



Attn: Securities and Futures Commission
35/F, Cheung Kong Center
2 Queen's Road Central
Hong Kong

2nd June 2015

Dear Sirs,

**Re: Consultation Paper on the Principles of Responsible Ownership
("Consultation Paper")**

Liberty Asia is a programme run by the Hong Kong registered charity, Share (Asia Pacific) Limited.

Our work focuses on reducing the prevalence of forced labour, slavery and human trafficking in industry and the resulting impact on the banking and securities industries that are facilitating transactions, providing finance and providing investment.

Summary of prevalence of slavery, forced labour and human trafficking

Recent estimates by the International Labour Organisation put the value of the international slavery industry at 150 billion US Dollars. It is one of the fastest growing forms of organized crime. This umbrella number is believed to include revenues generated by those working in conditions of forced labour across a variety of industries and also those subjected to the various forms of modern day slavery for example, debt bondage. The number of individuals impacted by this complex web of crimes is estimated to be in the region of 21 million. Of this number, an estimated 19 million individuals are exploited by private individuals and enterprises.

Some of the most affected industries are domestic work, agriculture, construction, manufacturing and entertainment. Typically migrant workers and indigenous people are very vulnerable to slavery, human trafficking and forced labour. The most common markers of slavery are: lack of wages, withdrawal of identity documents, debt bondage, coercion, deception, violence and restricted freedom of movement.

The concepts of slavery, trafficking and forced labour are all enshrined in international law but implementation in domestic law is variable. Given the complexity of these crimes and the evolution of the human trafficking rhetoric into

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one of modern day slavery, there is much confusion about the way these concepts inter-related to each other. However, what is clear is that slavery, human trafficking and forced labour are different labels for an ensemble of diverse crimes that contribute to the exploitation of very vulnerable individuals for the substantial financial gain of traffickers.

Comments

The Consultation Paper sets out an approach that should certainly apply to all investors, not just to institutional investors. From our perspective, the issues capsulated by ESG often find their biggest supporters outside the institutional investor base however such are often in the minority. The proposal offers a structure for individual investors and institutional investors to communicate and collaborate on these issues. Such principles offer individuals and organisations, like ourselves, who wish to see more compliant and better quality of corporate governance in business management, a reason to speak to investors more constructively and with greater purpose.

In relation to encouraging engagement by listed companies and their representatives, for our purposes we strongly suggest emphasizing the importance of good governance and compliance monitoring to ensure investors are not accruing dividends and value from the proceeds of investments into industries thriving and profiting from the benefit of exploitation of people. Ultimately, ESG as set out in Principle Two, includes social and therefore exposure to human trafficking. Listed companies should realize that investors will seek more information about the activities of their businesses and the lawfulness of their value proposition.

We feel that institutional investors should be asked to include compliance with the Principles on their monthly risk dashboards, and disclose in their website the extent of their disclosure with the Principles. It might also be very useful if institutional investors stated the countries in which they hold investments and also apply the Principles.

Finally we strongly believe that there needs to be a better understanding about the use of forced labour, slavery and human trafficking by industries in Asia. And importantly to understand that this is an activity of many crimes, including but not limited to theft, false imprisonment, offences relating to underage victims, fraud and deception

Principle Two

We are grateful that ESG is included but would like to see a more comprehensive description. We feel that this is especially compelling given the recent rise to prominence of human trafficking and related crimes in the region.



As mentioned, one of our concerns is that there is a general misunderstanding in the securities industry that human trafficking and forced labour are 'merely unfair contract terms' and not words with broad meaning capturing some of the most pernicious crimes humans can inflict on one another, most of which are indictable offences and within the Offences Against the Person Act and lead to the crime of money laundering.

We believe that the law is already clear on this point but regulatory policies, procedure and guidelines are not.

Yours sincerely,

