A Blueprint for Mobilizing Finance Against Slavery and Trafficking

Final Report of the Liechtenstein Initiative's Financial Sector Commission on Modern Slavery and Human Trafficking

SEPTEMBER 2019

EXECUTIVE SUMMARY

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FOR A FINANCIAL SECTOR COMMISSION ON MODERN SLAVERY AND HUMAN TRAFFICKING

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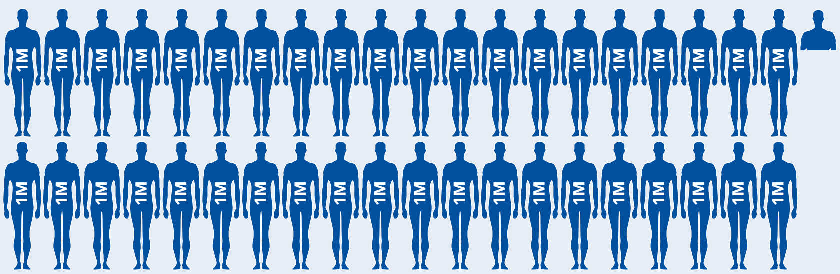
EXECUTIVE SUMMARY

Slavery is illegal at all times and in all places. It is officially banned from our economic system. People can no longer be treated as capital.

Yet while states have formally abolished slavery, informally our financial and economic system continues to tolerate and even promote practices that generate similar results. Although slavery is illegal, there are currently an estimated 40.3 million people in modern slavery or victims of human trafficking. That is around 1 in every 185 people alive.

Modern slavery by the numbers

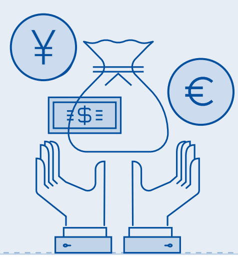


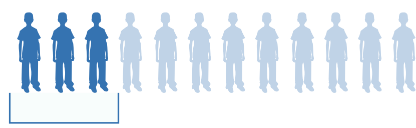
40.3 MILLION

Number of people estimated to be in modern slavery in 2016

USD 150 billion

Annual earnings from slavery





1 in 4 – victims are children.

GBP 328,720

Estimated cost to the UK economy from each modern slavery case in the UK.

89-149%

Estimated return on investment from public provision of survivor care.

10,000

Approximate number of people that must be removed daily from the global victim population in order to eradicate modern slavery by 2030.

5.4:1,000 or 1:185

Portion of global population estimated to be in modern slavery in 2016.

Source: ILO, IOM and Walk Free, *Global estimates of modern slavery: Forced labour and forced marriage* (Geneva, International Labour Office, 2017); ILO, *Profits and Poverty: The Economics of Forced Labour* (Geneva, International Labour Office, 2014); 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) Andrea Nicholson, Katarina Schwarz, Todd Landman and Arianne Griffith, *The Modern Slavery (Victim Support) Bill: A Cost-Benefit Analysis* (Nottingham, University of Nottingham Rights Lab, 2019).

The most severe and long-lasting impacts of modern slavery and human trafficking are borne by its victims and survivors. Apart from the physical and psychological harms incurred, an estimated USD 150 billion each year is generated from the theft of their labour. This makes modern slavery and human trafficking one of the top three international crimes, alongside drug trafficking and trade in counterfeit goods.

Yet there is growing evidence that modern slavery leaves us all worse off. The profits are privatized, while the costs are socialized. By allowing people to be treated as disposable assets for short-term exploitation rather than full economic and social agents for the long-term, we permit significant economic and social potential to be locked up. Recent research suggests that every modern slavery case in the UK costs it GBP 328,720 in direct costs such as healthcare and law enforcement. On top of this, modern slavery and human trafficking cause lost productivity and diminished economic multiplier effects as a result of locking up this human and financial capital.

Modern slavery and human trafficking thus represent a tragic market failure. Our failure to effectively price-in the true social and economic costs of modern slavery leads to the inefficient allocation of capital. Businesses that tolerate or generate modern slavery and human trafficking have lower labour costs and an unfair competitive advantage over those that do not, and they consequently enjoy unfair and unsustainably reduced costs of capital.

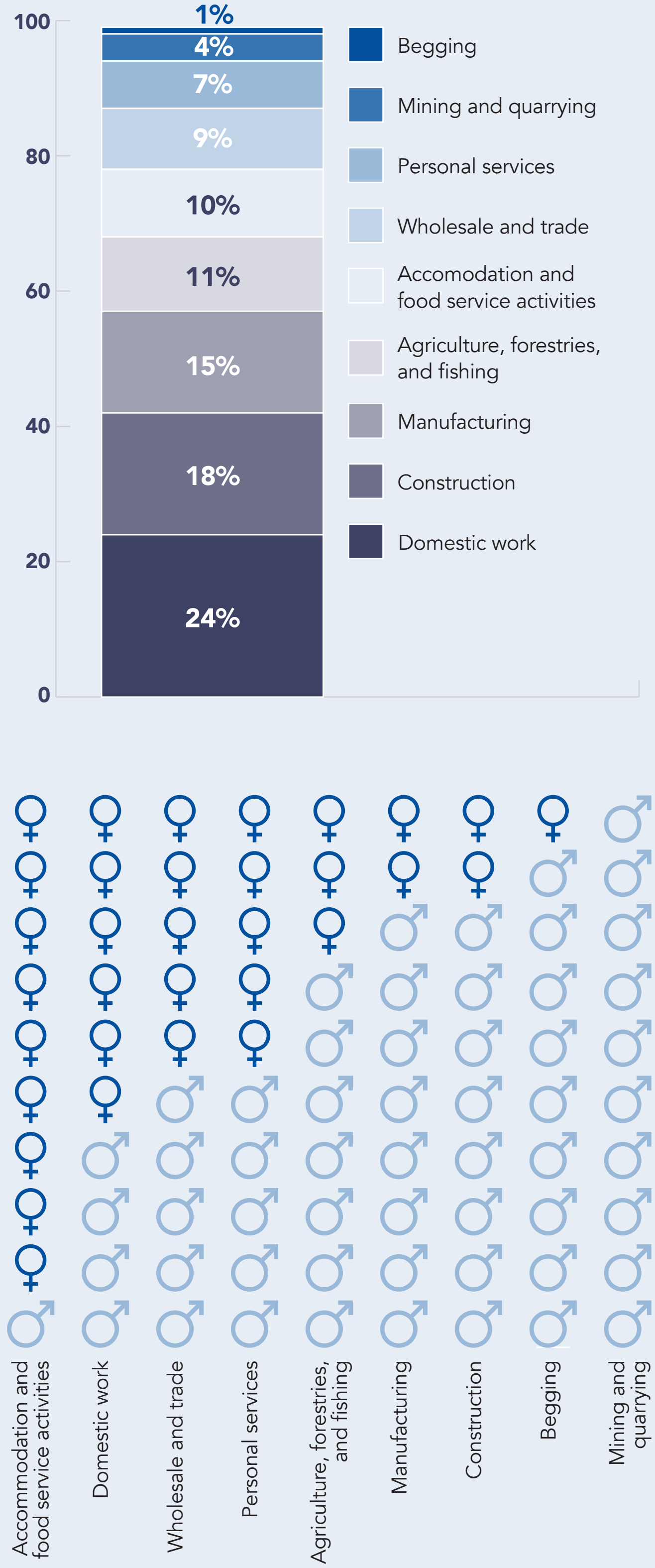
Modern slavery also represents a failure by labour markets to provide decent work and support safe and dignified employment opportunities for all. And it is closely associated with the exclusion of many from the global financial system. Large numbers of people (1.7 billion) and micro, small and medium enterprises (200 million in emerging economies alone) lack adequate access to safe, reliable, coercion-free credit and financing. This lack of access reduces resilience to financial shocks and prevents capital accumulation, both of which push people and households into risky borrowing, labour and migration practices, increasing their vulnerability to modern slavery and human trafficking. It also encourages forced marriage as a capital accumulation strategy.

The financial sector cannot end slavery alone. Nor, however, will slavery end without the active engagement of the financial sector. As the world's bankers, investors, insurers and financial partners, financial sector actors have unparalleled influence over global business and entrepreneurialism. They have a unique role to play in investing in and fostering business practices that help to end modern slavery and human trafficking. Finance is a lever by which the entire global economy can be moved.

A Blueprint for collective action

Financial sector leadership and innovation helped formally abolish slavery in the 1830s. It was the largest syndicated loan in history that underwrote manumission (the release of slaves) in the British Empire. Two centuries later, similar leadership and innovation is needed from the financial sector to help end modern slavery and human trafficking by 2030, as called for in the United Nations Sustainable Development Goals (SDGs).

Estimated victim population by sector and gender



Source: Figure 9, *Modern Slavery Estimates*, ILO

To reach that target (SDG Target 8.7), we must reduce the number of people affected by around 10,000 individuals per day. This will require system-level strategies, generated through collective and probably decentralized action. We must bring modern slavery risks and human trafficking concerns from the margins into the mainstream.

Mobilizing action across the financial sector requires shared goals, but needs to leave room for differentiated action. Different financial sector actors are connected to modern slavery and human trafficking risks in different ways, and have different roles in and responsibilities for responding. Some financial sector actors may be connected to modern slavery and human trafficking through their own operations, others through their business relationships.

They may cause, contribute to, or be linked to modern slavery and human trafficking harms. Under the prevailing standards, set out in the United Nations Guiding Principles on Business and Human Rights (UNGPs) and Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises (MNEs), what is expected from a business enterprise depends on which type of connection it has to these risks. In some cases it requires building and using leverage. In others it requires providing or enabling remedy.

To develop a flexible framework for collective action, in September 2018 the Foreign Ministers of Liechtenstein, Australia and latterly the Netherlands, working with the Nobel laureate and microfinance pioneer, Muhammad Yunus, convened the Financial Sector Commission on Modern Slavery and Human Trafficking. This brought together 25 leaders from numerous different stakeholder perspectives: survivors of human trafficking and child slavery; leaders from hedge funds, commercial and retail banks, global regulatory authorities, global trade unions and a development finance institution; institutional investors; a United Nations mandate-holder; and leaders in the fight against modern slavery and human trafficking. They were chaired by Fiona Reynolds, CEO of the United Nations-backed Principles for Responsible Investment, and supported by a Secretariat operating out of the United Nations University's Centre for Policy Research in New York.

Over its one-year mandate (September 2018 to September 2019), the Commission held four consultations – in New York, Liechtenstein, Sydney and The Hague. It was briefed by over 40 experts from around the world. Six Commission-led workstreams operated between face-to-face consultations. In addition, over 100 informal consultations took place with stakeholders. Four briefing papers were produced along with internal working documents and discussion papers to inform the Commission's work, and over 100 published resources are available on the website of the Liechtenstein Initiative (www.fastinitiative.org).

The result is the Blueprint for Mobilizing Finance Against Slavery and Trafficking. The Blueprint sets out five Goals towards which financial sector actors can work through individual and collective action:

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.

Each Goal is accompanied by three 'Act Now' measures for immediate action, and three 'Initiate' actions that may have a longer gestation. These are introduced below.

GOAL 1:

COMPLIANCE WITH LAWS AGAINST MODERN SLAVERY AND HUMAN TRAFFICKING

FAST Blueprint Goals	
GOAL 1 Compliance with laws against modern slavery and human trafficking	
ACT NOW	**INITIATE**
Strengthen financial investigations	Develop transactions analysis tools
Involve and learn from survivors	Mobilize the insurance sector
Strengthen use of the AML/CFT and sanctions regimes	Use public financial regulatory levers – procurement, investment + lending, fiscal policy, and competition law

The prohibition of slavery is one of the strongest norms in international law. It has been translated into a wide range of international and domestic legal regimes. Laundering the proceeds of modern slavery and human trafficking is also a crime in most jurisdictions. But enforcement of that norm is weak.

Identification of victims is difficult, leading to low numbers of victim identifications (a high of just over 25,000 in 2016). Global prosecution and conviction rates are also low (highs of 11,096 and 7,481 in 2018, respectively). Financial sector actors can help enforce the ban by strengthening compliance with existing laws, in five different areas.

Anti-money laundering and countering terrorism financing

First, financial sector stakeholders (both public and private) can work to strengthen compliance with anti-money laundering (AML) and counter financing of terrorism (CFT) laws. These already extend in most jurisdictions to handling funds generated from modern slavery or human trafficking, though that is not always made explicit by regulators. Where this has been made explicit, for example through specific guidance on these risks or asking questions in Suspicious Activity Reporting forms, up to a 1,000 per cent increase in reporting has ensued.

Stronger compliance with AML/CFT rules will also come about through devoting more resources to financial investigations. Transaction analysis tools need to be developed to deal not just with forms of modern slavery in the developed world, such as cross-border sex trafficking, but also those that take place in the developing world, such as localized debt bondage and domestic servitude. The FAST Financial Investigations Tool (discussed further in the introduction of the Implementation Toolkit, later in the Executive Summary) has been developed with the Organization for Security and Co-operation in Europe (OSCE) to compile good practice from around the world and synthesize it, helping financial sector actors get started.

Other steps that financial sector actors can take to strengthen compliance with AML/CFT rules to end modern slavery and trafficking include:

- Learning from the unique expertise of survivors.
- Sharing information and analysis, and fostering public-private partnerships for that purpose.
- Using national risk assessments and Financial Action Task Force (FATF) mutual evaluation processes.
- Being careful about the unintended impacts of de-risking (terminating the relationship with a business partner in question to avoid risk exposure), which can unintentionally increase modern slavery and human trafficking risks. Engagement to encourage cessation of risky practices may be preferable, and is discussed further under Goal 3.

Sanctions

Second, financial sector actors have a key role to play in enforcing international sanctions targeting slavers and traffickers. This includes sanctions imposed in 2018 by the United Nations Security Council on six suspected human traffickers in Libya. Financial sector actors can help by identifying, freezing and facilitating the confiscation of assets. More cooperation and information-sharing between governments and financial institutions is needed to strengthen sanctions implementation. One option may be to develop a network of sanctions enforcement actors, modelled on the Egmont Group of Financial Intelligence Units, which plays a global networking, information-sharing and enforcement cooperation role in the AML/CFT space.

Insurance

Third, the insurance sector's willingness to cover – or not – slavery risks has shaped business conduct and systemic risk since at least the eighteenth century. Today, insurers can mobilize to develop exclusion language for specific policy lines – such as marine cargo insurance for goods produced with forced labour, or employers' or directors' liability insurance. The industry's role in determining systemic levels of modern slavery risk should be considered in forums such as the International Association of Insurance Supervisors and the United Nations Principles for Sustainable Insurance initiative.

The power of the public purse

Fourth, public financial actors also have a powerful role to play in enforcing anti-slavery and anti-trafficking norms, in particular by using the power of the public purse. Public procurement requirements, investment and lending choices can all nudge demand towards businesses that actively work to prevent modern slavery and human trafficking, and away from those generating risks. This has implications for sovereign investors, public pension funds, development finance institutions, export credit agencies and other public financial actors. Examples from Australia, Canada, New Zealand, the UK and the US show what is possible.

State fiscal policy and tax regulation also has a powerful role to play. By withholding subsidies or tax collection authority from companies that rely on forced labour, as has occurred in Brazil, government entities can influence business practice, rewarding companies that work to prevent and mitigate modern slavery and human trafficking risks.

Corporations and competition law

Fifth, regulators also have a key role to play in preventing unfair market competition, by excluding from the marketplace those firms that rely on forced labour. Stock and commodity exchanges can do this through listing rules, and also use environmental, social and governance (ESG) guidance and indices to encourage compliance with laws against modern slavery and human trafficking. Competition regulators also have a role to play, especially through carving out space for pre-competitive collaboration to strengthen knowledge on modern slavery and human trafficking risks and to develop relevant prevention standards.

ACTIONS TO ACHIEVE GOAL 1

Act Now

- **Strengthen financial investigations** – Increase public - and private-sector resources for financial investigation of modern slavery and human trafficking, commensurate with the scale and gravity of the problem. Regulators, financial intelligence units (FIUs) and private-sector actors should work together to develop better indicators of AML/CFT risks associated with current and emerging forms of modern slavery and human trafficking.
- **Involve and learn from survivors** – Actively integrate survivors into processes of regulation, investigation, enforcement and organizational change, to benefit from their expertise and assist with their own recovery.
- **Strengthen use of the AML/CFT and sanctions regimes.** This could include:
  - Fostering public-private and inter-entity information-sharing.
  - Developing better indicators, especially of labour trafficking.
  - Clarifying expectations through national advisories and guidance.
  - FIUs encouraging a focus on this issue within their own jurisdictions, and working together to share information and build knowledge across borders.
  - Using the FATF national risk assessment and mutual evaluation process to highlight these issues and develop public-private buy-in for prioritizing anti-slavery and anti-trafficking efforts by AML/CFT actors.
  - Strengthening cooperation to enforce international sanctions on human traffickers, for example by establishing an Egmont Group-style forum for confidential intergovernmental cooperation on sanctions enforcement.
  - Avoiding overzealous de-risking practices that unintentionally increase modern slavery and human trafficking risks for vulnerable populations.

Initiate

- **Develop transaction analysis tools** to help identify proceeds of modern slavery and human trafficking in all areas of financial sector activity – banking, remittances, insurance, investment, commodities trading and beyond. This should include extending these tools to cover labour trafficking, debt bondage and forms of modern slavery and human trafficking occurring in the developing world, not just commercial sexual exploitation and human trafficking taking place in the developed world.
- **Mobilize the insurance sector** to exclude modern slavery and human trafficking risks, including through development of exclusion clause language for specific policy lines such as employers' and directors' liability insurance, cargo insurance or workplace insurance.
- **Use all public regulatory levers, including**:
  - **The power of the public purse** – through public procurement, investment and lending, and fiscal policy and tax regulation. These issues could be picked up in those forums that are currently considering public procurement rules, such as the Bali Process, the G20, Alliance 8.7 and the Call to Action on Forced Labour, Modern Slavery and Human Trafficking, Principles for Responsible Investment (PRI) and development finance institution ESG discussions.
  - **Market regulation** to enforce the blanket ban, including exchange listing rules, ESG guidance and indices; and
  - **Competition law**, including clarification of rules on pre-competitive cooperation to address modern slavery and human trafficking risks.

GOAL 2:

KNOWING AND SHOWING MODERN SLAVERY AND HUMAN TRAFFICKING RISKS

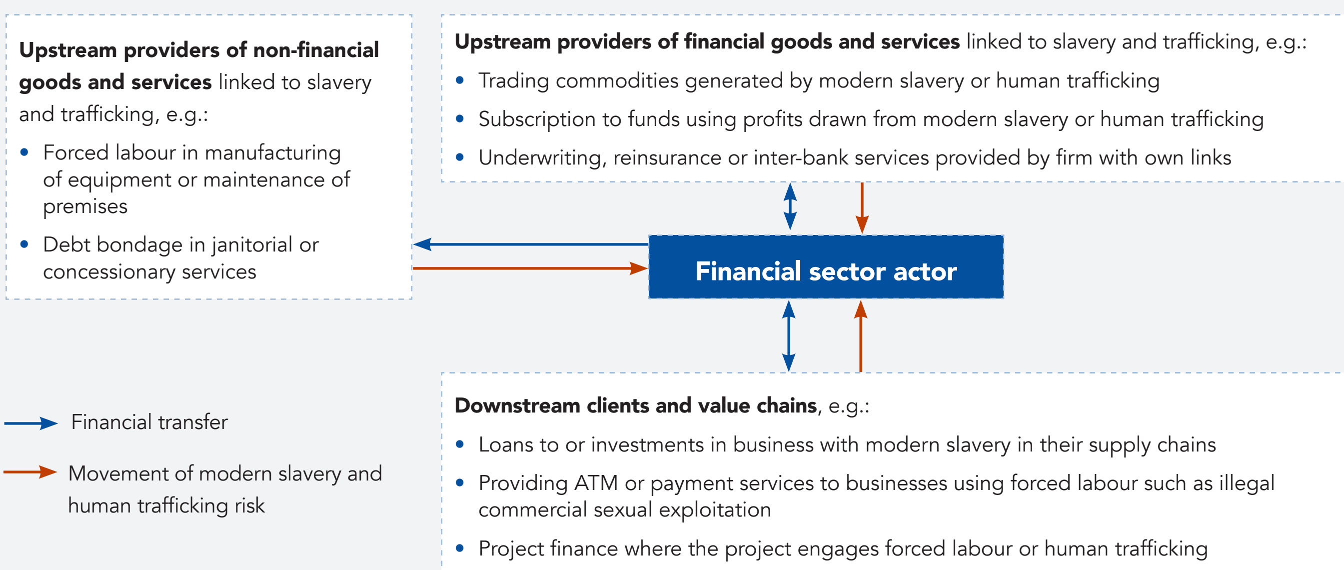
FAST Blueprint Goals	
GOAL 2 — Knowing and showing modern slavery and human trafficking risks	
ACT NOW	**INITIATE**
Collaborative learning on due diligence	Taxonomy and harmonized disclosure regimes
Foster digital and data innovation	Corporate ESG ratings
Public, intergovernmental reporting and exclusions database (mutual debarment model)	Collaborative value-chain mapping and shadow pricing modelling

Addressing the market failure that contributes to 40.3 million people in modern slavery and human trafficking requires improving market information and transparency, so that businesses connected to these risks face higher costs of capital, and those that prevent or address these risks face lower costs of capital. This requires action at both the enterprise and market levels.

At the enterprise level, the first step is identifying and understanding connections to modern slavery and human trafficking risks. For many financial sector actors, with large numbers of business relationships – and with modern slavery and human trafficking risks often buried deep in the long, complex, opaque supply chains of their clients, investee companies or commercial partners – this may appear a daunting exercise. Specialized expert guidance may be needed.

In the meantime, the FAST Risk Mapping Starter Workflow (detailed further below in the discussion of the Implementation Toolkit) can help orient financial entities grappling with these questions, helping them begin to understand where the salient risks are in their own operations and business relationships, and start to think through questions of likelihood and prioritization. The FAST Connection Diagnostic Tool may also prove useful to understand the type of connection (as defined by the United Nations Guiding Principles) that results – causation, contribution or linkage. Expectations of a business's response depend on which type of connection is present.

Upstream and downstream connections



The financial sector is on a learning curve in this arena. Progress up the learning curve will be more rapid if actors work together to learn how to make risk mapping and due diligence real, routine and effective. This may require developing specialized guidance for different financial sub-sectors, contexts and functions. Examples from Australia (around the adoption and implementation of the Modern Slavery Act 2018 (Cth), Brazil (a multi-stakeholder pact to fight modern slavery) and the Netherlands (the Dutch International Responsible Business Conduct agreements) suggest that governments have an important role to play in fostering multi-stakeholder collaboration and learning.

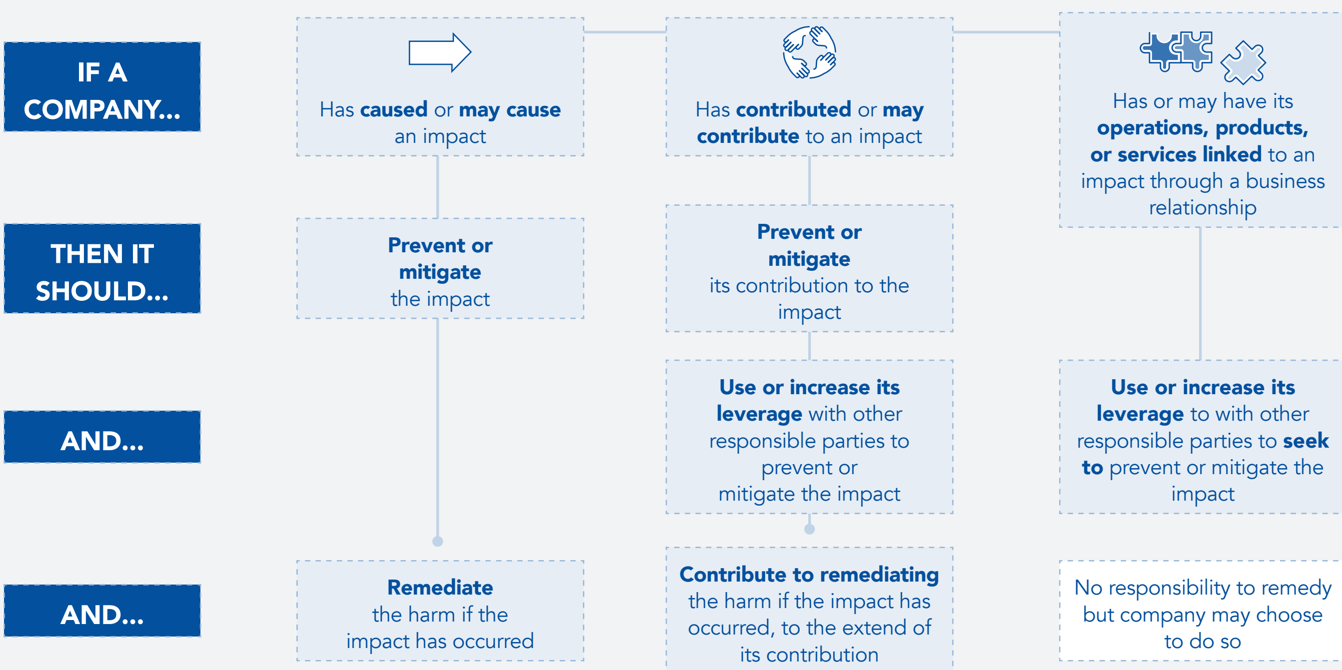
Digital and data innovation may help foster the market information and transparency that is needed. There is a push in the sector to use novel, non-traditional data streams to inform social risk analytics. We may be on the cusp of effective predictive analytics for modern slavery and human trafficking risk. And new digital tools such as smart employment contracts and distributed ledger technologies for supply-chain provenance and chain of custody may also improve businesses' ability to know and show the risks in their operations and business relationships. Digital tools may also complement and enhance engagement through survivor groups and trade unions. Deal parties and major financiers of specific high-risk sectors or projects could collaborate to harness anonymized worker and survivor voice platforms for enhanced, participatory due diligence.

Yet even if individual enterprises strengthen their ability to know and show their modern slavery and human trafficking risks, this may not generate effective pricing signals or otherwise influence market behaviour at scale. Evidence suggests that disclosure under existing supply-chain transparency regimes remains nascent. A lack of harmonization across those regimes makes it difficult for users – such as consumers and investors – to compare information, weakening market uptake and the overall impact of this information. Comparability will be highest, and systemic impacts greatest, when corporate ratings emerge that reliably link businesses' actual conduct (and not just policies) to modern slavery and human trafficking risks, allowing this to influence capital allocation at the enterprise level.

Until then, however, it may be useful for governments and sector leaders to consider steps to harmonize disclosure frameworks. This could involve governments and international organizations pooling information on exclusions and 'debarment' of entities from procurement, investment and lending processes on the grounds of connections to modern slavery and human trafficking. This could adopt the approach to mutual enforcement of cross-debarment decisions that multilateral development banks already use to deal with fraud and corruption.

Another step would be to develop a shared taxonomy of risks and activities, as the EU has recently done in the broader sustainability space. The Task-Force on Climate-Related Financial Disclosures, led by United Nations Special Envoy for Climate Action Michael Bloomberg, might also provide inspiration for developing modern-slavery-related financial disclosures. In time, this may also allow the development of value-chain mapping and shadow pricing models that allow financial actors to compare individual firms to benchmarks, strengthening their ability to spot anomalous behaviours and associated modern slavery and human trafficking risks.

Implications of different business connections to adverse human rights impacts



Source: Graphic courtesy of Shift Project, Ltd.

DIAGNOSING CONNECTIONS

What does this mean for the financial sector? The FAST Risk Mapping Starter Workflow, introduced later in this report, helps organizations begin to understand where connections to modern slavery and human trafficking may arise. Once these are identified, the FAST Connection Diagnostic Tool, offered in static form, and in dynamic, interactive form at the accompanying website at www.fastinitiative.org, aims to help financial sector actors begin to make sense of these possible connections. It provides the basis for the discussion of due diligence, leverage and remedy. The Diagnostic Examples also serve as a useful guide.

The FAST Connection Diagnostic Tool

Once a financial sector organization has identified areas of potential exposure to modern slavery and human trafficking risks (for example using the FAST Risk Mapping Starter Workflow, further below), it should determine the nature of its connection to these risks. This could be causation, contribution or linkage, as set out in the framework provided by the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

To diagnose the nature of their potential connections to modern slavery and human trafficking risks, financial sector organization should answer the following questions:

Q1

Were your activities and/or omissions sufficient on their own to result in the modern slavery and human trafficking?

- **Yes** ▶ Causation
- **No** ▶ Q2

Q2

Did your activities combine with those of a third party or parties to cause the modern slavery and human trafficking?

- **Yes** ▶ Contribution 'in parallel'
- **No** ▶ Q5

Q3

Did your activities encourage or motivate another entity to cause the modern slavery and human trafficking? This can include incentives that make the modern slavery and human trafficking more likely to happen, or other forms of motivation or encouragement.

- **Yes** ▶ Contribution 'through a business relationship'
- **No** ▶ Q4

Q4

Did your activities facilitate the modern slavery and human trafficking? Facilitation involves making it easier for someone else to cause a foreseeable or predictable harm, for example by omitting to undertake due diligence about modern slavery risks in regard to high-risk clients or sectors, failure to report a crime or failure to take steps to encourage cessation of an ongoing modern slavery situation.

- **Yes** ▶ Contribution 'through a business relationship'
- **No** ▶ Q5

Q5

Apart from the above, did your activities have a link to the modern slavery and human trafficking through a business relationship?

- **Yes** ▶ Linkage
- **No** ▶ No relevant connection

Diagnostic Examples

<table>
<tr><th>Location of interaction with modern slavery and human trafficking</th><th>Nature of interaction</th><th>Examples</th><th>Likely type of connection under UNGPs and OECD MNE Guidelines</th></tr>
<tr><td rowspan="3">Own Operations</td><td>Credit relationships</td><td>Provision of credit on terms that amount to debt bondage</td><td>Causation</td></tr>
<tr><td>Employment relationships</td><td>Forced labour of janitors, cleaners or food service personnel</td><td>Causation</td></tr>
<tr><td>Client engagement</td><td>Bank tellers spot signs of human trafficking during client interactions</td><td>Linkage</td></tr>
<tr><td rowspan="13">Business Relationships</td><td rowspan="2">Upstream non-financial service providers and supply chains</td><td>Forced labour in production equipment used, or assets owned or managed</td><td>Linkage</td></tr>
<tr><td>Modern slavery in the workforce of a cleaning or food service firm employed</td><td>Linkage, possibly contribution if employment terms encouraged or motivated exploitation</td></tr>
<tr><td rowspan="3">Upstream – financial service providers</td><td>Modern slavery involved in generation of capital invested</td><td>Linkage</td></tr>
<tr><td>Forced labour in production of commodities traded</td><td>Linkage, possibly contribution where organization is long-standing, dominant client and has not taken steps to address predictable risks</td></tr>
<tr><td>Other financial input providers (e.g. inter-bank lender) linked to modern slavery</td><td>Linkage</td></tr>
<tr><td rowspan="6">Downstream – clients and value chains</td><td>Anti-money laundering software picks up signs of forced labour in client's supply chain during transaction monitoring</td><td>Linkage, possibly contribution if long-standing client and the bank has failed to engage effectively</td></tr>
<tr><td>Private equity active management of firm using forced labour</td><td>Contribution, potentially causation, depending on level of control</td></tr>
<tr><td>Minority shareholding in firm with forced labour several tiers down in its supply chain</td><td>Linkage, unless actively involved in influencing management (then possibly contribution)</td></tr>
<tr><td>Commercial credit services to labour broker involved in migrant labour exploitation</td><td>Linkage transitioning to contribution over time, depending on engagement by financial entity</td></tr>
<tr><td>Concessional development loan to government that uses forced labour in agricultural harvest</td><td>Contribution, unless steps are taken through the loan to address the forced labour, in which case may be linkage</td></tr>
<tr><td>Infrastructure finance consortia where the project is being built using modern slavery</td><td>Contribution – e.g. where a lead arranger fails to conduct effective due diligence</td></tr>
</table>

The FAST Risk Mapping Starter Workflow

An organization looking to identify and map risks of modern slavery and human trafficking within its operations and business relationships should seek specialized guidance and assistance. There are a growing number of specialist guidance organizations operating in this sphere, and financial sector actors can also learn from each other.

In the meantime, to begin to orient themselves financial sector actors may benefit from this simplified starter workflow. The steps and questions laid out here may also help financial sector entities assess the utility of third-party commercial services and guidance, and may help them adjust their own internal tools, procedures and arrangements: all steps will need to be addressed.

The workflow should be adapted to specific contexts. Many financial sector entities will have two levels of screening when conducting risk mapping or other forms of due diligence. Which steps and factors should be addressed at each level will depend on factors specific to each entity's operations and environment.

Step 1: Identify heightened risks of modern slavery and human trafficking in own operations or business relationships ('scale'). The aim is to identify risks to people rather than risks to the business. To this end, identify:

- High-risk locations or contexts in which your business or linked businesses operate – e.g. state involvement in modern slavery or human trafficking, highly isolated worksites, prisons, refugee and displaced-persons camps, communities affected by conflict or political violence, work with children.
- High-risk products or service categories. Use existing analysis of modern slavery typologies and sectoral mapping to identify businesses with which you have a relationship that offer high-risk products or services. Examples of high-risk business lines include construction, cantinas and massage parlours, ship salvage, artisanal mining, domestic service employment agencies, construction labour brokerage, manufacture of 'house-branded' non-resale goods.
- Known high-risk entities – i.e. those positively linked to modern slavery and human trafficking through a company's own records, media reports, sanctions lists or government registers.
- High-risk labour and recruitment arrangements. Examples include heavy reliance on foreign subsidiary or third-party labour brokers, or migrant or refugee labour; inattention to certification of labour brokers; non-provision of employment contracts in workers' native language; high levels of informalisation in the bottom tier of supply chains; endemic short lead times; wage inflation not keeping pace with general inflation; non-payment or under-payment of wages.
- High-risk supply-chain or market factors, such as oligopolistic concentrations of purchasing power, high levels of supply-chain fragmentation, or volatility in market demand for low-skill labour.

Step 2

Within the results identified in Step 1, assess the scope of each potential violation – the possible numbers of those affected.

Step 3

Within the results identified in Step 1, assess the (ir)remediability of any potentially resulting harm (see the discussion of remedy).

Step 4

Identify those risks that have the highest combined scale, scope and irremediability.

Step 5

From amongst these risks, identify those with the highest likelihood of the risk being realized. In assessing likelihood, your own entity's response will be germane. Refer to the FAST Connections Diagnostic Tool to understand expectations of response.

Step 6

Acquire specialized expert guidance to develop an effective response and understand how to prioritize amongst other risks with lower salience and/or likelihood.

Step 7

Repeat the process on an ongoing basis, and seek to expand the circle of risks addressed.

ACTIONS TO ACHIEVE GOAL 2

Act Now

- **Collaborative learning on due diligence:** Financial sector entities can work together to learn how to make modern slavery and human trafficking risk mapping real and routine, embedding it into all due diligence functions (compliance, legal, ESG teams, client-facing personnel, procurement, risk-analysis teams and managers). This should include developing due diligence guidance for specific high-risk business sectors or contexts, and for specific financial activities and functions (e.g. institutional investing, general corporate lending, project finance, hedge funds, private equity, insurance and reinsurance, and commodities trading). The aim is to strengthen mapping of risks to people, not just risks to business.
- **Foster digital and data innovation:** Banks and investors should invest in approaches to due diligence that harness novel, non-traditional data streams, predictive analytics and digital engagement with workers and survivors. Deal parties and major financiers of specific high-risk sectors could collaborate to harness anonymized worker and survivor voice platforms for enhanced, participatory due diligence, complementing established institutions such as trade unions.
- **Public, intergovernmental reporting and exclusions database:** Governments and other public bodies should pool information from modern slavery reporting databases and decisions taken on exclusions and debarment under public procurement, investment and lending rules relating to modern slavery and human trafficking. This could adopt the approach to mutual enforcement of cross-debarment decisions that multilateral development banks already use to deal with fraud and corruption.

Initiate

- **Taxonomy and harmonized disclosure regimes:** all stakeholders should work towards a common taxonomy of modern slavery and human trafficking risks and activities, as a first step towards harmonization of modern slavery-related financial disclosure and reporting regimes. This could be modelled on the recent EU sustainability taxonomy.
- **Corporate ESG ratings:** Credit and bond ratings agencies should factor modern slavery and human trafficking risks into emerging ESG ratings, or issue stand-alone modern slavery and human trafficking scores.
- **Collaborative value-chain mapping and shadow pricing modelling:** All stakeholders should collaborate on pre-competitive R&D to map high-risk value chains. In time this may allow development of shadow pricing models that can be used to benchmark pricing and help identify anomalous labour management practices and other modern slavery and human trafficking risks.

GOAL 3:

USING LEVERAGE CREATIVELY TO MITIGATE AND ADDRESS MODERN SLAVERY AND HUMAN TRAFFICKING RISKS

FAST Blueprint Goals

GOAL 3 Using leverage creatively to mitigate and address modern slavery and human trafficking risks

ACT NOW	INITIATE
Differentiated leverage guidance	Explore platform leverage
Collaborative leverage in high-risk sectors such as construction	Develop benchmarks and ratings on leverage
Promote leverage reporting and transparency	Embed leverage in enterprise tech

Leverage is all about using influence in relationships to change outcomes. The force of finance lies in acting as a lever which can influence and move global business practice.

When a company is connected to modern slavery and human trafficking through its business relationships it is expected to use its leverage to seek to prevent or mitigate that harm and, where necessary, build additional leverage to achieve that result. Leverage will depend on highly specific contextual factors, such as the nature of a transaction or relationship, the financial actor's share of financing, its control over the other entity's management, dependency dynamics, and the financial sector's own organizational profile.

For example, general corporate lending creates different leverage dynamics to private equity ownership and active management; syndicated loans generate different dynamics to bilateral loans, and insurance coverage generates different dynamics to passive investment.

Leverage is a distinct concept and question from liability. The existence of liability is a legal question, the existence of leverage is not. And the expectation of building and using leverage is not an expectation of making companies uncompetitive – let alone condoning anti-competitive conduct.

We identify six distinct types of leverage, building on a typology first defined by Shift.

First, two *bilateral* types:

1. Traditional commercial leverage (through contract audits, bidding criteria, loan conditions, commercial incentives, questionnaires and financial incentives), and
2. Broader business leverage (such as capacity-building, awareness-raising and bilateral advocacy).

Next, there are two *collaborative* types of leverage:

3. Working with one or more business partners (such as creating shared industry supplier requirements), and
4. Working with one or more non-commercial partners (for example involving government, international organizations, trade unions or civil society).

Finally, there are two *system-level* types of leverage:

5. Multi-stakeholder cooperation to create 'ecosystem' change, and
6. Platform leverage, embedding anti-slavery and anti-trafficking in the business operating systems on which other market actors rely (such as payment systems, or industry-wide codes or contracting templates). There are already examples of innovation in this area, such as the action by payment systems providers to exclude backpage.com from their services, and the Brazilian Central Bank's decision not to deal with companies found to have engaged slave labour.

The FAST Leverage Practice Matrix provides illustrative examples of each of these different types of leverage being used by financial sector actors, across different sub-sectors.

As one example of how leverage could be used, we look at the construction sector, responsible for around 18 per cent of estimated global forced labour. Here, financiers have significant leverage to embed anti-slavery and anti-trafficking measures, including cascading contractual clauses, contract management plans, and independent monitoring arrangements into deal and project agreements. Some of these techniques are now migrating to related areas, such as real estate management.

Other areas that may warrant close scrutiny and the development of specialized leverage guidance include insurance (e.g. through the United Nations Environment Programme [UNEP] Finance Initiative Principles for Sustainable Insurance), stock exchange management (the United Nations Sustainable Stock Exchanges Initiative), institutional investing (both active and passive) (through Principles for Responsible Investment) and trade finance (the ICC Sustainable Trade Finance Initiative).

Leverage arrangements could also be embedded in enterprise technology, generating a stream of data about modern slavery risks and ESG performance that could be used to trigger micro-incentives (when defined milestones are met), or underpin dialogue about risk-reduction measures.

Ultimately, repeated efforts to build and use leverage in a business relationship may not succeed. At that point, financial sector actors may need to consider exit from the business relationship, which may involve exclusion or divestment. This possibility is best announced upfront, during the formation of the business relationship – maximizing the resulting leverage throughout the relationship. But financial sector actors must also ensure that divestment and exclusion will not lead to increased modern slavery or human trafficking risks for people, for example because they lose their livelihoods and are forced into risky migration or labour practices. The aim of divestment must be to reduce risks to people, not just the business. And for that reason, exclusion and divestment should not be seen as necessarily final and permanent, but rather as one stage in a complex process of building and using trust and influence.

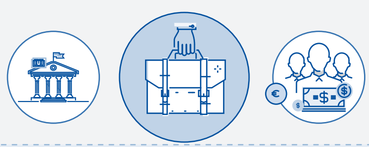
Finally, we need to increase reporting on and transparency in use of leverage. Without greater transparency on how leverage gets used, with what impact, it will not be possible for financial markets to connect individual enterprise behaviour with resulting risk. As a result, leverage practices will continue not to be factored into prices or costs of capital. Financial sector actors should consider how to benchmark and evaluate the leverage of their influence, to translate this into useable market information.

Bilateral, collaborative and system-level leverage

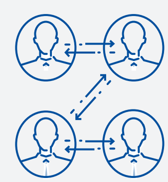
Looking across existing practice and analysis, we found that leverage can be exercised in six different ways – two involving the bilateral relationship between two entities; two involving collaboration with other parties; and two involving system-level change. This typology was originally pioneered by Shift, the leading centre of expertise on business and human rights; we have added 'Platform' leverage. These types of leverage are set out below.

Six types of leverage

1. Traditional commercial leverage

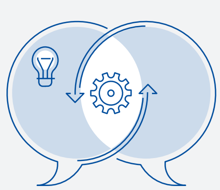


3. Work with one or more business partners

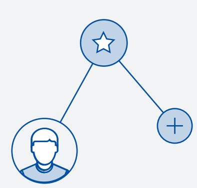


5. Multi-stakeholder cooperation

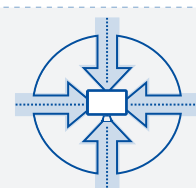
Bilateral leverage	Collaborative leverage	System-level leverage
1. Traditional commercial leverage: This sits within the activities the company routinely undertakes in commercial relationships, such as contract audits, bidding criteria, loan conditions, commercial incentives, questionnaires and financial incentives. **2. Broader business leverage:** through non-routine activities such as capacity-building, awareness-raising and bilateral advocacy.	**3. Work with one or more business partners:** Leverage created through collective action with other companies in or beyond the same industry, for example through driving shared requirements of suppliers. **4. Work with one or more non-commercial partners:** for example involve engaging government, an international organization, a trade union, or civil-society organizations with key information.	**5. Multi-stakeholder cooperation:** involving both commercial and non-commercial partners to create change across the 'ecosystem'. **6. Platform leverage:** using a common system platform or operating system, such as a utility, to change the parameters within which other businesses can act.



2. Broader business leverage



4. Work with one or more non-commercial partners



6. Platform leverage

Original typology by Shift Project, Ltd.

ACTIONS TO ACHIEVE GOAL 3

Act Now

- **Differentiated leverage guidance:** Develop guidance for using leverage in specific market areas or financial roles – including insurance (e.g. through the UNEP Finance Initiative Principles for Sustainable Insurance), stock and commodity exchange management (the United Nations Sustainable Stock Exchanges Initiative), institutional investing (both active and passive) (through Principles for Responsible Investment) and trade finance (International Chamber of Commerce [ICC] Sustainable Trade Finance Initiative).
- **Collaborative leverage in high-risk sectors such as construction:** Accelerate collaborative leverage efforts in high-risk sectors such as construction and infrastructure financing.
- **Promote leverage reporting and transparency:** Financial sector entities monitor, assess and communicate their own leverage performance, drawing on differentiated leverage guidance.

Initiate

- **Explore platform leverage:** Look at how financial platforms such as payment and clearing systems, central banks and business information providers can embed anti-slavery and anti-trafficking measures.
- **Develop benchmarks and ratings on leverage:** Ratings agencies, regulators and researchers develop sector-wide benchmarks and ratings on use of modern slavery and human trafficking leverage by companies, connected to the differentiated leverage guidance developed separately (see above).
- **Embed leverage in enterprise tech:** Fintech actors incorporate leverage considerations into the design and build of enterprise tech, turning companies into a source of anti-slavery and anti-trafficking data and analysis for monitoring and reporting to financial partners, and for triggering micro-incentives (when ESG performance milestones are met). The stream of evidence this will create can underpin structured and constructive engagement between financial actors and their clients and investee companies about measures for reducing modern slavery and human trafficking risks.

GOAL 4:

PROVIDING AND ENABLING EFFECTIVE REMEDY FOR MODERN SLAVERY AND HUMAN TRAFFICKING HARMS

FAST Blueprint Goals	
GOAL 4 — Providing and enabling effective remedy for modern slavery and human trafficking harms	
ACT NOW	**INITIATE**
Participate in the FAST Financial Access Project's Survivor Inclusion Initiative	Use leverage to enable effective remedy ecosystems
Provide and contribute to effective remedy	Develop new insurance lines
Cooperate with financial investigations and judicial processes	Investigate other novel modalities for capital-raising

All victims of modern slavery and human trafficking are entitled under international law to an effective remedy, including to compensation. Yet in reality access to an effective remedy is the exception, not the rule, for victims of trafficking and modern slavery. They often lack access to effective remedial mechanisms, and even where they do have such access these processes rarely lead to compensation, restoration or other forms of effective remedy. This remedy gap prolongs trauma and heightens risk of re-victimization. So providing remedy is also a prevention measure.

Financial sector entities are expected to provide effective remedy, or cooperate with legitimate remedial mechanisms, where they cause or contribute to modern slavery or human trafficking.

The first and perhaps best option for financial sector entities is to cooperate with courts and judicial remedies, through facilitating financial investigations, and asset freezes and confiscation. Financial investigations have an important role to play in revealing trafficking organizations, perpetrators, gatekeepers and victims. They can also help prosecutors demonstrate the profit motive and knowledge of traffickers, and financial transaction evidence can reduce the burden on victims by obviating the need for testimony and providing corroborating evidence. Financial investigations also open the door to broader charging and higher penalties, and have the potential to provide for restitution and compensation to victims, through asset confiscation.

Another option is cooperation with state-based non-judicial remedies, such as OECD National Contact Points (NCPs), or the mechanisms set up by multilateral development banks. The numbers of remedial cases brought to these forums is growing, and instructive jurisprudence and practice is emerging in all these areas.

A third option is to cooperate with non-state grievance mechanisms. Here, too, practice is rapidly evolving. But there is already significant guidance available on how to provide and support effective grievance mechanisms.

Where financial sector entities are linked to modern slavery or human trafficking harms, but do not cause or contribute to them, they may not be expected to provide remedy, but they may choose to enable it. Moreover, it is becoming clear that over time a business's linkage to modern slavery risks can evolve into contribution to those risks – for example if failure to conduct expected due diligence facilitates a borrower's causation of or contribution to modern slavery or human trafficking, changing the risk and responsibility picture for financial institutions.

Driving remedy to scale will require moving beyond a case-by-case approach, and thinking about how to create system-level remedial mechanisms.

Financial sector actors may have unique leverage to make that happen by, for example, pre-positioning remedial arrangements – such as worker compensation funds to protect against illegal recruitment fees or wage theft – within projects or investees they finance. The Abandoned Seafarers Compensation Scheme could provide a model for this.

Another solution might be to collaborate to ensure that survivors of modern slavery and human trafficking can access the financial system after they escape exploitation. Survivors often find that traffickers have hijacked their financial identity or banking products for money laundering or other criminal purposes, spoiling their creditworthiness and complicating financial reintegration. Working with major banks and survivor service organizations, the Commission has established a Financial Access Project running a Survivor Inclusion Initiative to achieve just this. The Initiative aims at re-integrating survivors into the formal financial system through provision of basic financial services and products. Launched in Austria, Canada, UK and the US, coverage will later expand to other jurisdictions. A full list of participating entities is available at www.fastinitiative.org.

The Initiative provides a common approach for the safe extension of basic financial services to survivors, adapted to each jurisdiction in which the Initiative is active. Building on an approach pioneered by HSBC in the UK, the Liechtenstein Initiative has created a directory and workflow template for financial institutions, service providers, regulators, governmental actors and other key stakeholders to match identified survivors to basic financial services (e.g. chequing and savings accounts, debit and credit cards).

ACTIONS TO ACHIEVE GOAL 4

Act Now

- **Participate in the FAST Survivor Inclusion Initiative** to remedy survivors' reduced access to safe and reliable financial products and services.
- **Provide and contribute to effective remedy,** including through awareness-raising with survivors on remedial options, cooperation with OECD National Contact Points and other non-judicial mechanisms, and in some circumstances providing effective grievance mechanisms directly, drawing on available guidance and good practice.
- **Cooperate with financial investigations and judicial processes:** This could involve cooperation in financial investigations, data sharing, asset identification and freezing, and support to asset confiscation processes. This could in turn draw on the FAST Financial Investigations Tool (discussed in the Implementation Toolkit, below).

Initiate

- **Use leverage to enable effective remedy ecosystems:** Financial sector actors may, in certain contexts, be able to use leverage to pre-position remedial arrangements so that when problems do arise, those affected have the necessary access to remedial mechanisms, on the scale required. This could, for example, mean requiring high-risk projects or investees to create worker compensation funds or guarantees to protect against modern slavery and human trafficking risks.
- **Develop new insurance lines,** to pay out in the event of a modern slavery or human trafficking incident at the individual or household level. This could potentially be modeled on existing kidnap and ransom insurance.
- **Investigate other modalities for capital-raising** to fund compensation payments to victims and survivors.

GOAL 5:

INVESTMENT IN INNOVATION FOR PREVENTION

FAST Blueprint Goals	
GOAL 5 — Investment in innovation for prevention	
ACT NOW	**INITIATE**
Invest in digital finance to serve vulnerable populations, e.g. through the FAST Financial Access Project's Vulnerable Populations Initiative	Strengthen return on investment (ROI) knowledge
Size investment needs	Develop anti-slavery bonds and performance loans
Promote social finance, such as microfinance	E-finance regulatory harmonization

Large numbers of people (1.7 billion) and micro, small and medium enterprises (200 million in emerging economies alone) lack adequate access to safe, reliable, coercion-free credit and financing. These populations have traditionally been underserved by market solutions because they offer a poor risk:return ratio. Yet increased individual, household and micro, small and medium enterprise (MSME) access to regular and safe finance, free from coercion, can help prevent modern slavery and human trafficking, and unlock the potential we are all missing out on as a result. Financial inclusion fosters financial resilience, encourages capital formation, and promotes investment and business growth.

Prevailing investment models – such as Modern Portfolio Theory, which focuses on optimizing portfolio returns at a given risk level – can optimize efficient investments based on existing options, but may lead to under-investment in certain market segments or economic sectors and under-investment in innovation in new options. This may explain why we have seen under-investment in the provision of safe, reliable and coercion-free financial services to the poor and to other groups that are highly vulnerable to modern slavery and human trafficking, such as forcibly displaced people. Intentional investment prioritizing 'additionality' will help grow the addressable market and unlock significant financial potential.

Social finance, such as microfinance and cooperative insurance models, can help fill this gap, because it focuses on discharging a social mandate rather than maximizing profit. There is evidence that microfinance can reduce vulnerability to debt bondage. Microfinance is a scalable solution. But we should be careful that in scaling it we do not create new coercive dynamics in debt markets. There have been negative experiences in some places where the securitization of microdebts has led to coercion and even suicide. Social impact, not profit maximization, must be central.

Emerging technologies can also play an important role, because they change the risk:return calculus for providing services to these populations. Growth opportunities seem especially high in countries with high modern slavery and human trafficking risk exposure. Promising investment strategies in digital finance include:

- Investing in rapid roll-out of digital payment systems to displaced populations.
- Extending digital payroll and payments systems to business in areas with high modern slavery and human trafficking risks.
- Investment in portable digital ID.
- Using artificial intelligence (AI) and digital chatbots to encourage responsible savings and investment and to grow entrepreneurialism and markets.
- Using microinsurance and risk mutualization to extend coverage to vulnerable populations.

The FAST Financial Access Project's Vulnerable Populations Initiative will explore ways to mobilize capital for these investments in innovation. It will address the high coincidence between lack of access to financial products – especially cross-border payments, credit and insurance – and vulnerability to modern slavery and human trafficking. The Initiative works with governments, financial institutions and fintech leaders to identify and promote new financial products and services that can reduce this vulnerability, such as payment systems for displaced populations, blockchain-based microinsurance for rural smallholder farmers, and next-generation remittance technology. This work will roll out through late 2019 and into 2020, starting with a bootcamp for African fintech entrepreneurs.

New investment modalities, such as performance contracting and social impact bonds, also hold out promise for mobilizing capital to deploy in these ways, to help prevent modern slavery and human trafficking. There is promising evidence emerging of the utility of both modalities for addressing social risks, including the issuance of five-year 'SDG bonds' by the World Bank, in Singapore and Hong Kong. Modern slavery-related performance outcomes could also be embedded in ESG performance loans, like a recent USD 500 million green club loan issued in Singapore.

Finally, mobilizing capital for anti-slavery investment will prove easier if anti-slavery leaders are better able to articulate the 'cost' of ending modern slavery – the costs of effective prevention and remedial measures – modelling how that money could be effectively and efficiently spent. Similarly, there is a need for stronger evidence on the return on investment that can be expected from different anti-slavery investments, whether at the firm, community or national level. At present the field lacks these basic facts and figures, and until they are available it may prove difficult to effectively mobilize finance against slavery and trafficking.

ACTIONS TO ACHIEVE GOAL 5

Act Now

- **Invest in digital finance for prevention:** Financial sector actors should invest in digital finance to serve vulnerable populations including through working with the FAST Financial Access Project's Vulnerable Populations Initiative. Priority investment strategies could include:
  - Investing in rapid roll-out of digital payroll, payment systems and banking services to displaced populations and other populations with high modern slavery and human trafficking risks, including through development of portable regulatory arrangements, concessionary financing options, and commercial guarantee mechanisms.
  - Investment in portable digital ID.
  - Using artificial intelligence (AI) and digital chatbots to encourage responsible savings and investment and to grow entrepreneurialism and markets.
  - Using microinsurance and risk mutualization to extend coverage to vulnerable populations ('insurtech').
- **Size investment needs:** Governments, international organizations and researchers should undertake a study to determine what it would cost to end modern slavery and human trafficking, drawing on established prevention costing methodologies.
- **Promote social finance:** Governments, investors, researchers and civil-society actors should explore how microfinance and other forms of social finance can help end modern slavery. This will require investment and study, and may require adaptation of regulatory frameworks to facilitate social business.

Initiate

- **Strengthen ROI knowledge:** All stakeholders should work together to improve monitoring and evaluation and strengthen understanding of the ROI from different interventions, programmes and strategies. This will help with development of the business case for financing efforts against slavery and trafficking.
- **Anti-slavery bonds and performance loans:** Development finance institutions and leading lenders should scope the possibility of issuing anti-slavery bonds and performance loans, either for retail uptake or for project financing.
- **E-finance regulatory harmonization:** Governments and regulators should work to harmonize e-KYC (Know Your Customer) rules, improve the interoperability of digital ID arrangements, and create portable regulatory arrangements to foster investment in and rapid roll-out of e-finance infrastructure for vulnerable populations.

THE IMPLEMENTATION TOOLKIT

Implementation of this Blueprint will in time lead to a stronger connection between an enterprise's behaviour and its costs of capital. That connection will naturally move global markets away from their current tolerance for 40.3 million people in modern slavery and human trafficking, and encourage capital allocation to enterprises that helps reduce modern slavery and human trafficking risks. It will help address the ongoing tragic market failure and denial of human rights that this represents, and accelerate progress towards the Sustainable Development Goals, especially Target 8.7.

To assist with implementation of the Blueprint, the Financial Sector Commission has also created an Implementation Toolkit, comprising:

Risk Mapping Starter Workflow

A simple introductory workflow for financial sector actors beginning to think about how to identify modern slavery and human trafficking risks in their own operations or business relationships. Specialist expert guidance is encouraged.

Connection Diagnostic Tool

An interactive self-diagnostic tool and illustrative examples that help financial sector actors begin to understand identified connections to modern slavery and human trafficking, and expectations of how they should respond.

Financial Investigations Tool

Guidance on good practice in conducting financial investigations into modern slavery and human trafficking, produced by OSCE working with the Commission.

Leverage Typology Matrix

Building on a typology developed by Shift, this matrix offers illustrations from recent financial sector practice of six different types of leverage, helping financial sector actors understand what creative use of leverage may look like.

Financial Access Project – Survivor Inclusion Initiative

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.

Financial Access Project – Vulnerable Populations Initiative

Preventing modern slavery and human trafficking by growing access to financial products and services for highly vulnerable populations. Rolling out late 2019 and 2020.

The FAST Leverage Practice Matrix

Practical examples of the financial sector building and using leverage on and around modern slavery and human trafficking.

	Bilateral leverage		Collaborative leverage		System-level leverage	
	Commercial leverage	**Broader leverage**	**With other businesses**	**With non-commercial actors**	**Multi-stakeholder action**	**Platform leverage**
Banking institutions and securities firms	Mizuho: anti-slavery contract clauses, questionnaires Singapore: 15-bank credit facility with in-built ESG performance incentives	Citi and ING: advice and support to at-risk clients Westpac: client awareness-raising and discussion ABN Amro: thematic engagement with non-client value-chain participants	Platform Living Wage Financials: multi-financial actor collaboration to assess investees on living wages issues	Agrisector banker training by ABN Amro and the Dutch police	Dutch Banking Sector Agreement Soft Commodities Compact to transform palm oil, soy, beef and timber supply chains	
Foreign exchange and money transfer	PayPal: cascaded anti-slavery contract and Code of Conduct clauses	Western Union: third party agent training				
Institutional investment and asset management	Norway Government Pension Fund Global: exclusion process New York State Common Retirement Fund: active ownership measures, including shareholder proposals	NEI Investment: client dialogues New Zealand Super Fund: secure ESG portal for directors of invested companies	ICCR and ABP et al.: shareholder action PRI members: active ownership, inc. on slavery Daewoo: investment fund pressure through formal governance processes PRI, APG and Hermes: cobalt initiative RIAA: investor toolkit Swiss investors' call for mandatory human rights due diligence framework	Japan Government Pension Investment Fund: joint research project with World Bank	Dutch Responsible Business Conduct Agreement on responsible investment by pension funds	

FAST Leverage Practice Matrix: continued

	Bilateral leverage		Collaborative leverage		System-level leverage	
	Commercial leverage	**Broader leverage**	**With other businesses**	**With non-commercial actors**	**Multi-stakeholder action**	**Platform leverage**
Insurance	Arthur J Gallagher: contract renewals				Egyptian national sustainable insurance strategy	
Credit market	JP Morgan Chase: Code of Conduct clause					Exclusion: Visa, MasterCard and Amex excluded backpage.com after allegations of trafficking
Concessional and impact-oriented investment	CDC (UK): contract clauses and guidance to financing recipients BNDES (Brazil): influence over commercial banks to induce exclusions Atradius Dutch State Business (Netherlands): screening and exclusion clause Rockefeller Foundation: Social Impact Bonds including some with anti-slavery impact	CDC: guidance to fund managers GIEK (Norway): engagement with upstream suppliers	OECD: Common Approaches for ECAs	Atradius DSB (Netherlands): working with Dutch government ministries to exercise leverage	Honduras: FMO (the Dutch development bank), the IFC and the Asociación Hondureña de Instituciones Bancarias (AHIBA) cooperated on a two-year ESG project to train bank practitioners and strengthen the local regulatory framework	IFC collaboration on Sustainable Shipment Letter of Credit
Financial regulators	Peruvian Superintendency initiative on human rights due diligence in certain advisory and loan services			IFC-backed Sustainable Banking Network focused on emerging market regulatory agencies, banking associations and national roadmaps for sustainable finance ESG requirements for banks adopted by Central Bank of Mongolia in collaboration with banking association and others		Rule on exclusion of slavery from rural credit scheme adopted by Brazil Central Bank ESG requirements for banks adopted by central banks of Brazil, Mongolia, Nigeria, Peru, and Viet Nam

FAST Leverage Practice Matrix: continued

	Bilateral leverage		Collaborative leverage		System-level leverage	
	Commercial leverage	**Broader leverage**	**With other businesses**	**With non-commercial actors**	**Multi-stakeholder action**	**Platform leverage**
Financial utilities	London Stock Exchange Group: contract clauses and supplier Code of Conduct	London Stock Exchange Group: written guidance and webinars				London Metal Exchange: consultation on responsible sourcing requirement from 2022
Digital finance					TAHub: anti-trafficking data hub Provenance: fintech collaboration on using blockchain to create incentives for verifiable sustainability claims	
Ancillary service providers		Deloitte: application of assessment tool + training				

The Liechtenstein Initiative for a Financial Sector Commission on Modern Slavery and Human Trafficking

Convenor

- H.E. Mr. Adrian Hasler, Prime Minister, Principality of Liechtenstein

Co-Convenors

- H.E. Mr. Stef Blok, Minister of Foreign Affairs, Government of the Kingdom of the Netherlands
- Senator the Hon. Marise Payne, Minister for Foreign Affairs and Minister for Women, Government of Australia
- Professor Muhammad Yunus, Nobel Laureate and Founder, Grameen Foundation

Chair

- Fiona Reynolds, CEO, UN-backed Principles for Responsible Investment

Commissioners

- James Kofi Annan, President and Founder, Challenging Heights
- Jean Baderschneider, CEO, Global Fund to End Modern Slavery
- Tanja Cuppen, Chief Risk Officer, ABN Amro Group N.V.
- Olivier de Perregaux, Chief Financial Officer, LGT Group
- Mark Eckstein, Director of Environmental and Social Responsibility, CDC Group
- Jennifer Fowler, Director, Brunswick Group
- The Hon. Rob Jolly, Chair, Utilities Trust of Australia
- Barry M. Koch, Esq, Barry M. Koch PLLC
- Shawn MacDonald, CEO, Verité
- Ed Marcum, Managing Director, Working Capital
- Amol Mehra, Managing Director, Freedom Fund
- Timea Nagy Payne, CEO and Founder, Timea's Cause
- Anne-Maree O'Connor, Head of Responsible Investment, New Zealand Superannuation Fund (Te Kaitiaki Tahua Penihana Kaumātua o Aotearoa)
- Bob Prince, Co-CIO, Bridgewater Associates
- Anita Ramasastry, Roland L. Hjorth Professor of Law and the Director of the Graduate Program in Sustainable International Development, University of Washington School of Law
- Frederick Reynolds, Global Head of Financial Crime Legal, Barclays
- Leonardo Sakamoto, President, Repórter Brasil and Member of the Board, UN Voluntary Trust Fund on Contemporary Forms of Slavery
- Dawne Spicer, Executive Director, Caribbean Financial Action Task Force
- Anders Strömblad, Head of Alternative Investments and External Management, AP2
- Alison Tate, Director of Economic and Social Policy, International Trade Union Confederation
- Simon SC Tay, Chairman, Singapore Institute of International Affairs
- Daniel Thelesklaf, Director, Money Laundering Reporting Office Switzerland
- Hennie Verbeek-Kusters, Head, FIU — the Netherlands
- Ambassador Christian Wenaweser (Commissioner e.o.), Permanent Representative of the Principality of Liechtenstein to the United Nations in New York
- James Cockayne (Commissioner e.o.), Director, United Nations University Centre for Policy Research, Head of Secretariat

FINANCE AGAINST SLAVERY AND TRAFFICKING

Finally, although the Financial Sector Commission has now ceased operation, the Liechtenstein Initiative will continue, in the form of Finance Against Slavery and Trafficking (FAST), a project operating initially out of the United Nations University's Centre for Policy Research. It will aim to provide guidance and support to those implementing the Blueprint. An implementation review conference will be held in 2021, considering progress in implementation, identifying lessons and new developments, and exploring new opportunities.

Finance cannot end modern slavery and human trafficking on its own. But without the mobilization of the financial sector, modern slavery and human trafficking will not end.

The time to act is now.

THE FAST BLUEPRINT SUMMARY TABLE

	Actions	
FAST Blueprint Goals	**Act Now**	**Initiate**
Goal 1: Compliance with laws against modern slavery and human trafficking	• Strengthen financial investigations • Involve and learn from survivors • Strengthen use of the AML/CFT and sanctions regimes	• Develop transactions analysis tools • Mobilize the insurance sector • Use public financial regulatory levers – procurement, investment + lending
Goal 2: Knowing and showing modern slavery and human trafficking risks	• Collaborative learning on due diligence • Foster digital and data innovation • Public, intergovernmental reporting and exclusions database (mutual debarment model)	• Taxonomy and harmonized disclosure regimes • Corporate ESG ratings • Collaborative value-chain mapping and shadow pricing modelling
Goal 3: Using leverage creatively to mitigate and address modern slavery and human trafficking risks	• Differentiated leverage guidance • Collaborative leverage in high-risk sectors such as construction • Promote leverage reporting and transparency	• Explore platform leverage • Develop benchmarks and ratings on leverage • Embed leverage in enterprise tech
Goal 4: Providing and enabling effective remedy for modern slavery and human trafficking harms	• Participate in the FAST Financial Access Project's Survivor Inclusion Initiative • Provide and contribute to effective remedies • Cooperate with financial investigations and judicial processes	• Use leverage to enable effective remedy ecosystems • Develop new insurance lines • Investigate other novel modalities
Goal 5: Investment in innovation for prevention	• Invest in digital finance to serve vulnerable populations, e.g. through the FAST Financial Access Project's Vulnerable Populations Initiative • Size investment needs • Promote social finance, such as microfinance	• Strengthen ROI knowledge • Develop anti-slavery bonds and performance loans • E-finance regulatory harmonization

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