company's size and resources**
3. **Documented processes, including consistency and continuity over time**
4. **Checks, balances, and auditing, including such areas as accountability and testing**
5. **Evidence of implementation; that is, proof that plans have been put into practice and are being maintained**

The CTPAT was established in 2001 to prevent terrorists from carrying out attacks on the United States via international networks. Program participation is a voluntary public-private partnership with 11,000-plus members, including importers, exporters, surface carriers, customs brokers, marine terminal operators, freight consolidators, and other entities. About one-third of CTPAT members are small and medium-sized companies with 70 employees or less.

"U.S. Customs plans to update CTPAT best practices, minimum-security requirements, and compliance certification". Supply Chain Quarterly, November 2017

Alphabet (Google) and Apple Ace Enough Project's 2017 Ranking

The newly released rankings report by Enough Project examined 20 of the largest companies, as defined by market capitalization, in two of the industries which consume the most tin, tungsten, and gold – consumer electronics and jewelry. With especially high marks, Apple and Alphabet scored 102% and 85% respectively. The consumer electronics company efforts were assessed for progress on sourcing conflict-free minerals from Congo. Conversely, jewelry companies fared much poorer scores for sourcing of "blood diamonds" and conflict gold from Congo. The department chain store Nieman Marcus scored 0% with Helzberg Diamonds at 2% and Sears rounding out the bottom at four percent. As a whole the 10 consumer electronics companies scored better than the jewelry companies.

"Report: Trump administration plans to halt work permits for H1-B spouses," Axios, November 17, 2017.

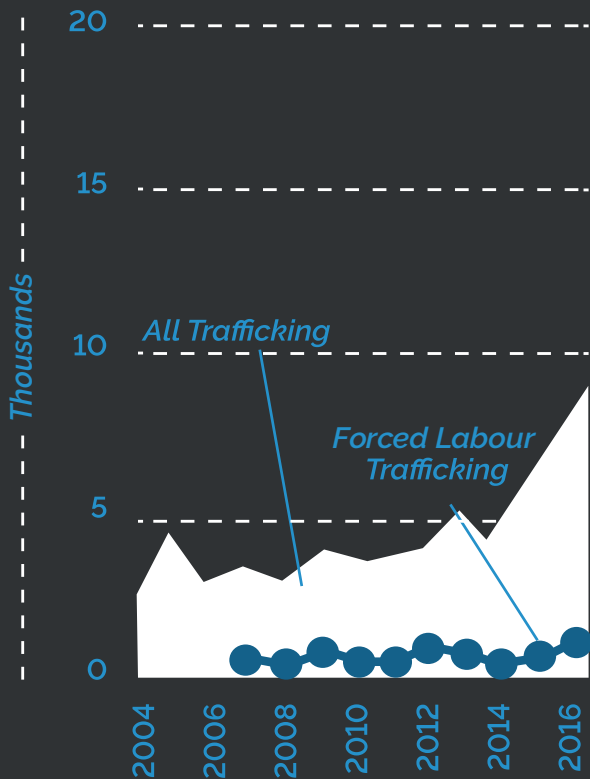
Global Law Enforcement Data

The Trafficking Victims Protection Reauthorization Act (TVPRA) of 2003 added to the original law a new requirement that foreign governments provide the Department of State with data on trafficking investigations, prosecutions, convictions, and sentences in order to fully meet the TVPRA's minimum standards for the elimination of trafficking (Tier 1).

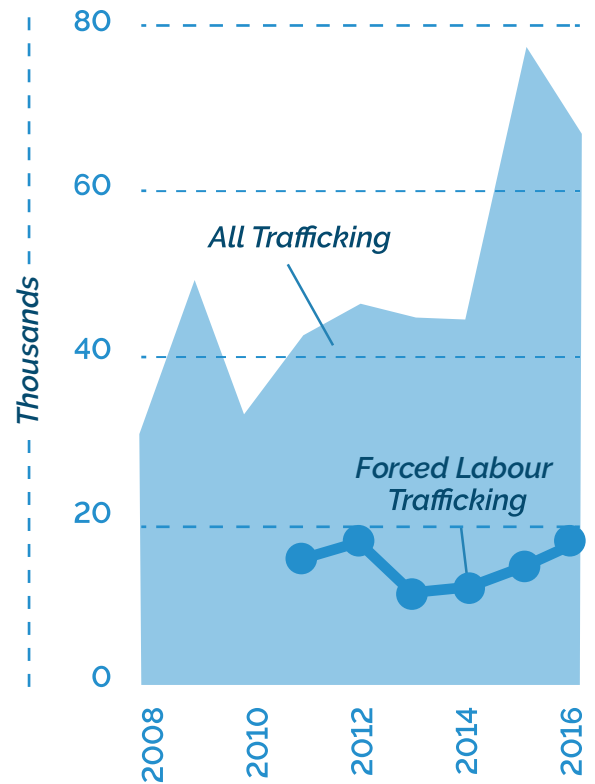
From April 2016 to March 2017:

- 14,897** prosecutions worldwide
- 66,520** victims identified worldwide
- 9,071** convictions worldwide
- 25** new or amended anti-trafficking laws

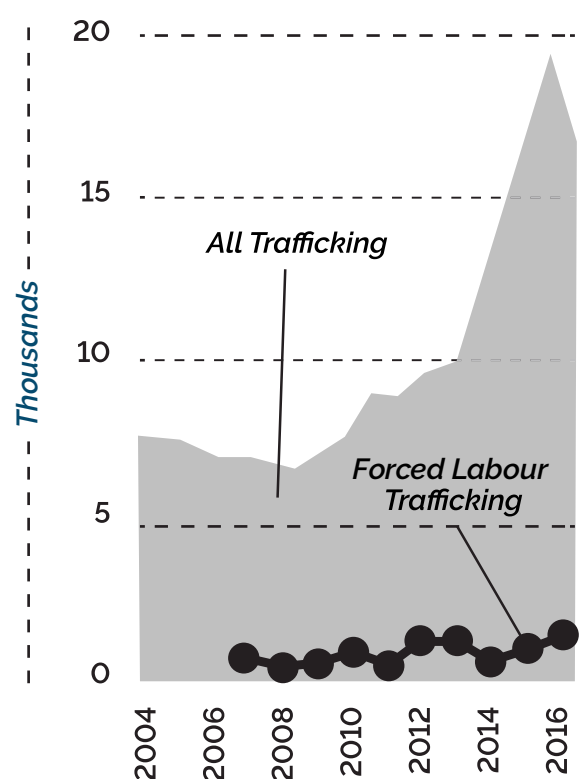
Convictions Worldwide



Victims Identified Worldwide



Prosecutions Worldwide



SECURITY RESTRICTIONS

Countries listed in the current Trafficking in Persons (TIP) Report as having recruited and used child soldiers are prohibited from receiving certain types of security assistance.

- Including excess defense articles
- International military education and training
- Peacekeeping operations and other programs
- Foreign military financing for the procurement of defense articles and service as well as design and construction services
- Issuance of licenses for direct commercial sale of military equipment to countries listed in the current TIP Report for child soldiers' recruitment and use

Aid Restrictions and Waivers to Child Soldier Countries

Fiscal Year
FY2017

Aid Restricted
Syria, Yemen, Sudan

Full National Interest Waivers
Burma, Iraq, Nigeria

Partial National Interest Waivers
Democratic Republic of Congo, Rwanda,
Somalia, South Sudan

Waivers Due to Subsequent Compliance
None

NO CHANGE

The TIP Report Tier Rankings remained unchanged for several countries:

Tier 1: Australia, Austria, Belgium, Denmark, Germany, Italy, the Netherlands, New Zealand, Norway, Spain, United Kingdom, and United States

Tier 2: Aruba, Bhutan, El Salvador, Kosovo, Mongolia, Palau, and Uganda

Tier 3: Eritrea and North Korea

Trafficking in Persons Report Grading System

The annual Trafficking in Persons (TIP) Report is guided through a series of Acts and Amendments originating from the Trafficking Victims Protection Act of 2000 (TVPA). A culmination of victim-centered input with careful diplomatic considerations and balanced improvement measures, the TIP Report grading system offers a means for the U.S. Secretary of State to assess and report to Congress the extent of government compliance with the minimum standards for the elimination of trafficking.

The minimum standard for participating countries eliminating trafficking was amended by Section 106 of the Wilberforce Trafficking Victims Act of 2008. The redefined threshold of significance now encompassed each "government of a country of origin, transit, or destination for the victims of severe forms of trafficking." The new threshold of significance now allows the Department of State's Office to Monitor and Combat Trafficking in Persons to engage in comprehensive country coverage in the application of anti-trafficking efforts. The minimum standards for elimination of trafficking are described in Section 108(a) of the TVPA.

According to Section 108(a) of the Trafficking Victims Protection Act of 2000 as amended, minimum standards for elimination of trafficking is:

- The government of the country should prohibit severe forms of trafficking in persons and punish acts of such trafficking.
- For the knowing commission of any act of sex trafficking involving force, fraud, coercion, or in which the victim of sex trafficking is a child incapable of giving meaningful consent, or of trafficking which includes rape or kidnapping, or which causes a death, the government of the country should prescribe punishment commensurate with that for grave crimes, such as forcible sexual assault.
- For the knowing commission of any act of a severe form of trafficking in persons, the government of the country should prescribe punishment that is sufficiently stringent to deter and that adequately rejects the heinous nature of the offense.
- The government of the country should make serious and sustained efforts to eliminate severe forms of trafficking in persons.

As the minimum standards for anti-trafficking efforts, categories one through three of Section 108(a) are self-explanatory. With exception, the minimum standards for category four become challenging in the definition of "serious and sustained efforts." The fourth category is multi-dimensional addressing prosecution of trafficking in persons, victims' protections, and prevention measures. In a series of 12 broad criteria, the term "serious and sustained efforts" is subjective at best without specific criteria in the TVPA providing further definition of either "serious" or "sustained". Deeper in the 12 criteria, a series of ambiguous requirements

such as "vigorously investigates" found in the first criteria offer no metrics beholden to the government in question.

Finally, the TVPA minimal criteria are not required for measuring trafficking efforts and only serve as a guideline in designating tier placements. This irreverent oversight combined with no amenable data construct has led to persistent controversy over tier assignments and political strategies, opening the TIP Report findings and tier placements to scrutiny.

*William Wilberforce Trafficking Victims Reauthorization Act of 2008," Authenticated U.S. Government Information, December 23, 2008.
 *Trafficking in Persons Report 2017," U.S. Department of State, June 2017.

The 12 CRITERIA

One

Whether the government of the country **vigorously investigates** and prosecutes acts of severe forms of trafficking in persons, and convicts and sentences persons responsible for such acts, that take place wholly or partly within the territory of the country, including, as appropriate, requiring incarceration of individuals convicted of such acts.

Two

Whether the government of the country protects victims of severe forms of trafficking in persons and encourages their assistance in the investigation and prosecution of such trafficking, including provisions for legal alternatives to their removal to countries in which they would face retribution or hardship, and ensures that victims are not inappropriately incarcerated, fined, or otherwise penalized solely for unlawful acts as a direct result of being trafficked.

Three

Whether the government of the country has adopted measures to prevent severe forms of trafficking in persons, such as measures to inform and educate the public, including potential victims, about the causes and consequences of severe forms of trafficking in persons, measures to establish the identity of local populations, measures to ensure that its nationals who are deployed abroad as part of a diplomatic, peacekeeping, or other similar mission do not engage in or facilitate severe forms of trafficking in persons or exploit victims of such trafficking, a transparent system for remediating or punishing such public officials as a deterrent, measures to prevent the use of forced labor or child labor in violation of international standards, effective bilateral, multilateral, or regional information sharing and cooperation arrangements with other countries, and effective policies or laws regulating foreign labor recruiters and holding them civilly and criminally liable for fraudulent recruiting.

Four

Whether the government of the country cooperates with other governments in the investigation and prosecution of severe forms of trafficking in persons and has entered bilateral, multilateral, or regional law enforcement cooperation and coordination arrangements with other countries.

Five

Whether the government of the country extradites persons charged with acts of severe forms of trafficking in persons on substantially the same terms and to substantially the same extent as persons charged with other serious crimes (or, to the extent such extradition would be inconsistent with the laws of such country or with international agreements to which the country is a party, whether the government is taking all appropriate measures to modify or replace such laws and treaties so as to permit such extradition).

Six

Whether the government of the country monitors immigration and emigration patterns for evidence of severe forms of trafficking in persons and whether law enforcement agencies of the country respond to any such evidence in a manner that is consistent with the vigorous investigation and prosecution of acts of such trafficking, as well as with the protection of human rights of victims and the internationally recognized human right to leave any country, including one's own, and to return to one's own country.

Seven

Whether the government of the country vigorously investigates, prosecutes, convicts, and sentences public officials, including diplomats and soldiers, who participate in or facilitate severe forms of trafficking in persons, including nationals of the country who are deployed abroad as part of a diplomatic, peacekeeping, or other similar mission who engage in or facilitate severe forms of trafficking in persons or exploit victims of such trafficking, and takes all appropriate measures against officials who condone such trafficking. A government's failure to appropriately address public allegations against such public officials, especially once such officials have returned to their home countries, shall be considered inaction under these criteria.

Eight

Whether the percentage of victims of severe forms of trafficking in the country that are non-citizens of such countries is insignificant.

Nine

Whether the government has entered effective, transparent partnerships, cooperative arrangements, or agreements that have resulted in concrete and measurable outcomes with:

- A. Domestic civil society organizations, private sector entities, or international NGO's, or into multilateral or regional arrangements or agreements, to assist the government's efforts to prevent trafficking, protect victims, and punish traffickers; or
- B. The United States toward agreed goals and objectives in the collective fight against trafficking.

Ten

Whether the government of the country, consistent with the capacity of such government, systematically monitors its efforts to satisfy the criteria described in paragraphs (1) through (8) and makes available publicly a periodic assessment of such efforts.

Eleven

Whether the government of the country achieves appreciable progress in eliminating severe forms of trafficking when compared to the assessment in the previous year.

Twelve

Whether the government of the country has made serious and sustained efforts to reduce the demand for:

- A. Commercial sex acts; and
- B. Participation in international sex tourism by nationals of the country.



William Willberforce Trafficking Victims Reauthorization Act of 2008, Authenticated U.S. Government Information, December 23, 2008.

Trafficking in Persons Report 2017, U.S. Department of State, June 2017.

The 2017 Trafficking in Persons Report Upgrades & Downgrades

Mandated by the Trafficking Victim's Protection Act (TVPA), Tier Placement supports the Trafficking in Persons (TIP) Report purpose to "raise awareness and motivate action" on human trafficking worldwide. The Department of State places each country in the TIP Report into one of four tiers. This placement is based not only on the size of the country's problem, but also on the extent of the government's efforts to meet the TVPA's minimum standards for the elimination of human trafficking (see The 101). Since 2000, the TVPA and its criteria have evolved with amendments in the Trafficking Victim's Protection Reauthorization Acts (TVPRA) of 2003, 2005, & 2008.

The often confusing and somewhat arbitrary tier placement of countries in the TIP Report can be puzzling for business leaders in understanding how the TIP Report affects overall operations. To assist in translation, the following sub-sections, Ethical Investing and Operational Procedures, will provide a human trafficking situation report for each country that was either upgraded or downgraded from Tier 2 Watch List of the TIP Report. *If your company is operating in one of the countries listed, Counter Human Trafficking Compliance Solutions can assist with developing an in-depth preventative anti-forced labor action plan.*

Tier 1

The governments of countries that fully meet the TVPA's minimum standards for the elimination of trafficking replace such laws and treaties so as to permit extradition.

Tier 2

The governments of countries that **do not** fully meet the TVPA's minimum standards but are making significant efforts to bring themselves into compliance with those standards.

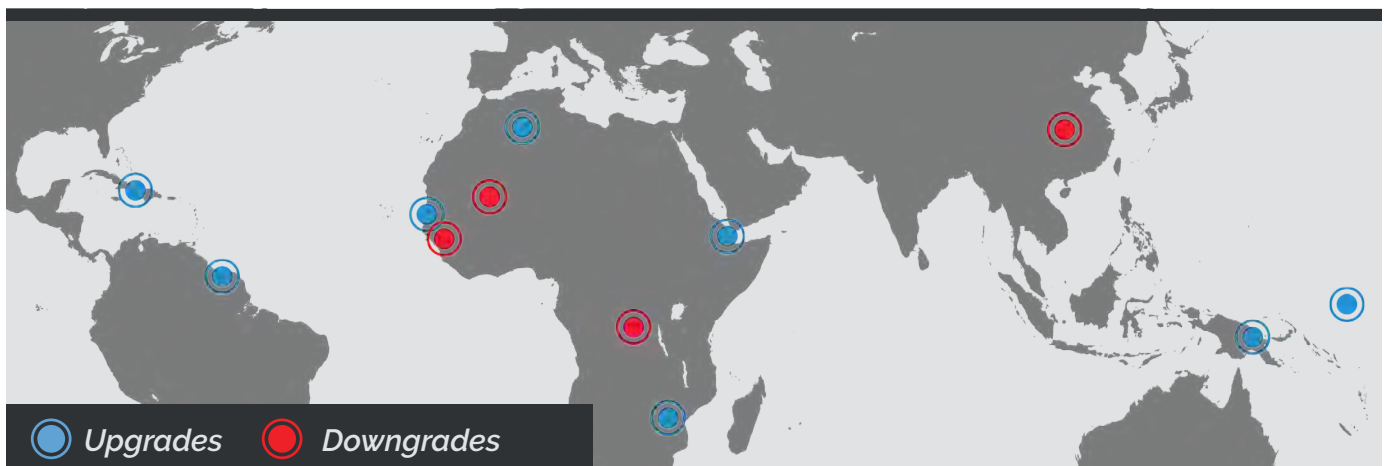
Tier 2 Watch List

The government of countries that **do not** fully meet the TVPA's minimum standards, but are making significant efforts to bring themselves into compliance with those standards, and for which:

1. The absolute number of victims of severe forms of trafficking is very significant or is significantly increasing;
2. There is a failure to provide evidence of increasing efforts to combat severe forms of trafficking in persons from the previous year, including increased investigations, prosecution, and convictions of trafficking crimes, increased assistance to victims, and decreasing evidence of complicity in severe forms of trafficking by government officials; or
3. the determination that a country is making significant efforts to bring itself into compliance with minimum standards was based on commitments by the country to take additional steps over the next year.

Tier 3

The governments of countries that do not fully meet the TVPA's minimum standards and are not making significant efforts to do so.



Ethical Investing

The Tier 2 Watch List was first incorporated in the 2004 Trafficking in Persons (TIP) Report but was not mandated by the Trafficking Victim's Protection Reauthorization Act (TVPRA) of 2003. However, the TVPRA does list additional factors to determine whether a country should be on Tier 2 (or Tier 2 Watch List) versus Tier 3.

1. The extent to which the country is a country of origin, transit, or destination for severe forms of trafficking;
2. the extent to which the country's government does not meet the TVPA's minimum standards, and the extent to which officials or government employees have been complicit in severe forms of trafficking;
3. reasonable measures that the government would need to undertake to follow the minimum standards considering the government's resources and capabilities to address and eliminate severe forms of trafficking in persons.

A 2008 amendment to the TVPRA provides that any country that has been ranked Tier 2 Watch List for two consecutive years and that would otherwise be ranked Tier 2 Watch List for the next year will instead be ranked Tier 3 in that third year. This automatic downgrade provision came into effect for the first time in the 2013 Report.

The Secretary of State is authorized to waive the automatic downgrade based on credible evidence that a waiver is justified because the government has a written plan that, if implemented, would constitute making significant efforts to meet the TVPRA's minimum standards for the elimination of trafficking and is devoting sufficient resources to implement the plan. The Secretary can only issue this waiver for two consecutive years. After the third year, a country must either go up to Tier 1 or 2 or down to Tier 3. Governments subject to the automatic downgrade provision are noted as such in the country narratives.

Business operations can have an exponential effect both positive and negative on a country's tier improvement. Conscientious investing through ethical policies and procedures is important to the continued anti-trafficking growth of certain countries.

Tier 2 Watch List Countries Upgrades

Algeria	Liberia
Antigua & Barbuda	Macau
Bangladesh	Madagascar
Benin	Marshall Islands
Bolivia	Moldova
Bulgaria	Montenegro
Burkina Faso	Mozambique
Burma	Nicaragua
Cabo Verde	Niger
Cameroon	Nigeria
Chad	Oman
Cuba	Pakistan
Djibouti	Papua New Guinea
Gabon	Rwanda
The Gambia	Saudi Arabia
Ghana	Senegal
Guatemala	Serbia
Haiti	Suriname
Hong Kong	Swaziland
Hungary	Thailand
Iraq	Zambia
Kuwait	Zimbabwe
Laos	



Situation Report

Algeria

Tier Ranking

2016: Tier 3

2017: Tier 2 Watchlist

Current Affairs

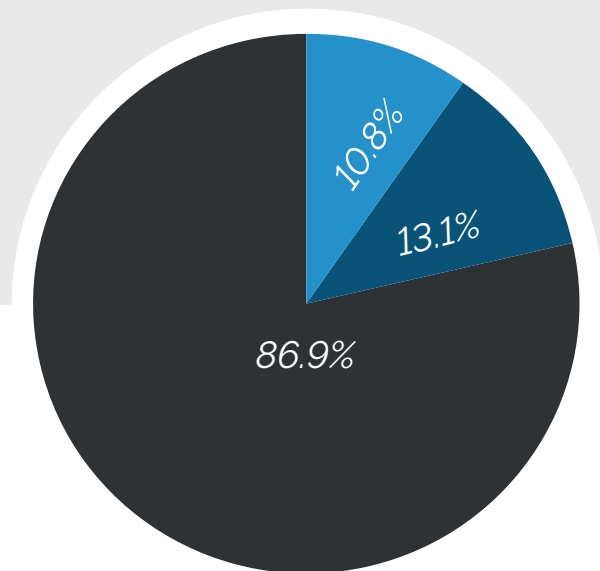
Algeria was the 46th largest exporter in the world amounting to \$29.8B in 2016. Led by petroleum gas at 39.4% of the total exports followed by crude petroleum with 37.7%. A rift among northern African countries continues as Algeria attempts to set itself apart as the epicenter for security and counterterrorism. The African Police Organization (Afripol), recently launched in May 2017, is headquartered in Algiers with one of the largest defense budgets in Africa.

Algeria recently announced a regularization program, in July 2017, to address the vast numbers of undocumented migrants and refugees in response to heightened violent aggression toward Sub-Saharans. These migrations to or through Algeria have amplified the long-disputed clash with Morocco over territory in Western Sahara.

Prevalence of Forced Labor

As a transit and destination country for men, women and children, Algeria has a high prevalence of sex trafficking and forced labor. The Sub-Saharan undocumented migrants or refugees primarily from; Mali, Niger, Burkina Faso, Cameroon, Guinea, Liberia, and Nigeria are susceptible due to their irregular migration status, poverty, language barriers, and racism. Commonly forced to work off a smuggling debt, many victims succumb to debt bondage or bonded labor through construction, manual labor, forced prostitution or begging.

The prevalence of child labor to include the worst forms of child labor, such as commercial sexual exploitation and forced begging, is also present in Algeria. Although the minimum age for legal work is 16 in Algeria, 6.7% of children are illegally working from age 5 to 14 years old, but it doesn't consider the Sub-Saharan migrants or refugees.



Labor Force

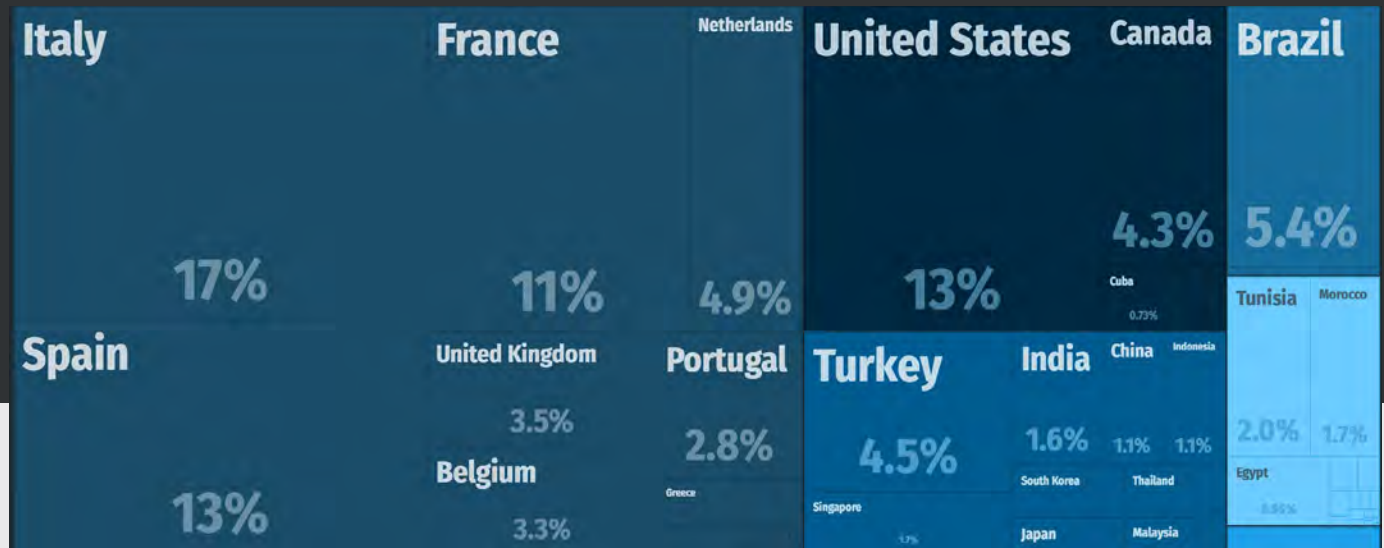
Legal workforce - 12.12 million

Services: 86.9%

Industry: 13.1%

Agriculture: 10.8%

Main Export Partners



Forced Labor by Occupation

SECTOR FORCED LABOR ACTIVITY

Agriculture: Farm labor

Industry: Construction, mining

Services: Street Work, Vending, Begging, Collecting Plastics, Domestic Work, Small workshops or Businesses, Commercial Sexual Exploitation, Illicit Activities, Drug Trafficking, Forced Begging, Ganja Recruitment, Forced Domestic Work, Physical Labor

Export Goods

As a founding member of OPEC – Organization of the Petroleum Exporting Countries, the oil and gas sector is the backbone of the economy, accounting for about 35 percent of the gross domestic product, and two-thirds of total exports. The country's other natural resources include iron ore, phosphates, uranium and lead.

Gross Domestic Product: \$159B

Mineral Products: \$28.6B

Petroleum Gas: \$11.8B

Refined Petroleum: \$5.06B

Crude Petroleum: \$11.3B

Coal Tar Oil: \$396M

Petroleum Oil: \$11.3B

Upgrade Progress

Based on several key achievements made by the government during the reporting period, Algeria was upgraded to Tier 2 Watch List. After showing an effort to identify dozens of potential forced labor victims and demonstrating a political will to investigate and prosecute several traffickers, a presidential decree was released in September 2016 formerly institutionalizing the inter-ministerial anti-trafficking committee and assigning it a dedicated budget to implement its mandate.

Inadequacies

Although Algeria already has penalties (3 to 20 years' imprisonment) under section 5 of its penal code prohibiting all forms of trafficking, the crux of success lies on the government's efforts to investigate and prosecute trafficking offenders. Algeria remains without an effective system to collect and report nationwide anti-trafficking law enforcement data. In addition, the government failed to systematically identify victims and provide necessary victim services; shelter, rehabilitation, psycho-social care and legal assistance or repatriation support for victims.



Situation Report

Djibouti

Tier Ranking

2016: Tier 3

2017: Tier 2 Watchlist

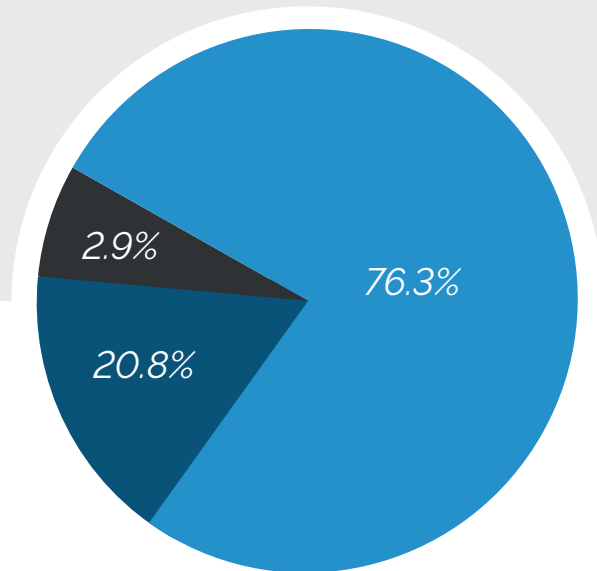
Current Affairs

As home to a major port on the Red Sea, Djibouti has seen an influx of migrants and refugees entering the country. The increased numbers are due to the war in Yemen, which has led to almost 40,000 Yemenis escaping to Djibouti. In spite of a poor economy and continued migration of people from Ethiopia and Somalia, the government has been welcoming.

Foreign investors like China have been influential in keeping Djibouti's economy afloat. In a new \$4 billion investment by a Chinese energy consortium, Petroleum Group will finalize and begin groundbreaking for a new liquefied natural gas plant and loading terminal at Damerjog, Djibouti in conjunction with a natural gas pipeline. In the recent years, China has heavily invested in a new 19 square mile free trade zone, a \$600 million multipurpose port terminal, a \$4 billion railroad, and two new airports.

Prevalence of Forced Labor

The influx of migrants and refugees to Djibouti over the past 5 years has increased the availability of men, women, and children subjected to forced labor and sex trafficking. Both voluntary migrants and refugees from Ethiopia, Somalia, Eritrea, and Yemen living in austere camps are vulnerable to domestic servitude or sex trafficking. Although the Yemeni government has registered and allowed refugees to work, some traffickers exploit migrants by forcing a ransom. Children are often used for begging, domestic servitude, sexual exploitation, or committing petty crimes - sometimes in support of the family income.



Labor Force

Legal workforce - 294,600

Services: 76.3%

Industry: 20.8%

Agriculture: 2.9%

Main Export Partners



Forced Labor by Occupation

SECTOR FORCED LABOR ACTIVITY

Agriculture: Livestock, Farming

Services: Domestic Work, Street Work, Restaurant Work, Illicit Activities (Drug Smuggling, Gang Activity), Sex Trafficking, Child Pornography

Export Goods

Despite heavy foreign business investments in recent years, mostly from China, Djibouti's economy is still struggling. Even as both a transit port for the region and an international transshipment and refueling center, Djibouti still relies heavily on foreign assistance to support payments and to finance development projects. With a huge negative trade imbalance of \$3.63 billion, the top exports of sheep and goats and wood products does very little to balance the deficit.

Gross Domestic Product: \$ 1.9B

Animal Products: \$23.7M Wood Products: \$13.3M

Vegetable Products: \$19.7M Refined Petroleum: \$4.36M

Upgrade Progress

Djibouti made a minimal advancement in efforts against human trafficking and reached the Tier 2 Watch List through few achievements:

- Increased investigations and prosecutions of trafficking cases.
- Expanded training of law enforcement, prosecutorial and judicial officials.
- Partnered with an international organization to assist trafficking victims.
- The government implemented a national identification and referral mechanism.
- Partnered with society stakeholders to organize several anti-trafficking awareness events.
- The anti-trafficking working group met 10x during the year.

Inadequacies

The Government failed to amend its anti-trafficking law, which does not recognize the international law definition of trafficking based on the United Nations Convention against Transnational Organized Crime. Since the law passed in March 2016, not one trafficker has been convicted. The government's nation action plan to combat trafficking has not been operationalized for the last 2 years nor have relevant government agencies coordinated efforts against trafficking. Largely, potential victims of trafficking remain unidentified and receive insufficient protective services.



Situation Report

The Gambia

Tier Ranking

2016: Tier 3

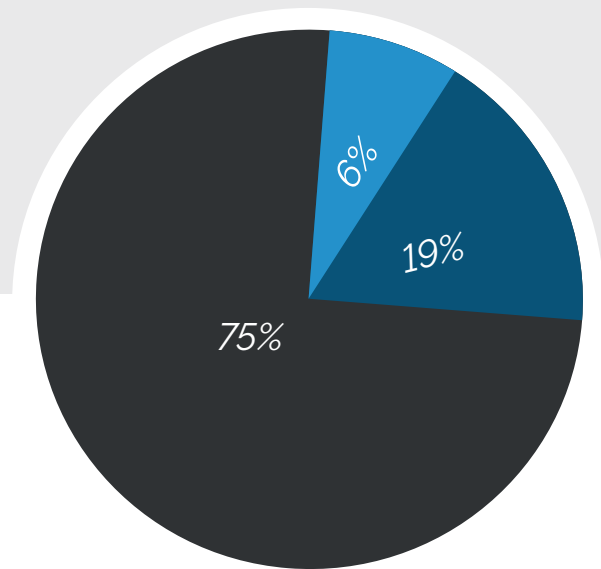
2017: Tier 2 Watchlist

Current Affairs

The Gambia entered arbitration proceedings last October with Norwegian-listed African Petroleum. The Gambia plans to market two offshore oil blocks – A1 and A4 – that are thought to contain up to 3 billion barrels of oil. The two-blocks expired in September 2016 and The Gambia did not extend the African Petroleum's exploration rights, citing a failure by the firm to meet its commitments. African Petroleum defends its claim to the blocks claiming it was in discussion with The Gambian government for an extension in early 2017. An official request for interest in 6 offshore blocks will be announced soon with and open to negotiations, but the state oil firm will keep a minimum 10 percent stake in the blocks.

Prevalence of Forced Labor

As a source and destination country for women and children, The Gambia has a prevalence of commercial sexual exploitation and forced labor. The majority of sex tourism victims are women, girls, and boys from West African countries. Gambian children are often sent to neighboring countries for forced labor and women are sent further to Middle Eastern countries.



Labor Force

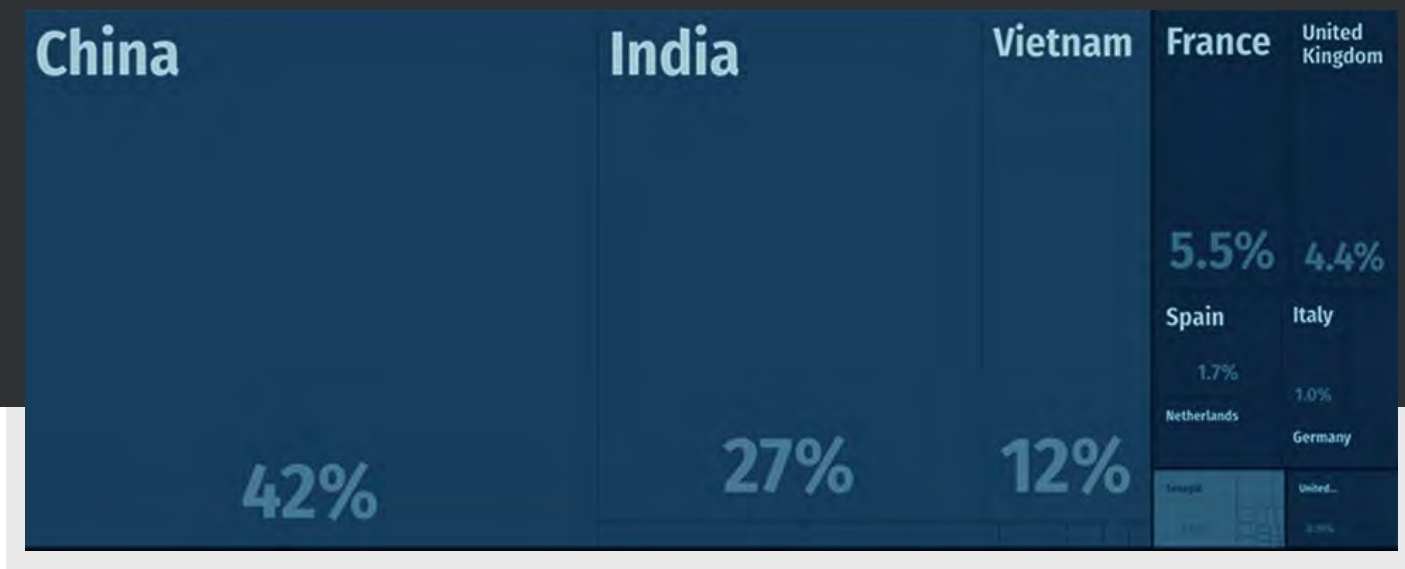
Legal workforce - 777,100

Services: 6%

Industry: 19%

Agriculture: 75%

Main Export Partners



Forced Labor by Occupation

SECTOR FORCED LABOR ACTIVITY

Agriculture: Farming

Industry: Carpentry, Masonry, Sewing, Plumbing

Services: Street Work (Vending, Begging)
Mechanic, Domestic Work,
Commercial, Sexual Exploitation

Export Goods

In 2015, The Gambia had a negative trade balance of \$794M. The top exports were Wood Products, Vegetable Products (Coconuts, Brazil Nuts, and Cashews), Ground Nut Oil, Tropical Fruits, and Scrap Iron.

Gross Domestic Product: \$965M

Wood Products: \$50.5M

Vegetable Products: \$46.2M

Ground Nut Oil: \$6.27M

Scrap Iron: \$3.58M

Upgrade Progress

The Gambia made few achievements to gain an upgrade to Tier 2 Watch List:

- Identified victims and provided services to the first internal trafficking victims in four years.
- Trained law enforcement and border officials on identifying and referring cases of trafficking victims.
- Convicting and sentencing one trafficker to life imprisonment – first reported conviction for trafficking-related offense in four years.

Inadequacies

The Gambia does not possess a formal procedure for identifying victims of human trafficking and performed zero prosecutions during the reporting period of the TIP Report.



Situation Report

Haiti

Tier Ranking

2016: Tier 3

2017: Tier 2 Watchlist

Current Affairs

Recently deemed the country "worst-affected" by extreme weather in 2016 by the Climate Risk Index, Haiti suffers from a deluge of poor weather, poor economy and poor resources. Most recently, Haiti was spared from Hurricane Irma to only have Hurricane Maria deliver powerful heavy rains and wind, with survivors suffering additional agricultural and livestock losses and facing displacement from their homes.

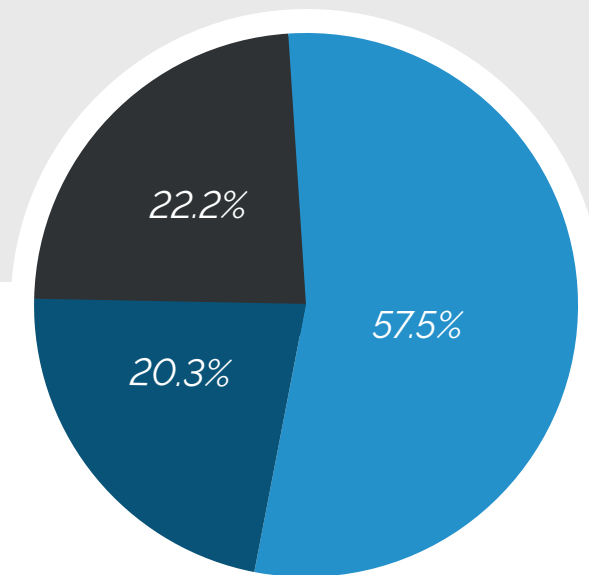
As the poorest country of the Western Hemisphere, Haitian refugees have been fleeing in droves since the devastating 7.0 magnitude earthquake in 2010 that killed about 316,000 people and destroyed nearly 80,000 buildings in surrounding Port-au-Prince area.

In November, United Nations peacekeepers withdrew from Haiti after 13 years of providing humanitarian aid through heavy police tactics, leaving some Haitians relieved and some residents nervous.

Prevalence of Forced Labor

As both a source, transit and destination country for men, women and children victimized by both forced labor and sex trafficking, the prevalence of forced labor in Haiti is borne to Haitian children. According to a 2015 UNICEF report, one in four Haitian children do not live with their biological parents resulting in an uprising of orphanages which have made recruitment of children into forced labor even easier. Children can be exploited internally or sent to the Dominican Republic where most times, children are forced into domestic work, agriculture, street vending, and begging.

Refugees originating from Haiti are experiencing forced labor conditions in route to safer destinations. Haitians are emigrating to Brazil in droves where they experienced forced labor conditions building infrastructure in support of the 2016 Summer Olympics. Since, they have been forced to trek north and enter smuggling routes to the United States. A record number of 4,346 undocumented Haitian refugees reached San Diego in 2016.



Labor Force

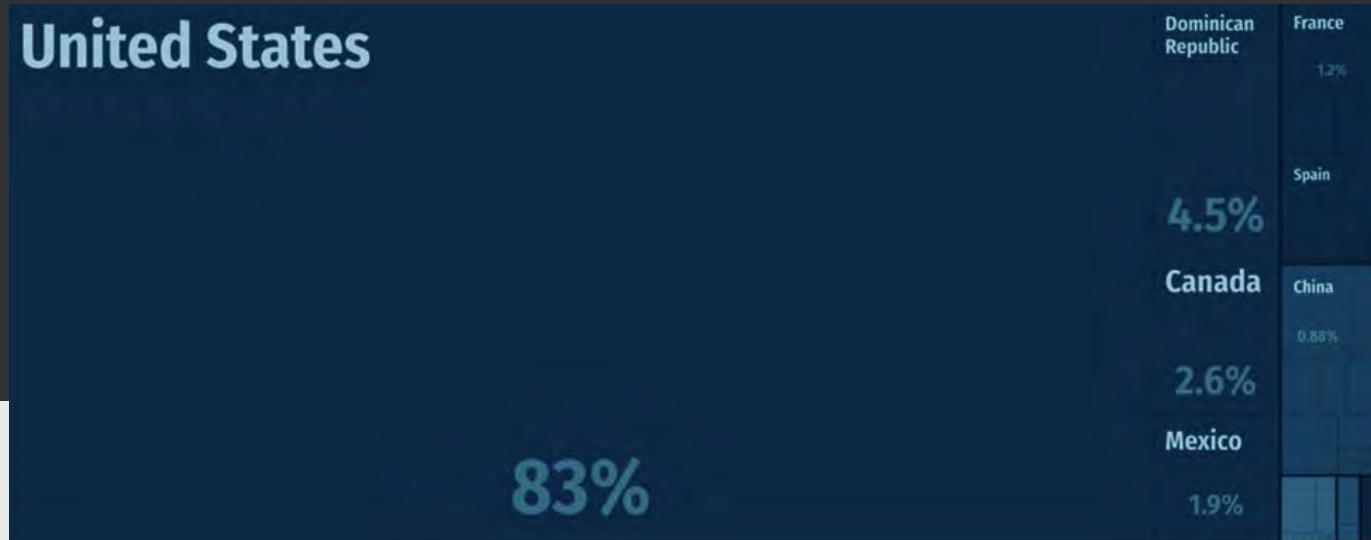
Legal workforce - 4.6 million

Services: 57.5%

Industry: 20.3%

Agriculture: 22.2%

Main Export Partners



Forced Labor by Occupation

SECTOR FORCED LABOR ACTIVITY

Agriculture: Land Preparation, Harvesting, Herding, Processing Animals/Produce

Industry: Construction, Mining, Metal Crafts

Services: Street Work (Vending, Begging, Collecting Plastics), Domestic Work, Commercial Sexual Exploitation, Forced Begging, Ganga Recruitment

Export Goods

Initially, under the Caribbean Basin Trade Partnership Act (CBPA) and the 2008 Haitian Hemispheric Opportunity through Partnership Encouragement Act (HOPE II) and extended through the Haiti Economic Lift Program (HELP) Act of 2010, Haiti enjoys duty-free access to the U.S. for apparel exports and investments accounting for over 90% of Haitian exports and more than 10% of the GDP. As a result, Haiti increased its exports to the 145th largest exporter in the world led by Knit T-Shirts and Sweaters.

Gross Domestic Product: \$19.35B

Textiles: \$1.03B

Upgrade Progress

In 2014, Haiti passed an anti-trafficking law prohibiting all forms of human trafficking by criminalizing sex trafficking, forced labor, and the intentional retention of identity documents or passports for committing trafficking-related offenses. In support of the 2014 law, Haiti increased investigations and prosecutions with 3 convictions in 2016 through strengthened partnerships between the government's inter-ministerial anti-trafficking commission (TIP Commission) and international organizations. Other improvements leading to the upgraded Tier 2 Watch List:

- Creating a post-Hurricane Matthew emergency working group to address human trafficking.
- Training the top three affected departments on human trafficking.
- Opening a temporary national 24-hour hotline for trafficking victims.
- Committing resources for the work of the TIP Commission.

Inadequacies

An overall, laissez-faire government towards human trafficking has allowed the justice system to lag in prosecuting cases. Nothing has been done to improve the national anti-trafficking action plan or provide increased long-term funding for trafficking victim assistance. Few police, prosecutors or judges have received anti-trafficking training to assist with proactive victim identification or identifying vulnerabilities to child domestic servitude. Partnerships with NGOs are lacking in support of educating the public on human trafficking and children's rights to education and freedom from slavery.



Situation Report

The Republic Of Marshall Islands

Tier Ranking

2016: Tier 3

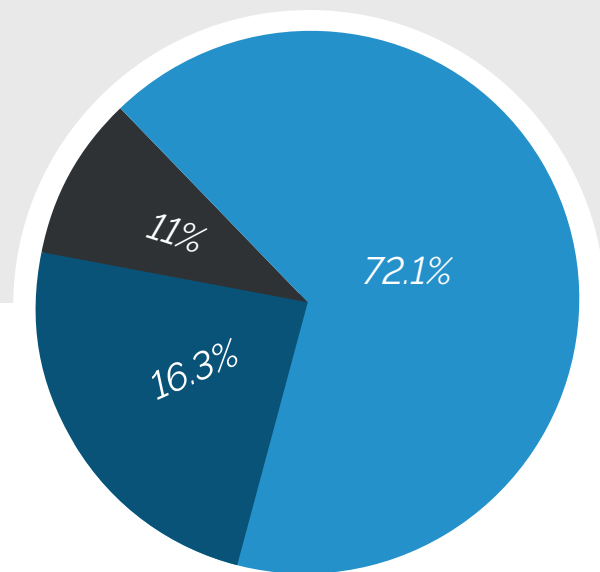
2017: Tier 2 Watchlist

Current Affairs

Established as a sovereign nation in 1986 by the Compact of Free Association, the Republic of Marshall Islands (RMI) is comprised of two archipelagic island chains of 28 tolls, each made up of many small islets and five single islands in the North Pacific Ocean. As an alliance founder of Powering Past Coal, Marshall Islands is trying to recruit at least 50 countries by the 2018 United Nations (UN) climate summit. As of November 2017, 15 countries and two U.S. states, Washington and Oregon, had joined the coalition. The anti-coal alliance is an effort to phase out coal use by the year 2030.

Prevalence of Forced Labor

The prevalence of forced labor in RMI as a source and destination country is in the sex trafficking industry. Native women and children and women from East Asia are subjected to sex trafficking by foreign business owners and provide sexual services to foreign fishing and transshipping vessels. Some of the crewmen working on the boats are also subjected to forced labor conditions.



Labor Force

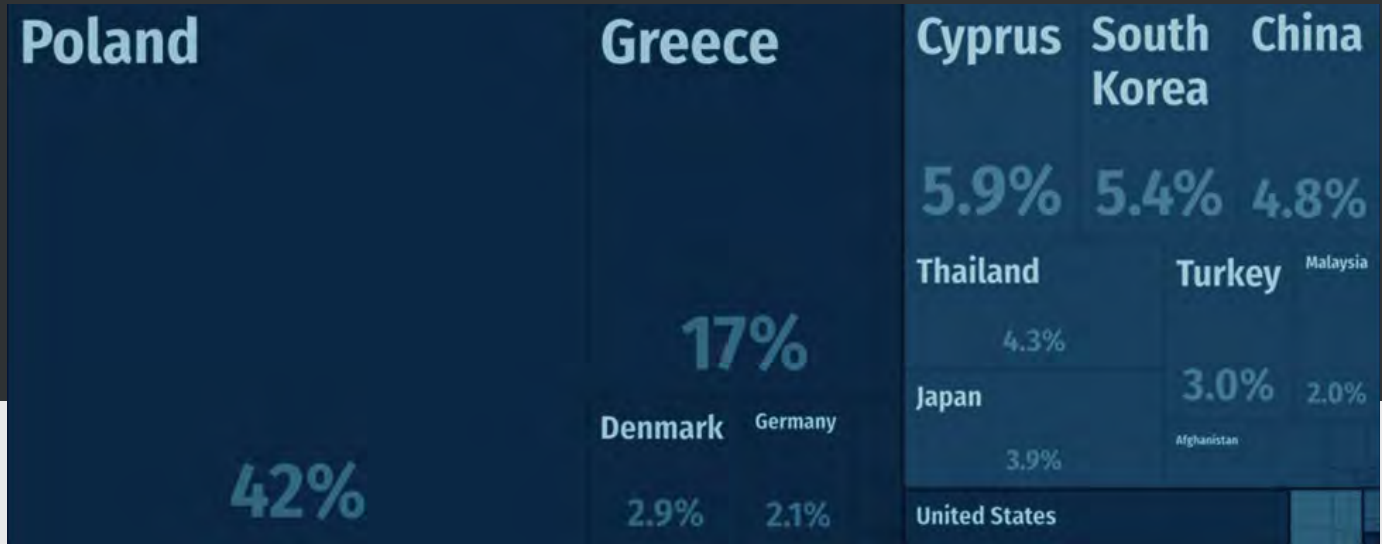
Legal workforce - 10,670

Services: 72.1%

Industry: 16.3%

Agriculture: 11%

Main Export Partners



Forced Labor by Occupation

SECTOR FORCED LABOR ACTIVITY

Industry: Fishing

Services: Sex Trafficking, Child Pornography

Export Goods

The very small economy of RMI is primarily reliant on exporting passenger and cargo ships. The Transportation industry accounts for 78.5% of total exports with fish products equaling a distance second at 16.3%. With few natural resources, imports far exceed export value resulting in a negative trade balance of \$14 billion. Based on a renegotiated Compact of Free Association, the U.S. will continue to provide an aid package until the year 2024 for \$1.5 billion a year.

Gross Domestic Product: \$183B

Transportation: \$329M

Upgrade Progress

The Republic of Marshall Islands has made a few key improvements to achieve an upgrade to the Tier 2 Watch List;

- Drafted a new trafficking law
- Approved the National Action Plan to Combat Trafficking
- Continued to implement part of the Plan
- The government provided funding for victim services and targeted awareness-raising efforts by the National Taskforce on Human Trafficking (NTHT)
- The government made an effort to forced labor victims working on fishing vessels

Inadequacies

The Government failed to prosecute or convict any individuals for trafficking offenses. In regard to sex trafficking, the government didn't improve any efforts to identify trafficking victims among foreign and local women.



Situation Report

Papua New Guinea

Tier Ranking

2016: Tier 3

2017: Tier 2 Watchlist

Current Affairs

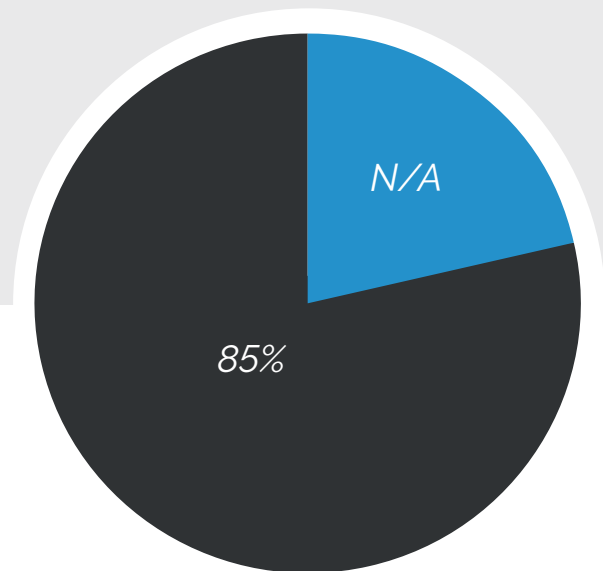
Recently caught in a rift between Australia and New Zealand, the autonomous country of Papua New Guinea has been deliberating over almost 400 male refugees abandoned by the Australia government. Originally the refugees from war-torn countries like Syria and Pakistan were relocated to the Manus Island facility as an updated version of the “Pacific Solution” where undocumented refugees from boats are sent to processing centers prior to entry. Four years later, the Australian government has officially closed the Manus Island processing center leaving Papua New Guinea with a diplomatic predicament.

Adamant for citizenship, the refugees refuse to move to another processing center or assimilate to Papua New Guinea and remain on Manus Island without infrastructure. New Zealand has offered to accommodate 150 of the men - raising tensions between Australia, New Zealand, and Papua New Guinea.

Prevalence of Forced Labor

The majority of forced labor is found in or around temporary camps in support of logging, mining, or palm oil operations. Men, women, and children are subjected to sex trafficking and forced labor in these camps. As a source, transit, and destination country, foreign and local men are subjected to forced labor in the camps and on fishing vessels. Women and children, some girls as young as 5-years old, are predominantly forced into sex tourism, or forced marriages involving a “bride price”.

Family or tribe members often sell or trade children in exchange for services, goods, or political alliances.



Labor Force

Legal workforce - 3.598 million

Services: N/A

Industry: N/A

Agriculture: 85%

Main Export Partners



Forced Labor by Occupation

SECTOR FORCED LABOR ACTIVITY

Agriculture: Plantations (Tea, Coffee, Cocoa, Copra, Palm Oil, Rubber)

Services: Street Work (Vending, Scavenging, Begging), Domestic Work, Commercial Sexual Exploitation, Production Of Pornography

Export Goods

Papua New Guinea is plentiful in natural resources, from agriculture to mining of minerals and metals. The largest export is represented by Petroleum gas representing 38% of total exports. Maintaining good relations with Australia, its former colonial ruler, is important to Papua New Guinea's economic future. The Government relies on assistance from Australia to deter illegal cross-border activities, including goods smuggling, illegal narcotics trafficking, and squatters. Socio-economic challenges like the Manus Island refugees could negatively affect foreign investor confidence and long-term relations with Australia.

Gross Domestic Product: \$20.48B

Mineral Products: \$4.9B

Gold: \$1.79B

Wood Products: \$778M

Palm oil: \$391M

Upgrade Progress

Papua New Guinea has very few achievements, but the development of the long-awaited national action plan on combating human trafficking and a standard operating procedure was important for forward progress.

Inadequacies

An acute lack of financial and human resources dedicated to human trafficking hindered Papua New Guinea from implementing their new action plan. Nothing has been done to begin its new operating procedures nor did law enforcement, prosecutors, and judges receive training on human trafficking.



Situation Report

Suriname

Tier Ranking

2016: Tier 3

2017: Tier 2 Watchlist

Current Affairs

Suriname finds itself in a pickle between Kosovo and Moscow. Having recognized Kosovo as an independent country at the United Nations (UN) in 2016, the former Dutch colony has recently rescinded its recognition in favor of improved diplomatic relations with Moscow. Suriname's Foreign Minister Yldiz Pollack-Beighle met in Moscow with his counterpart Sergey Lavrov to discuss bilateral trade, economic and investment opportunities as well as military cooperation.

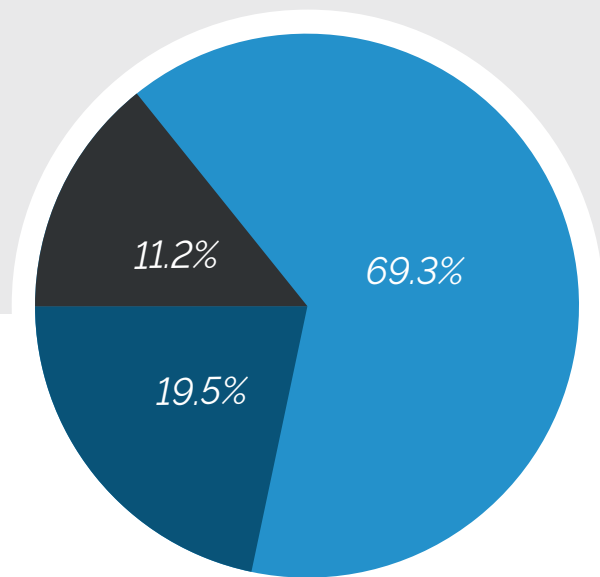
In an unusual bout to claim further independence from the Netherlands, the Surinamese government has denied entry to a new Dutch Ambassador to Suriname leaving only a business envoy to improve relations.

Meanwhile, the Araku-1 Project - formerly touted as "best oil prospects of 2017" - was abandoned by Tullow Oil Plc. The oil exploration project would have been a boon for Suriname whose economy is solely dependent on mineral mining.

Prevalence of Forced Labor

Suriname is a source, transit and destination country for men, women and children subjected to forced labor with women and children often forced into sex trafficking. An increase of migrants through porous borders has made women and girls from Suriname, Haiti, Brazil, Dominican Republic, Guyana, and Venezuela susceptible to sex trafficking in the remote jungle areas where legal and illegal mining gold camps are present. The male migrant workers are subject to forced labor in the mining camps, and throughout the agriculture and fishing industries. Chinese traffickers are sending Chinese immigrants to Suriname to work in the mining, service, construction and brothel sectors.

Children, predominantly boys, are found working in small-scale gold mines and are subjected to sexual exploitation in the camps as well.



Labor Force

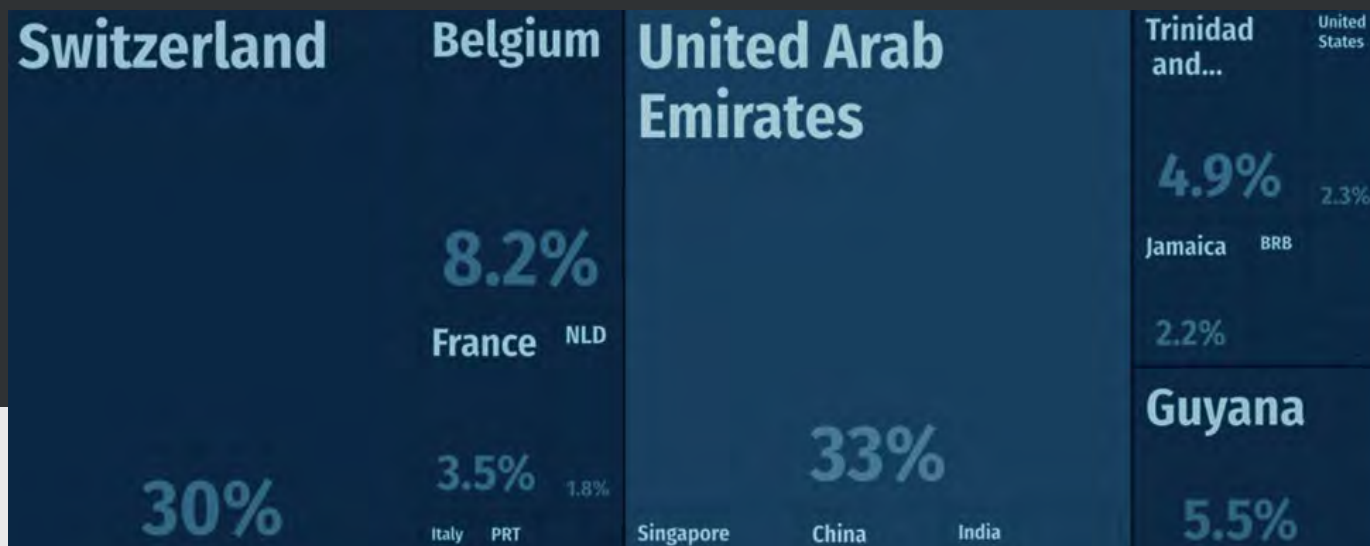
Legal workforce - 144,000

Services: 69.3%

Industry: 19.5%

Agriculture: 11.2%

Main Export Partners



Forced Labor by Occupation

SECTOR FORCED LABOR ACTIVITY

Agriculture: Harvesting

Industry: Fishing, Forestry, Mining (Gold), Construction

Services: Street Work (Vending), Domestic Work, Commercial Sexual Exploitation

Export Goods

Demonstrating a negative growth rate, Suriname's economy is reeling after a continued economic decline since 2012. With volatility in mineral pricing, Suriname's dominant revenue from the mining industry is vulnerable. The preeminent mining industry including gold, bauxite, alumina production, and oil accounts for 85% of exports with rice exports coming in at a distant four percent.

Gross Domestic Product: \$7.9B **Unspecified: \$934M**
Refined Petroleum: \$111M **Rice: \$40.4M**

Upgrade Progress

In 2014, Suriname added a criminal code amendment prohibiting all forms of trafficking and prescribes penalties of five to 20-years imprisonment. Through their code, police reported and prosecuted only 3 cases of sex trafficking and opened no cases of forced labor. Other improvements leading to the upgraded Tier 2 Watch List;

- Police operated a specialized 14-person anti-trafficking unit (ATU) responsible for investigating cases.
- ATU conducted anti-trafficking training to police and other stakeholders.
- ATU conducted random screenings of international flights 3x a week.
- ATU performed random inspections of brothels.
- An anti-trafficking working group met with NGOs to establish future cooperation protocols for victim assistance and prevention efforts.
- Suriname signed a cooperative agreement with Guyana to jointly combat cross-border crime, including human trafficking.
- Human trafficking victims have the option to pursue civil suits against their traffickers, no cases were reported.
- Foreign victims are afforded the right to return to their country of origin or receive work or residency permits.

Inadequacies

Limited victim identification efforts in the country's interior limit the effectual impact of the 2014 criminal code and efforts made by the ATU. Fewer arrests and prosecutions against human trafficking offenders occurred than in previous years displaying a lack of resolve to end forced labor or sex trafficking. The government made no discernible efforts to reduce the demand for commercial sex or forced labor.



Situation Report

Zimbabwe

Tier Ranking

2016: Tier 3

2017: Tier 2 Watchlist

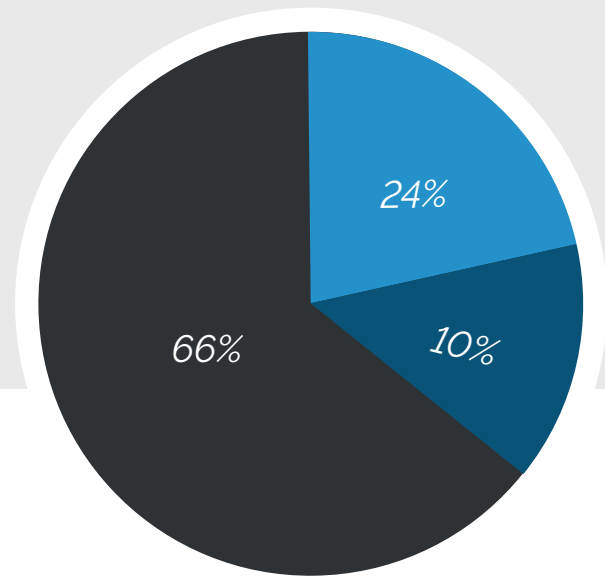
Current Affairs

After ruling for 37 years, the Zimbabwe's President Mugabe was removed from power by a military coup last November. Regional powers are in agreement or support of a transition of power which may include Mugabe serving the duration of his term up to next year's vote. A South African delegation negotiated with Mugabe for his surrender while the military and Catholic church were in discussion of a political resolution. A former prime minister and opposition leader, Morgan Tsvangirai has returned to Zimbabwe and has called for Mugabe's immediate removal.

Zimbabwe has suffered under Mugabe's leadership. In the 1980's, a string of massacres in opposition strongholds occurred leaving thousands of dead. The economy has been stifled by a land seizure program causing no agricultural output and soaring inflation. Recently, street vendors were ordered to be removed and endured ongoing raids by police. Trade unions are now encouraging workers to return to work.

Prevalence of Forced Labor

The land-locked country of Zimbabwe is a source, transit, and destination country for men, women, and children. Exploitative forced labor conditions exist in the agriculture, construction, information technology (IT), and hospitality industries. From neighboring countries to Kuwait and Saudi Arabia, women and children are lured into domestic servitude or sex trafficking situations. Children in particular are susceptible to forced labor in the agricultural and mining sectors or are forced to conduct illegal activities like drug smuggling. Recruitment of children is done with the lure of education, adoption, or through family members.



Labor Force

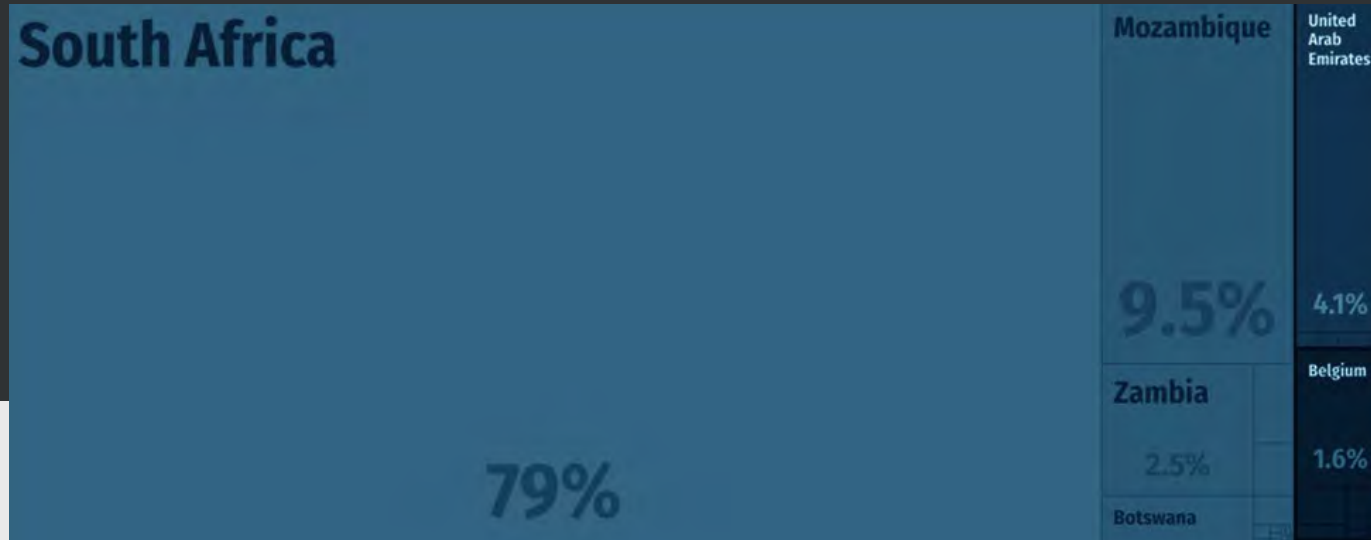
Legal workforce - 7.701 million

Services: 24%

Industry: 10%

Agriculture: 66%

Main Export Partners



Forced Labor by Occupation

SECTOR FORCED LABOR ACTIVITY

Agriculture: Tea, Cotton, Tobacco, Corn, Sugarcane, Cattle Herding

Industry: Fishing, Forestry, Mining (Gold)

Services: Street Work (Vending), Begging, Domestic Work, Commercial Sexual Exploitation, Drug Trafficking & Gambling

Export Goods

As the 83rd largest exporter in the world, the majority of export trade from Zimbabwe stays in Africa. Gold mining and raw tobacco production represent two-thirds of all exports with valuable mineral mining denoting almost 15% of export totals. In result, **45% of Zimbabwe's exports are employed in electronics worldwide.**

Gross Domestic Product: \$16.12B

Precious Metal: \$1.02B

Foodstuff: \$1.0B

Mineral Products: \$383M

Metals: \$1.70M

Upgrade Progress

In 2016, Zimbabwe's Anti-Trafficking Inter-Ministerial Committee (ATIMC) led the development of the nation's first Trafficking in Persons National Plan of Action. Many positive achievements were instrumental in raising Zimbabwe to the TIP Tier 2 Watch List;

- In support of the Nation Plan's Phase III for Orphans and Vulnerable Children, the government withdrew 178 children from child labor plantations and sent them back to school.
- The Government operated a national case management system throughout 65 districts for child care workers.
- Police received train-the-trainer education for conducting trafficking victim interviews.
- A children's book discussing the dangers of trafficking was printed by an international organization.

Inadequacies

The current 2014 Trafficking in Persons Act is not consistent with international law. By Zimbabwe's definition, trafficking in persons is only a movement-based crime. Forced labor punishments are minimal with only a maximum of 2 years imprisonment likewise the coercing or inducing of another person to engage in unlawful sexual conduct by threats or intimidation is limited to only one-five years' imprisonment. Endemic corruption in law enforcement and the judiciary system also hinders anti-trafficking efforts and results in fewer reported cases by victims.

Tier 3 Countries *Downgrades*

Belarus

Belize

Burundi

Central African Republic

China (PRC)

Comoros

Democratic Republic of Congo

Republic of Congo

Equatorial Guinea

Eritrea

Guinea

Guinea-Bissau

Iran

Mali

Mauritania

North Korea

Russia

South Sudan

Sudan

Operating Procedures

Placement on Tier 3, the lowest ranking tier placement, signals a country is not making "significant efforts" to bring themselves into compliance with with Trafficking Victims Protection Reauthorization Acts' (TVPRA) minimum standards. Although the Tier 3 placement list is relatively small, it has not been determined if the placement of sanctions has had a lasting effect through extensive shifts in government policy and practice. While no tier ranking is permanent, knowing and understanding the depth of your operations in a Tier 3 listed country should be included in the development of your supply chain's operational procedures. Every country and company, including the United States, can do more. All countries and operating business must maintain and continually increase efforts to combat trafficking.

Funding Restrictions for Tier 3 Countries

Applicable funding restrictions apply for the next Fiscal Year, which begins October 1, 2017.

Pursuant to the TVPRA, governments of countries on Tier 3 may be subject to certain restrictions on assistance, whereby the President may determine not to provide U.S. government non-humanitarian, nontrade-related foreign assistance. In addition, the President may determine to withhold funding for government official or employee participation in educational and cultural exchange programs for certain Tier 3 countries. Consistent with the TVPA, the President may also determine to instruct the U.S. Executive Director of each multilateral development bank and the International Monetary Fund to vote against and use his or her best efforts to deny any loans or other uses of the institutions' funds to a designated Tier

3 country for most purpose (except for humanitarian, trade-related, and certain development-related assistance).

Alternatively, the President may waive application of the foregoing restrictions upon a determination that the provision to a Tier 3 country of such assistance would promote the purposes of the TVPRA or is otherwise in the national interest of the United States. The TVPRA also authorizes the President to waive funding restrictions if necessary to avoid significant adverse effects on vulnerable populations, including women and children.



Situation Report

China

Tier Ranking

2016: Tier 2 Watchlist

2017: Tier 3

Current Affairs

Beginning in 2015, a continued crackdown on rights activists or outspoken critics of the Chinese government has compounded the charge against China for human rights violations. In total, more than 300 lawyers, legal assistants and activists have been brought in for extended questioning. More than two dozen formal investigations have resulted in long-term sentences and some of the accused have simply disappeared. Those found guilty of inciting subversion of the state power endure physical and emotional abuse and potentially forced labor while serving their sentence. Although censorship is not new to China, President Trump's recent request for the release of three UCLA basketball players could not be sequestered. Amid the crucial economic meeting, President Trump's personal request did nothing for human rights improvements.

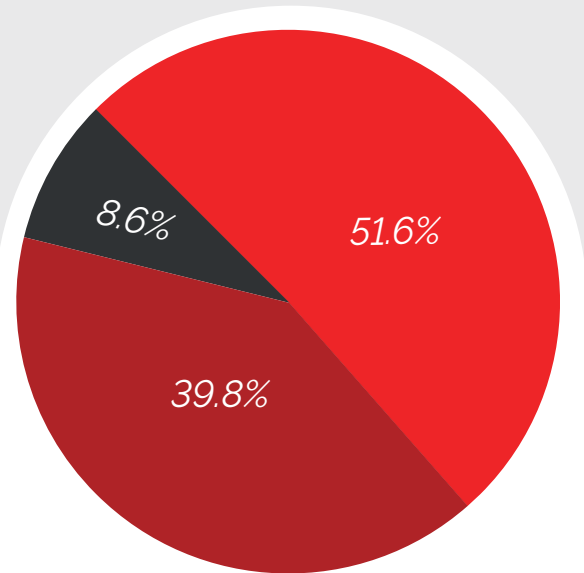
Contradictory to the suppressive tactics of Chinese media and the internet, China's biggest tech company, Tencent surpassed Facebook in value last November at \$522 million. As the developer of WeChat, Tencent rivals Facebook's 2 billion worldwide users with close to one billion users, but its home market in China also blocks Facebook and Twitter.

China opened its first overseas military base in Djibouti as part of an extended contract to pay Djibouti \$100 million per year. As one of seven countries strategically located in Djibouti, China claims the military base is used for logistics purposes due to the proximity to Africa and the Middle East. In an expanded development contracts with Djibouti, China has invested \$4 billion in a natural gas project at Damrjob set to begin this year, \$490 million in the Addis Ababa-Djibouti railway which opened in October of last year, and \$600 million for two new airports – one near the capital and one in the northern country – totaling \$1.1 trillion investments.

Prevalence of Forced Labor

Lax government enforcement allows for a plethora of illicit trafficking conditions of men, women, and children throughout China. As a source, destination, and transit country of trafficking victims, China's internal migrant population (180 million) is as vulnerable to trafficking as the North Korean refugees or illegitimately recruited foreigners. Government facilities and officials are known to use forced labor as part of the penal process and are complicit in a variety of forced labor and sex trafficking operations. State-sponsored forced labor "Re-education through Labor" (RTL) facilities force individuals to work duties whereas the government profits monetarily.

All service industries as in shops, restaurants and factories employ forced labor of men, women, and children. Many rural and remote agricultural, mining, and logging operations compel men, women, and children to non-payment of wages, restricted movement and physical abuse. Women and girls are often forced into marriage or sex trafficking.



Labor Force

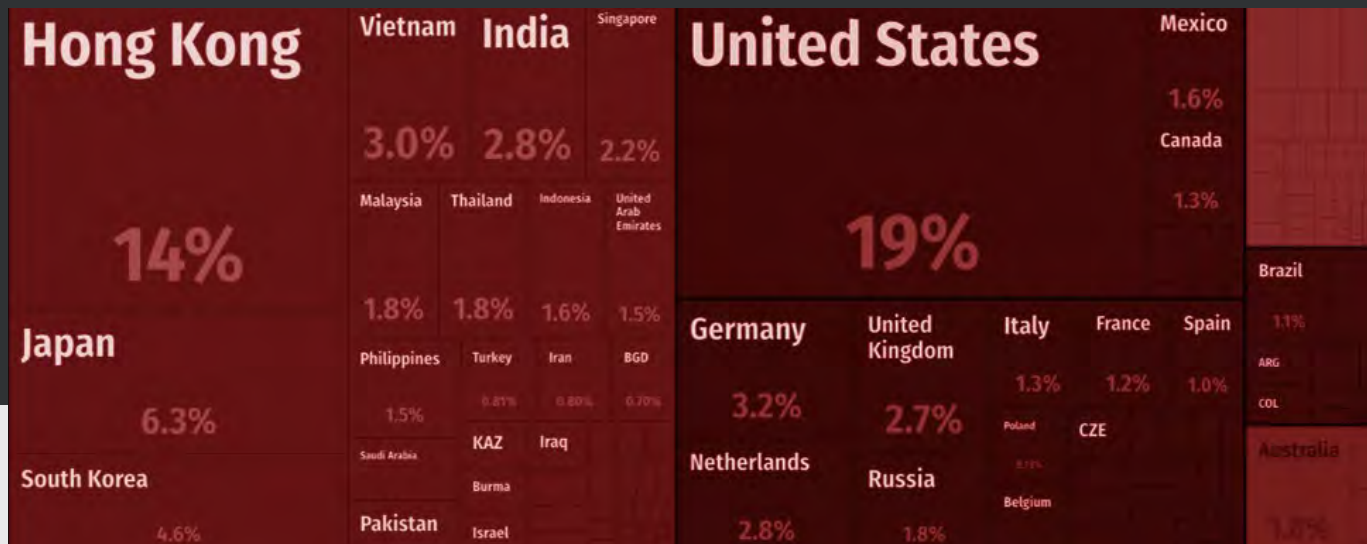
Legal workforce - 807.1 million

Services: 51.6%

Industry: 39.8%

Agriculture: 8.6%

Main Export Partners



Forced Labor by Occupation

SECTOR FORCED LABOR ACTIVITY

Agriculture: Farming (Soybean, Rice, Wheat)
Livestock (Pork, Beef)

Industry: Fishing, Mining (Coal, Copper), Logging,
Manufacturing (Clothing, Electronics,
Packaged Goods)

Services: Domestic Work (Hotels, Restaurants), Retail
Shops, Forced Marriage, Sex Trafficking

Export Goods

As the largest exporter in the world, China has a positive trade balance of \$736 billion. China exports \$1 trillion to Asian countries, but the United States is the most singular demanding importer of Chinese goods. In 2010, Chinese leaders pledged to double China's GDP by 2020, and more recently in 2016, China released their 13th Five-Year Plan emphasizing the need to increase innovation and enhance domestic consumption. The economy is moving towards less dependence on government investment, exports, and heavy industry. Certain key sectors have been allocated to state-control and Party control in fear of potential negative consequences for stability and short-term growth.

Machines: \$875B

Textiles: \$252B

Miscellaneous: \$143B

Mineral Products: \$29.7B

Footwear & Headwear: \$59.1B

Chemical products: \$95.1B

Transportation: \$92B

Plastics & Rubber: \$80.1B

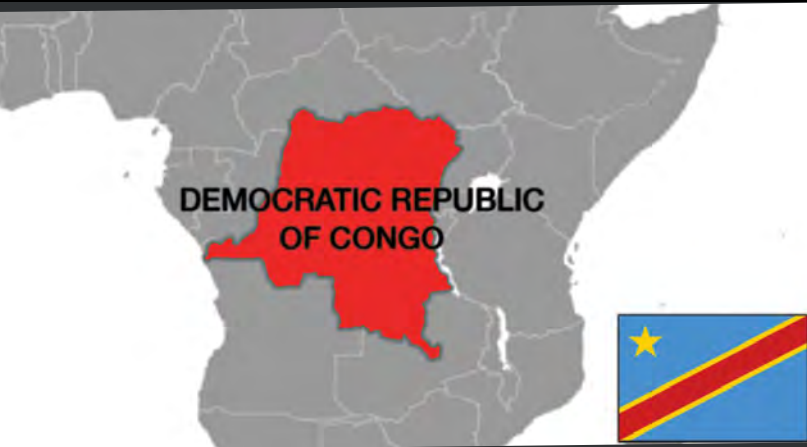
Instruments: \$73.4B

Gross Domestic Product: \$ 11.23T

Downgrade Failures

After 3 years on the Tier 2 Watch List, China has been downgraded to Tier 3 for a lack of significant efforts to improve anti-trafficking measures. Unverified reports of government provided training and assistance for trafficking victims implies the government participates in hiding its involvement in forced labor. At the very least, the government is not prosecuting reported trafficking crimes. In 2016, China reported zero prosecutions initiated against suspected traffickers.

The failure to update the legal framework to criminalize all forms of trafficking to include sex trafficking of minors is demonstrated in no criminal punishment for suspected perpetrators. The Chinese government has yet to fund the national anti-trafficking strategy, or vigorously investigate, prosecute, or convict illegal armed groups or organized crimes involved in forced child recruitment or forced criminal activity.



Situation Report

Democratic Republic of Congo

Tier Ranking

2016: Tier 2 Watchlist

2017: Tier 3

Current Affairs

The Democratic Republic of Congo (DRC) government is listed on the Child Soldier Prevention Act List for 2017 and is subject to restrictions on certain security assistance and commercial licensing of military equipment for fiscal year 2018. Due to the DRC's involvement in having governmental armed forces or government-supported armed groups that recruit and use child soldiers during the period of April 2016 through March 2017, it is joined by six other countries: Mali, Nigeria, Somalia, South Sudan, Syria, and Yemen.

Prevalence of Forced Labor

Congolese men, women, and children continue to be subjected to forced labor and sex trafficking. Many armed groups abduct and forcibly recruit Congolese men, women, and children as combatants or in supporting role: guards, porters, cleaners, cooks, messengers, spies, or tax collectors. Often young girls are forced into marriage or serve as sex slaves.

Some men, women, and children work in artisanal mines in eastern DRC enduring forced labor or indebted bondage by mine bosses, family members, government officials, and armed groups. Predominantly, the worst forms of child labor are found in the mining of gold, tin ore (cassiterite), tantalum ore (coltan), and tungsten ore (wolframite) and in using child soldiers.



Labor Force

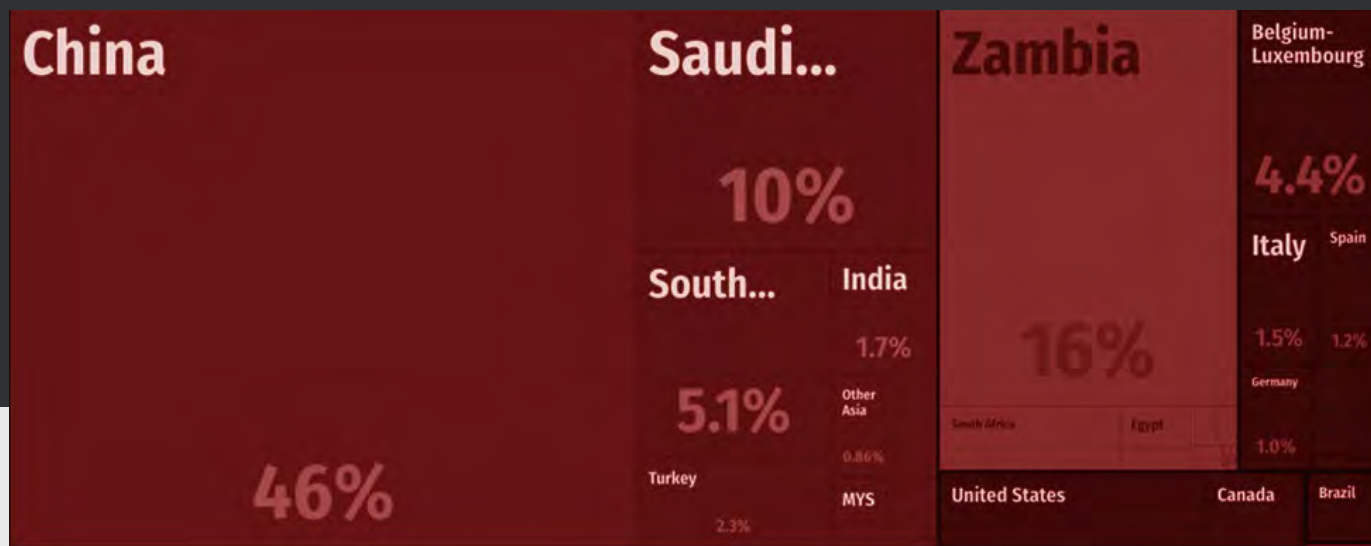
Legal workforce - 30.31 million

Services: N/A

Industry: N/A

Agriculture: N/A

Main Export Partners



Forced Labor by Occupation

SECTOR FORCED LABOR ACTIVITY

- Agriculture:** Farming, Livestock
- Industry:** Fishing, Mining (Diamonds, Copper, Coltan, Cobalt, Gold, Tin, Tungsten)
- Services:** Domestic Work, Motorcycle Taxis, Street Work (Illicit Activities), Child Soldiers

Export Goods

The natural resource-rich country of the DRC is the site of long-term conflict and violence resulting in limited export value on goods. Due to conflict mineral restrictions, the DRC has a limited positive trade balance of \$47.5M. Although the price of copper plummeted in 2015, it is still the number one export at 65.1% with mineral products (21%) rounding out the top two exports.

- Gross Domestic Product:** \$39.32B
- Metals:** \$3.75B
- Mineral Products:** \$1.2B
- Cobalt Oxides and Hydroxides:** \$302M
- Diamonds:** \$221M

Downgrade Failures

Although the minimum working age was raised to 18-years old, insufficient efforts to eliminate trafficking since 2015 resulted in the Democratic Republic of Congo's downgrade to Tier 3. Primarily, the DRC continues to provide little to no protection for child soldiers allowing them to be arrested, detained, and in some circumstances executed. The DRC still lacks an anti-trafficking framework, capacity or funding to effectively combat all forms of human trafficking throughout the country.



Situation Report

Guinea

Tier Ranking

2016: Tier 2 Watchlist

2017: Tier 3

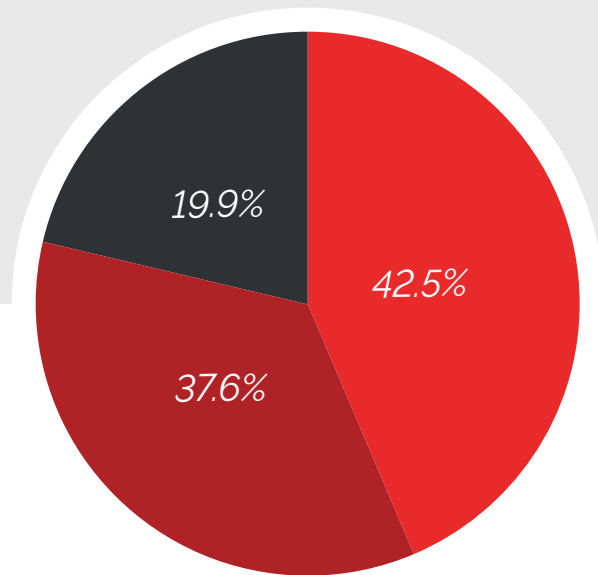
Current Affairs

Guinea is a country emerging from an Ebola crisis. The two-year outbreak ended June 9, 2016, but not before it infected more than 28,000 people and killed more than 11,000. The crisis adversely affected the economy of the mineral-rich country which suffers from a negative trade balance.

Due to Guinea's increased production of bauxite and gold, it will receive a pledge of aid worth \$20 billion to fund a five-year development plan. The development plan will improve Guinea's infrastructure and diversification of the economy relying more on agriculture. Guinea received pledges from a diverse list of donors: African Development Bank, Islamic Development Bank, Arab Coordination Group, European Union, France, China, Russia, India, and private donors.

Prevalence of Forced Labor

Guinea is predominantly a source and transit country for West African children subjected to forced labor in gold mining throughout the region. In general, men, women, and children are subjected to forced labor and sex trafficking. Men and boys are forced to labor in either the agricultural industry: farming, fishing, and herding, or the mining sector for gold and diamonds. Women and girls are subject to domestic servitude or sex trafficking in motels and restaurants.



Labor Force

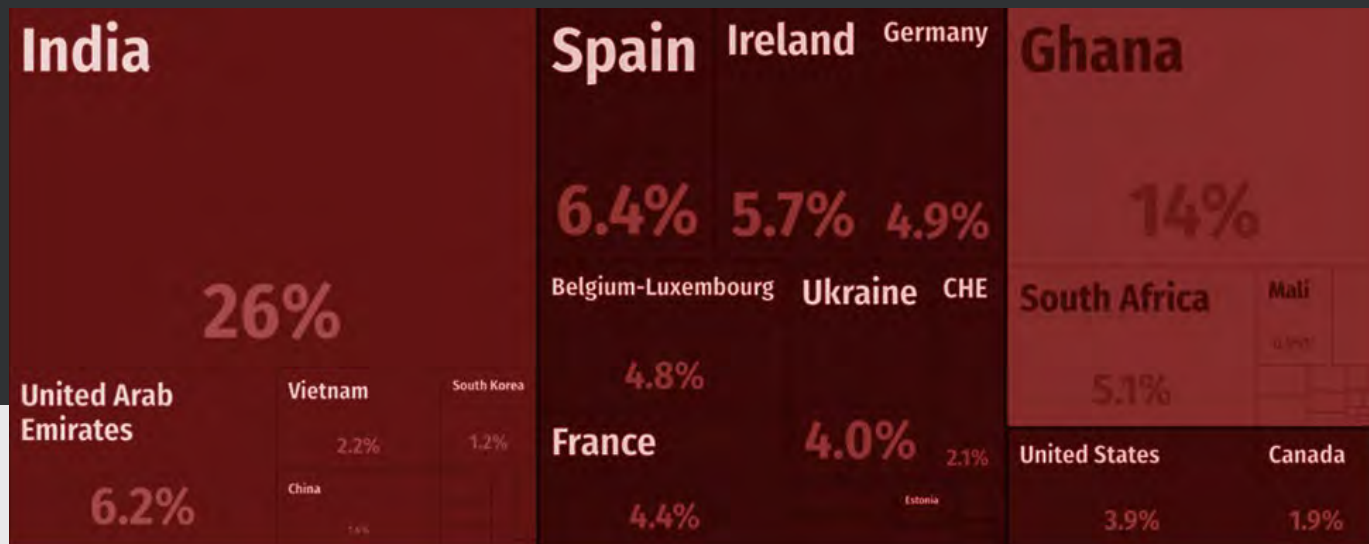
Legal workforce - 6.138 million

Services: 42.5%

Industry: 37.6%

Agriculture: 19.9%

Main Export Partners



Forced Labor by Occupation

SECTOR FORCED LABOR ACTIVITY

- Agriculture:** Farming (Cashews, Cocoa, Coffee), Livestock
- Industry:** Fishing, Mining (Granite, Gold, Diamonds), Manufacturing
- Services:** Domestic Work (Hotels, Restaurants), Market Vending, Street Work

Export Goods

Guinea has potentially the most mineral wealth in all of Africa with the largest bauxite reserves in the world and the biggest untapped high-grade iron ore reserves in addition to gold and diamonds. The leading exports of gold and aluminum ore make up almost 70% of Guinea's total export value. However, Guinea has a negative trade balance of \$706M and is the recipient of financial donations from the G-8, the IMF, and the World Bank. International investors are interested in Guinea's unexplored mineral reserve, but the harrowing threat of the Ebola virus and political turmoil have resulted in low international commodity prices.

Gross Domestic Product: \$8.5B

Precious Metals: \$973M

Mineral Products: \$989M

Postage Stamps: \$119M

Downgrade Failures

Guinea was on the Tier 2 Watch List for the last four years but did not demonstrate an improvement, thus it received a downgrade to Tier 3. Although it still qualifies for Tier 2 Watch List, Guinea continues to rely on private non-profit organizations to lead the anti-trafficking efforts. The government remains underfunded and has not improved public awareness or vigorously investigated, prosecuted, and convicted any suspected traffickers.



Situation Report

Mali

Tier Ranking

2016: Tier 2 Watchlist

2017: Tier 3

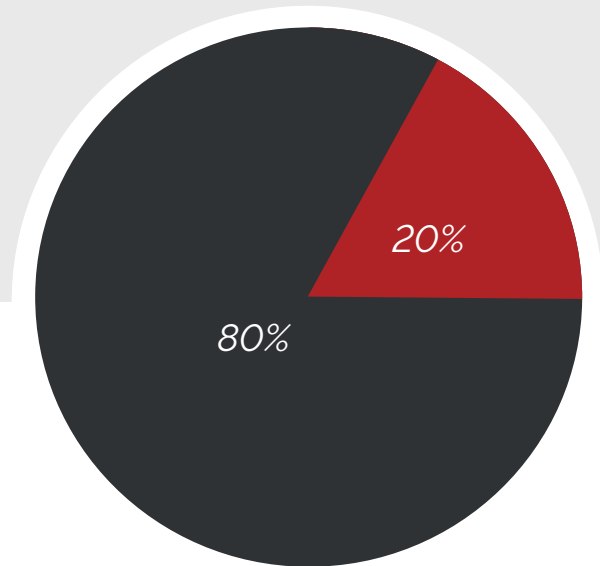
Current Affairs

The Mali government is listed on the Child Soldier Prevention Act List for 2017 and is subject to restrictions on certain security assistance and commercial licensing of military equipment for fiscal year 2018. Due to Mali's involvement in having governmental armed forces or government-supported armed groups that recruit and use child soldiers during the period of April 2016 through March 2017, it is joined by six other countries: Democratic Republic of Congo, Nigeria, Somalia, South Sudan, Syria, and Yemen.

Mali continues to experience growing threats of terrorism, criminality and intercommunity tensions in the northern and central regions.

Prevalence of Forced Labor

The prevalence of forced labor in Mali exists in the mining industries and child soldiers. The volatile security threats in Mali and neighboring countries contributes to it being a source, transit, and destination country for men, women, and children. Predominantly, artisanal gold mines employ forced labor against men, women, boys and girls. In addition, adults and children alike are forced into domestic servitude, agricultural labor, or begging. A traditional slavery practice of hereditary servitude is still in practice in northern Mali's Tuareg community working the salt mines.



Labor Force

Legal workforce - 6.3 million

Services and Industry: 20%

Agriculture: 80%

Main Export Partners



Forced Labor by Occupation

SECTOR FORCED LABOR ACTIVITY

Agriculture: Farming (Cotton), Livestock

Industry: Fishing, Gold Mining

Services: Domestic Work, Street Work, Child Soldiers

Export Goods

Enduring endemic corruption and ranking among the top 25 poorest countries in the world, Mali relies heavily on gold mining exports and cotton output to survive. Although Mali is Africa's third biggest producer of gold, the economic development is inhibited by high population growth, corruption weak infrastructure, and low levels of human capital resulting in an uneven trade balance of \$835M. The added factors of fluctuating global prices for gold and inconsistent rainfall for cotton production compound recent infrastructure expenditures.

Gross Domestic Product: \$14.04B

Gold: \$2.04B

Prepared Cotton: \$262M

Livestock: \$223.6M

Downgrade Failures

Although Mali meets the criteria for Tier 2 Watch List, it has been downgraded to Tier 3 because of its lack of improvements in the past four years.

- Continued support to groups that use and recruit child soldiers.
- Minimal training of law, enforcement, prosecutorial, and judicial offices.
- Failure to identify children among armed groups and refer them to care.
- Unaddressed corruption among officials handling child soldiers.



Situation Report

Republic of Congo

Tier Ranking

2016: Tier 2 Watchlist

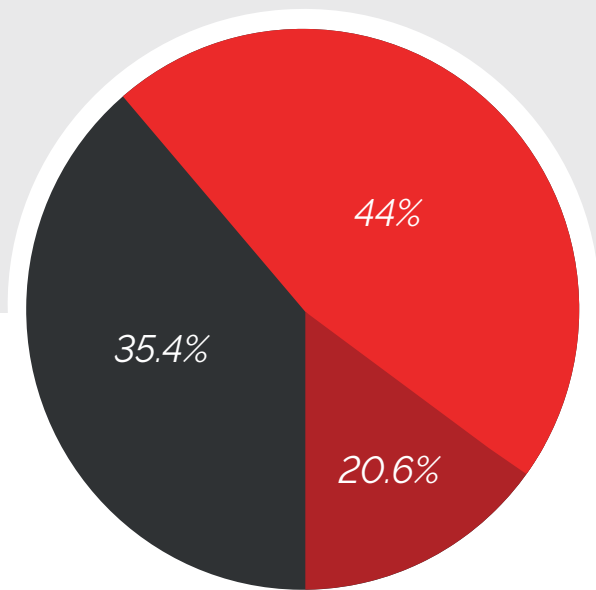
2017: Tier 3

Current Affairs

The Republic of Congo (ROC) is not dissimilar to the Democratic Republic of Congo (DRC) with epidemic civil wars and militia conflicts. Although the Republic of Congo is oil-rich, nearly half the population lives in poverty and survives via subsistence living. Currently the state-owned oil company, Société Nationale des Pétroles Congolais (SNPC) is tendering a major corruption scandal involving the world's fourth-largest independent oil trader, Gunvor. It was discovered the Geneva-based commodities trader, Gunvor secured two untendered contracts to export crude oil valued at almost \$2.2B, according to the NGO Public Eye. In exchange for the contracts, SNPC was scheduled to receive six pre-financing agreements totaling \$894M. Rampant Republic of Congo corruption is suspect in additional contracts with the Brazilian construction company Asperbas. Legal proceedings are still ongoing.

Prevalence of Forced Labor

The Republic of Congo is identified as a source and destination country for forced labor and sex trafficking of children, men, and women. The indigenous population is susceptible to forced labor in agriculture and many children migrate from rural to urban areas to work in domestic servitude, the fishing industry and market vending. In addition to the DOC population, migrants from Benin and DRC are forced into domestic servitude or market vending. Women and girls are trafficked as sex slaves.



Labor Force

Legal workforce - 2.1 million

Services: 44%
Industry: 20.6%
Agriculture: 35.4%

Main Export Partners



Forced Labor by Occupation

SECTOR FORCED LABOR ACTIVITY

- Agriculture:** Farming
- Industry:** Fishing, Stone Quarries
- Services:** Domestic Work, Market Vending

Export Goods

The Republic of the Congo is another natural resource-rich country with a mixed economy of subsistence farming and hunting and government spending, which is eclipsed by crude petroleum representing 69% of exports. The positive trade balance is improved by natural gas being increasingly converted to electricity rather than being flared, and new mining projects have added to the government revenue. At fifteen percent, refined copper comes in second to crude petroleum for the total exports of the Republic of the Congo.

Gross Domestic Product: \$39.32B

Mineral Products: \$3.98B

Wood Products: \$372M

Downgrade Failures

The Republic of Congo has steadily been downgraded from Tier 2 since 2014 and is now at Tier 3 of the TIP Report. Within the reporting period, the government did not provide funding or take any steps to implement the 2014-2017 national action plan. The failure of the ROC government to convict any traffickers, with some cases pending for over 6 years, continues to hinder any serious anti-trafficking efforts by activists. The Republic of Congo lacks an inter-ministerial coordinating body and government officials continue to have a low understanding of anti-trafficking laws.

Relevant International Conventions

International law has been a powerful medium for defining, preventing, protecting, prosecuting, and partnering against human trafficking world-wide. A set of eight international protocols and/or conventions are fundamental for countries to develop a national plan and display progress in anti-trafficking efforts. Meeting the minimum standard is demonstrated through legislation, prosecutions, and protection of victims as deemed necessary by the following relevant international conventions:

UN Protocol to Prevent, Suppress, and Punish Trafficking in Persons

The United Nations Office on Drugs and Crime (UNODC) created this convention as an effective action to prevent and combat trafficking in persons, especially women and children. The Protocol supplements the United Nations Convention Against Transnational Organized Crime. In addition to preventing and combating trafficking of women and children, the Protocol also protects and assists the victims of trafficking with full respect to their human rights, and promote cooperation among State Parties against trafficking.

The Protocol defines “Trafficking in Persons” as the recruitment, transportation, transfer, harboring or receipt of persons, by means of a threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power of a position of vulnerability of the giving or receiving of payments to achieve the consent of a person having control over another person, for the purpose of exploitation.

Countries in the 2017 TIP Report that are not State Parties to the Protocol to Prevent, Suppress and Punish Trafficking In Persons, Especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime:

Bangladesh	Nepal
Bhutan	Pakistan
Brunei	Palau
Comoros	Papua New Guinea
Congo, Republic of	Solomon Islands
Fiji	Somalia
Iran	South Sudan
Japan	Tonga
Korea (DPRK)	Uganda
Marshall Islands	Yemen

Optional Protocol to the Convention on the Rights of the Child on the Sale of Children, Child Prostitution, and Child Pornography

In Articles 34 and 35 of the Convention on the Rights of the Child, governments are compelled to protect children from all forms of sexual exploitation and abuse and take all measures possible to ensure that they are not abducted, sold, or trafficked. The Convention's Optional Protocol on the sale of children, child prostitution and child pornography complements the Convention by providing States with detailed requirements to end the sexual exploitation and abuse of children. It also protects children from being sold for non-sexual purposes—such as other forms of forced labor, illegal adoption, and organ donation.

The Protocol provides definitions for the offenses of ‘sale of children’, ‘child prostitution’, and ‘child pornography’. It also creates obligations on governments to criminalize and punish the activities related to these offenses. It requires punishment not only for those offering or delivering children for the purposes of sexual exploitation, transfer of organs or children for profit or forced labour, but also for anyone accepting the child for these activities.

Optional Protocol to the Convention on the Rights of the Child in Armed Conflict

As Annex I to the Convention on the Rights of the Child, this Protocol strives to promote and protect the rights of the child susceptible to recruitment in armed conflict. Article I of the Protocol requires State Parties’ to take all feasible measures to ensure that member of their armed forces who have not attained the age of 18 years do not take a direct part in hostilities. Article II of the Protocol requires ratifying governments ensure that while their armed forces may accept volunteers under the age of 18, they cannot be conscripted.

*Trafficking in Persons Report 2017 “Relevant International Conventions,” U.S. Department of State, 2017.

*Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, Supplementing the United Nations Convention Against Transnational Organized Crime,” United Nations, 2000.

*Handbook on the Optional Protocol on the Sale of Children, Child Prostitution and Child Pornography,” UNICEF Innocenti Research Centre, February 2009.

*54/263. Optional protocols to the Convention on the Rights of the Child on the involvement of children in armed conflict and on the sale of children, child prostitution,” United Nations, May 25, 2000.

ILO Convention 29, Forced Labour Convention

Originating in 1930, the Forced Labour Convention aimed to suppress compulsory labor thus defining it as “all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily.” The newly adopted ILO Protocol reinforced forced labor violations as found in modern era human trafficking.

As of 2016, the new obligations require governments to take measures to better protect workers, particularly migrant workers, from fraudulent and abusive recruitment practices emphasizing the role of employers and workers in the fight against forced labor. At present, an agreement by government, employer, and worker Committee members is recommending the Protocol becomes legally binding, but additional measures are still needed.

ILO Convention 105, Abolition of Forced Labour Convention

As a supplement to ILO Convention 29, Forced Labour Convention, this Protocol cancelled many exemptions to abolishment and requires States to suppress and not to make use of any form of forced or compulsory labor. The means of forced labor are specified as:

- A means of political coercion or education or as punishment for holding or expressing political views or views ideologically opposed to the established political, social, or economic system
- As a method of mobilizing and using forced labor for the purposes of economic development
- As a means of labor discipline
- As a punishment for having participated in strikes
- As a means of racial, social, national, or religious discrimination

ILO Convention 182, Elimination of Worst Forms of Child Labour

Also known as the *Convention concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour*, this convention was adopted by the ILO in 1999 and requires immediate action to prohibit and eliminate the worst forms of child labor by the ratifying State.

The Convention provides a predefined list of the worst forms of child labor:

- The sale of a child
- Trafficking children, meaning the recruitment of children to do work far away from home and from the care of their families
- Debt bondage or any other form of bonded labor or serfdom
- Forced or compulsory labor, including forced or compulsory recruitment of children for use in armed conflict
- Commercial sexual exploitation, including the use, procuring or offering of a child for prostitution or the production of pornography
- Using, procuring or offering of a child by other for illegal activities, including trafficking or production of drugs
- Work but its nature is likely to harm the health, safety or moral of children

ILO Convention 189, Domestic Workers Convention

Concerning decent work for domestic workers, the Protocol provides basic rights and principles, requires by States to implement a series of measures that provide domestic workers with minimal labor standards.

The Convention defines a domestic worker as “any person engaged in domestic work within an employment relationship”. A domestic worker may be employed by an individual or agency, they may work part-time or full-time, may reside with their employer or live out of the residence, and they may be working in a country of which he or she is not a national.

¹ILO Convention 29: Forced Labour Convention, 1930,” United Nations, 1930.

²Convention No. 189: Decent work for domestic workers,” International Labour Office, June 16, 2011.

³C105 – Abolition of Forced Labour Convention, 1957 (No. 104): Convention concerning the Abolition of Forced Labour,” International Labour Organization, June 25, 1957.

Corporate Gift Giving

It's a new year, a breath of fresh air for 2018 but are any lingering gift policies or a lack of compliance measures haunting you after the holidays? As the fog of holiday parties is lifting, is your business questioning the blurry line between gift-giving and bribery? Do you have a gift-giving program that is goodwill-based or does it lean towards bribery?

The reputational damage or costly fines from poor corporate gift-giving and entertainment policies are a result of increasing regulatory requirements. The costs of corruption or bribery are substantial, yet hard to measure properly. A recent estimate by the International Monetary Fund puts the annual cost of bribery between \$1.5 to \$2 trillion, but this does not account for the overall economic and social costs. Even the perception of corruption in a government or corporate entity has significant negative effects causing distrust and overall dysfunctional operations.

Although anti-bribery and corruption may differ across regional boundaries, they are becoming more important as companies and individuals are progressively held accountable. In 2016, foreign corrupt cases reached a new high of 29 cases filed by the SEC and 26 cases filed by the Department of Justice. Because corruption affects both developed and developing countries, it has become increasingly urgent to address reform and prosecute against

bribery. In twelve separate countries, legislation or a criminal code directly addresses corruption and bribery with some countries having a maximum fine as low as \$580,000, while others have a limit up to \$10 million.

Inappropriate business courtesies may also have negative consequences for an organization and its relationships with business partners. Untimely or overpriced gifts may be considered ill-conceived or just awkward. Intimate or personal gifts are often misinterpreted and make for an uncomfortable working relationship. Every business in every industry should implement a gift and entertainment policy to avoid potential corruption scandals, even within their own ranks. Ethics may not be a sexy training topic, but clear policies from senior managers are vital for overall corporate health.

In summary, best practices for mitigating bribery and corruption are wholly dependent on the company but necessary. Since gifts and entertainment are a common part of doing business for cultivating relationships and developing new opportunities as well, a gift giving courtesy policy should be part of business. The new norm expands training beyond corporate policy and educates employees of cross regional law and policies as well. For your company's New Year's resolution, curtail future holiday stress by protecting it with an updated corporate gift giving policy.

Best Practices

- 1 No matter the size of your organization, implement a gifts and entertainment policy. If necessary, include hospitality and lobbying policies as well.
- 2 Reduce indiscriminate giving by assigning a designated senior executive to approve gifts and entertainment based on the company needs.
- 3 Design a cost threshold appropriate for your business plan and have the designated senior executive approve anything above and beyond it.
- 4 Maintain proper records by adopting a company-wide tracking system to record gifts both given and accepted.
- 5 Implement a prior approval protocol for any gifts to government officials, compliance officers, or other senior executives.
- 6 Provide a cap amount dually for gifts given to a single individual in a year and the number of gifts given to a single employee.
- 7 Never accept cash or anything that directly impacts a business decision.

Corruption: Costs and Mitigating Strategies, International Monetary Fund, May 2016.

"The Holidays Are Coming – Are Your Employees Aware Of Your Gifting Policies?", Thomson Reuters, October 2016.

Types of **BRIBES COMMON** in **BUSINESS**



Undisclosed Commissions



Change in Legal Outcome of Cases



Government Benefits



Political Contributions



Waived Fees



Lower Taxes



Kickbacks



Large Gifts



Sponsorship Backing



Lucrative Contracts



Holding a Fundraiser



Job Offers or Promotions



Stock Options

Generally Acceptable Gifts

- Gifts of nominal value bearing the company logo
- Meals where giving & receiving representatives are both present
- Perishable gifts
- Gifts that fall under applicable legal and company gift limits
- Gifts approved by a supervisor

Generally Unacceptable Gifts

- Gifts to government officials
- Multiple gifts
- Requests for charitable donations
- Gifts of more than nominal value

Blatantly Unacceptable Gifts

- Lavish gifts
- Gifts of high value (grossly exceeding company threshold)
- Gifts intended to influence business decisions
- Gifts to government officials for expedited service
- Gifts that may be considered bribes
- Solicited gifts
- Sexual favors

Corruption: Costs and Mitigating Strategies,* International Monetary Fund, May 2016.

The Holidays Are Coming – Are Your Employees Aware Of Your Gifting Policies?, Thomson Reuters, October 2016.

The Cost of Gifting

In a scheme to bribe foreign government officials from Brazil, Angola, and Equatorial Guinea, two former executives at a Dutch oil and gas services company (the Oil Services Company) plead guilty to conspiracy to violate the Foreign Corrupt Practices Act (FCPA). The former U.S.-based sale and marketing executive and the company's former CEO allegedly provided payments and kickbacks to foreign officials exchange for assistance in securing contracts in those countries.

"Two Executives Plead Guilty to Role in Foreign Bribery Scheme," Department of Justice Office of Public Affairs, November 9, 2017.

In January 2017, Rolls-Royce agreed to pay £671 million in penalties as part of a settlement with the UK Serious Fraud Office (SFO), \$169 million in penalties to the U.S. Department of Justice, and \$25 million to the Brazilian authorities. The settlement allowed the FTSE 100 company to avoid prosecution, but it did not exempt individuals. Late last year, three former employees plead guilty for their involvement in a 14-year scheme bribing foreign government officials in exchange for business deals benefiting Rolls-Royce.

Monaghan, Angela. "Rolls-Royce trio plead guilty to corruption charges in US," The Guardian, November 8, 2017.

The on-going Federal Bureau of Investigation (FBI) of college basketball recruiting methods has involved eight highly competitive universities: Louisville, University of Arizona, Auburn, University of Southern California, Oklahoma State, South Carolina, Alabama, and Miami. Charges have been filed against head coaches, assistant coaches, administrators, and recruiters with many players suffering indefinite suspensions and revoked eligibility. Monetary bribes originating from sponsor programs like Adidas reached over \$150,000 and persons involved are facing up to 60 years in prison and \$1.5 million fines if convicted of federal charges.

"College basketball scandal updates: USC's De'Anthony Melton suspended," CBS Sports, November 11, 2017.

CSR Check

As the nexus for human trafficking, corruption, organized crime, and corruption, conflict minerals are a main portion of supply chain risk. Maintaining compliance with conflict minerals is at best, difficult. The undulating supply chain through cut-out resellers and refineries tests the boundaries for even the best compliance scheme because once you've seen a conflict mineral supply chain, you've really only seen one version of the supply chain. Each individual company will have modifications to meet their company standards, investor demands, and supply availability. Check your competency against this CSR Check for conflict minerals.

Y N	Your company has a strong company management system
Y N	Your company participates in industry association groups (i.e. AIAG, CFSI, NAM)
Y N	Your company has a process for supplier questions
Y N	You've designed, documented and implemented a strategy to respond to identified risk
Y N	Identify and Assess Risk in the supply Chain
Y N	Your company has an established annual review process for supplier identification
Y N	Your company conducts due diligence on the conflict minerals source
Y N	Respond to information requests from customers
Y N	Your company performs third party audits of smelters'/refiners' due diligence practices
Y N	Your company employs the CFSI conflict-free smelter list
Y N	Your company reports annually on supply chain due diligence
Y N	Your company conducts independent third-party audit of supply chain when applicable

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The CHTCS Journal is published by the CHTCS Intel Team, which is comprised of tenured military and business analysts with intimate knowledge and direct experience dealing with human trafficking, forced labor, and modern slavery.

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The Counter Human Trafficking Compliance Solutions Journal is a newsletter published by the CHTCS Intelligence Division. The CHTCS Journal is issued four times a year and provides updates for C-Suite level decision making in support of terrorism and human trafficking risk management of the supply chain. The CHTCS Journal serves to strengthen current corporate social responsibility policies.

We welcome feedback and suggestions for articles in future issues.

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