

Unlocking Potential: A Blueprint for Mobilizing Finance Against Slavery and Trafficking

Why is modern slavery finance's problem?

There are an estimated 40.3 million people in modern slavery and human trafficking – 1 in every 185 people alive. They can be found in every country on earth, in sectors that global finance banks, invests in and offers other financial services to – from the apparel sector to agriculture, and from extractives to entertainment. USD 150 billion is made by stealing people's labour every year.

Modern slavery and human trafficking are tragic market failures. Labour trafficking persists because markets do not price in the social and economic costs. Recent research indicates that every case of modern slavery costs the UK public purse at least GBP 328,720,¹ and there is growing evidence that slavery and trafficking also reduce productivity at both the firm and community level.

Yet our collective failure to enforce the laws that prohibit modern slavery and human trafficking means that firms that use forced labour have an unfair economic advantage. Both their labour costs and their capital costs are lower than they should be, by law. Their conduct is anti-competitive.

Until the economic and social potential of these victims of modern slavery and human trafficking is unlocked, we all miss out. To do that, we need to ensure finance identifies and addresses the risks to people posed by modern slavery and human trafficking.

What can finance do to end modern slavery?

Target 8.7 of the UN Sustainable Development Goals requires working to end modern slavery and human trafficking by 2030. This means reducing the number of people affected by 10,000 per day. That is not possible through business as usual. Finance cannot end modern slavery and human trafficking on its own. But modern slavery will not end without the active engagement of finance. Ending modern slavery should be at the heart of the USD 31 trillion ESG market's effort to make finance more sustainable.

Finance is a lever that can move the entire global economy. The financial sector has unparalleled influence over global business and can invest in and foster business practices that help end modern slavery and human trafficking. No individual financial sector actor – no bank, institutional investor, insurer, hedge fund, development finance institution, remittance business or fintech – can end slavery on its own. But we all have a part to play. Ending modern slavery requires collective action.

A BLUEPRINT FOR COLLECTIVE ACTION

The *Blueprint for Mobilizing Finance Against Slavery and Trafficking* provides a collective-action framework. Different financial sector actors can implement it in their own ways and at their own speeds. Over time, their collective action will lead to a stronger connection between an enterprise's behaviour and its costs of capital.

The Blueprint sets Five Goals:

- 1 Compliance with laws against modern slavery and human trafficking.
- 2 Knowing and showing modern slavery and human trafficking risks.
- 3 Using leverage creatively to mitigate and address modern slavery and human trafficking risks.
- 4 Providing and enabling effective remedy for modern slavery and human trafficking harms.
- 5 Investment in innovation for prevention.

¹ Sasha Reed, Stephen Roe, James Grimshaw and Rhys Oliver, *The economic and social costs of modern slavery*, Research Report 100 (London, UK Home Office, 2018).

Taking Action against Slavery and Trafficking

The Five Goals are accompanied by **30 Actions** – 15 to start with Now, and 15 to Initiate, to achieve these Goals. These include:

- Strengthening use of **anti-money laundering** regimes, including through big data analysis
- Collective learning on effective **due diligence** arrangements
- Developing a public, intergovernmental reporting and **exclusions database** to ensure public assets, worth 45 per cent of the global economy's value, are not used to perpetuate modern slavery
- Working towards a shared modern slavery **risk disclosure framework**
- Incorporating modern slavery risks into **corporate ESG ratings**, to help align costs of capital with modern slavery and human trafficking risks
- **Collaborative leverage** efforts by financial sector actors in high-risk sectors such as construction
- Exploring the role of financial payment and information **platforms** and **stock and commodity exchanges**
- Developing **exclusions from insurance coverage** in areas such as marine cargo insurance and directors' and employers' liability insurance
- Increased cooperation with **financial investigations** to remedy modern slavery harms
- **Sanctions enforcement** cooperation efforts, to make targeted sanctions more disruptive
- Using leverage to encourage other businesses to preposition **effective remedial arrangements**
- Building modern slavery prevention into **ESG-based performance contracts or SDG bonds**
- Promoting access to **social and digital finance for vulnerable populations**. An estimated 1.7 billion people and 200 million micro, small and medium enterprises lack adequate access to financial services.

Blueprint Implementation Toolkit

The Blueprint also comes with an Implementation Toolkit, comprising:

 <p>Risk Mapping Starter Workflow</p> <p>To help financial sector actors identify modern slavery and human trafficking risks in their own operations or business relationships.</p>	 <p>Connection Diagnostic Tool</p> <p>An interactive self-diagnostic tool to understand identified connections and response expectations.</p>	 <p>Financial Investigations Tool</p> <p>Guidance on good practice in conducting financial investigations into modern slavery and human trafficking, produced by OSCE.</p>
 <p>Leverage Typology Matrix</p> <p>Illustrations of six different types of financial sector leverage.</p>	 <p>Survivor Inclusion Initiative</p> <p>An initiative to help survivors of modern slavery and human trafficking find safe and reliable access to basic financial products and services. Rolling out in Austria, Canada, UK and US in September 2019, with further expansion anticipated.</p>	 <p>Vulnerable Populations Initiative</p> <p>Preventing modern slavery and human trafficking by growing access to financial products and services for highly vulnerable populations. Rolling out late 2019.</p>

How to start using the Blueprint to help end modern slavery and human trafficking

1. Download and read *Unlocking Potential: A Blueprint for Mobilizing Finance Against Slavery and Trafficking* by visiting www.fastinitiative.org.
2. Use the Implementation Toolkit to begin to identify how your organization can help end modern slavery and trafficking – we all have a role to play.
3. Partner with and learn with survivors.
4. To get more involved, contact **Finance Against Slavery and Trafficking** at info@fastinitiative.org or follow us at [@FinComSlavery](https://twitter.com/FinComSlavery).