Independent
Anti-Slavery
Commissioner

The role of the financial sector in eradicating modern slavery: CEOs respond to the Independent Anti-Slavery Commissioner

September 2021

This publication is available at https://www.antislaverycommissioner.co.uk/resources/

Any enquiries regarding this publication should be sent to us at iasc@iasc.independent.gov.uk

Authored by

Emma Crates

Prevent Lead, Office of the Independent Anti-Slavery Commissioner

CONTENTS

FOREWORD

Dame Sara Thornton – Independent Anti-Slavery Commissioner

In 2016 it was estimated that 16 million people were victims of forced labour in private business. While slavery is illegal in every country in the world, our economic and financial systems appear to tolerate and even promote practices which result in unacceptable abuse of workers. There is high global demand for cheap goods and services exacerbated by high investor expectations of profit. And sadly there are significant numbers of vulnerable workers who feel they have no choice but to work in unsafe and exploitative jobs, frequently in debt to their unscrupulous employers and facing menace and threat on a daily basis. Governments bear significant responsibility in remedying this but business itself must do more to protect the most vulnerable workers in fields, farms and factories across the world. Businesses which turn a blind eye to modern slavery and human trafficking have lower labour costs, unfair competitive advantage and are able to access capital unfairly. This is a failure of the market.

During 2019 I was approached by the financial crime consultancy Themis and the Tribe Freedom Foundation about collaborating on joint work focused on modern slavery risks in the financial services sector. I had made a commitment in my strategic plan to develop good practice in this area and so welcomed this opportunity to explore how the sector could do more to identify and prevent modern slavery. I particularly liked the emphasis on practical steps and the proposed engagement with the sector. In January 2021 we published *Preventing Modern Slavery and Human Trafficking: an Agenda for Action across the Financial Services Sector*.

I then wrote to 51 CEOs of leading companies in the financial services sector to ask them to respond to the report. In particular, I asked them to reassure themselves that their organisations were taking concrete steps to address the findings and recommendations in the report as it was clear that there was much to be done across the sector. Forty four organisations responded ranging from international banks to investment platforms, building societies and digital payment companies. The responses were often detailed and described innovative initiatives, leadership commitment and collaborative working.

As I read the responses I was struck by a number of common themes which resonated with work done by the Liechtenstein Initiative, the *Blueprint for Mobilising Finance against Slavery and Trafficking*[1] published in 2019. The report had argued that the world's bankers, investors, insurers and financial partners 'have unparalleled influence over global business… and that finance is a lever by which the entire global economy can be moved'. And while there were examples of good practice in the responses I had received, it was not the case that the financial services sector had integrated modern slavery risks across all its business processes in the same way it has approached environmental risk. I agree with the recent report from the ESG Working Group that it is a myth that social performance is less financially material than environmental risk.[2]

Financial institutions have legal responsibilities to report suspicious activity to law enforcement and a significant role in detecting and disrupting serious organised crime more widely. However, through their investing and lending decisions they can do so much more. Increasingly, investors

---

[1] FAST Initiative website: fastinitiative.org

[2] See 'Amplifying the S in ESG: Investor Myth Buster' (2021): www.isfc.org

do not want to invest in companies with forced labour risks, but banks should not be lending to such companies either.

I am convinced that the only way we will make a step change is if business leaders set the tone from the top and commit to eradicating all forms of coercive labour practices. However, business leaders need to collaborate in order to do this. My recommendations focus on the need to develop relevant risk management processes and the need to create better systems to share intelligence. I also strongly encourage growing collective action initiatives by investors and suggest that financial services could be a powerful force to encourage action to address significant risks in the electronics business. Finally, until the government legislates to extend Section 54 of the Modern Slavery Act to cover financial portfolios I suggest that business covers these areas voluntarily in their annual modern slavery statements.

The financial services sector should ensure that it integrates modern slavery and human trafficking risk across all its business processes, in the same way that it has approached environmental risk.

Recommendation 1: Risk management and mitigation

- Modern slavery and human trafficking risk should be embedded throughout the investment lifecycle of a business.
- The sector needs to develop better risk identification, assessment and mitigation controls or to integrate modern slavery and human trafficking risk into its existing systems so that organisations can identify concerns at the stock, company and worksite level in real time.
- There needs to be consistency in the definition and understanding of forced labour risks – the ILO's 11 indicators of forced labour provide a useful foundation. [3]
- A standardised and consistent approach to measurement needs to be developed to enable benchmarking and reporting.
- Industry stakeholders, such as investors, business information providers, ESG analysts and regulators should work with tech companies and innovators to support the development of new products, thinking about how information should be structured and agreeing a common set of expectations and metrics to speed up innovation and the eradication of forced labour.

Recommendation 2: Systems for sharing

- Financial sector entities need to find ways of sharing data more widely on current and emerging threats, while operating within relevant legal frameworks.
- Government and industry stakeholders should support the development of information sharing systems, for example, on bad actors involved with modern slavery and human trafficking.
- Information sharing should not only inform anti money laundering and other compliance requirements but also wider investing and lending decisions.

Recommendation 3: Collective action

- Investor-led initiatives such as CCLA's Find it Fix it Prevent it initiative, Rathbones-led Votes Against Slavery campaign, and Investors Against Slavery and Trafficking Asia Pacific, demonstrate how collective action can incentivise and accelerate improvements in company disclosure and compliance to the Modern Slavery Act.

[3] International Labour Office indicators of forced labour webpage: wcms_203832.pdf (ilo.org)

- These initiatives should be broadened and developed to enable a greater range of high risk sectors and regions to be targeted. More investors should become involved, backed by CEOs and senior management.
- Until now, such activities have been investor led, but banks could also be taking collective action, particularly when financing major international developments.
- Financial sector actors should also support initiatives such as ShareAction's Workforce Disclosure Initiative, which encourages disclosure from major companies on labour standards in their supply chains.
- All initiatives should place more emphasis on remedy for victims and survivors of forced labour.

Recommendation 4: Collaboration on electronics supply chains

- Electronics equipment, including laptops, monitors and mobile phones, is essential to any office environment. In its 2020 Modern Slavery Statement, the UK Government identified information and communications technology (ICT) as one of three priority risk areas for central public procurement.
- The challenges of electronic supply chains stretch not only from assembly and manufacture of devices, but also of the mining of rare metals, and the manufacturing of silicon.
- As an office-based, technology-reliant industry, the financial sector could use its collective voice to improve conditions in electronics supply chains.
- As well as using leverage through procurement, stakeholders could also put pressure on the sector through investing and lending activities.

Recommendation 5: Financial institutions should be reporting on their investment and lending portfolios under Section 54 of the Modern Slavery Act

- Despite the fact that financial institutions could have a major impact against forced labour through their investment and lending portfolios, very few are disclosing this activity in modern slavery statements.
- The UK government should strengthen the Modern Slavery Act to include the requirement that reporting covers financial portfolios as well as business and supply chains.
- Pending any change in legislation, the financial sector should voluntarily cover this area in its modern slavery statements. This would be a powerful driver towards greater transparency, particularly as most of the world's multinational financial institutions have bases in London.

I am grateful to Dickon Johnstone, James Cockayne and Tom Keatinge in helping to refine these recommendations. I believe that future generations will be appalled at the level of exploitation that we tolerated in global supply chains. We need to take action now.

1. Tone at the top

Modern slavery statements

Under the Modern Slavery Act (2015), all businesses with a turnover of £36 million or more must produce an annual modern slavery statement, setting out the steps they have taken to address risk of modern slavery in their business and supply chains. [4] As a minimum legal requirement, statements must be signed by a director and be accessible from a company homepage.

Almost all financial institutions confirmed that they were legally compliant, but not all linked their statements to a culture of continual improvement or internal engagement, and fewer still suggested that their statements addressed anti-slavery activities in their investing and lending portfolios. In positive examples, M&G's statement is a standard agenda item at board and senior executive level meetings, and is supported by a detailed paper explaining the work that has been done. Virgin Money's revised modern slavery statement is underpinned by a multidisciplinary team, to ensure that it is followed through effectively and that policies and practices are strengthened where needed. Société Générale will be issuing a communication to all UK staff employees this year, following publication of its modern slavery statement. It will highlight the work that the bank is doing and reaffirm its commitment to fighting modern slavery.

Governance

A number of financial institutions are building modern slavery considerations into their enterprise-wide governance and control frameworks. Several have created specific taskforces or working groups. For example, Bank of America's Human Trafficking Taskforce, formed in 2018, reports to its global environmental, social and governance (ESG) committee. Nationwide's cross-functional anti-slavery working group dates back to 2017 and reports directly to the chief operating officer. Standard Chartered, Commerzbank, Legal & General, Virgin Money and Metro Bank also have cross-functional human rights working groups that bring together specialists from across their organisation. Commerzbank has a group level modern slavery working group, and its London-based compliance committee also meets monthly to maintain oversight of all relevant modern slavery activities, projects and trends across the wider organisation.

In other strong examples, NatWest appointed an accountable executive for human rights last year, who has responsibility for raising awareness of modern slavery and human trafficking across the group. At Barclays, two members of the executive committee manage the bank's response to modern slavery and human trafficking. BNY Mellon has established an Enterprise ESG team, which has identified the need to expand due diligence practices and awareness training. Investec's ESG committee is focused on aligning the company's global efforts to ensure that anti-slavery practices are considered at all levels of the organisation.

It is encouraging to see financial institutions introducing a range of strategic interventions to proactively manage forced labour risk. This approach should also be reflected in modern slavery statements which should demonstrate how boards are playing a proactive role in this agenda and moving away from tick box compliance exercises.

Leadership

Setting an example from the top sends a positive message to staff, clients and business partners. Bernard Mensah, President International at Bank of America sits on its global ESG committee

[4] See the UK Modern Slavery Act (2015), Section 54: [Modern Slavery Act 2015 (legislation.gov.uk)]

which oversees the bank's response to emerging environmental, social and governance risks, including modern slavery. He also chairs the Europe Middle East and Africa (EMEA) ESG committee which has a more regional focus. Andrew Croft, CEO of St James's Place, emphasises that responsibility for minimising risk of modern slavery sits with him. And Metro Bank's CEO Daniel Frumkin owns the modern slavery policy.

Meanwhile, Schroders group chief executive Peter Harrison has personally had discussions with senior staff on modern slavery. Schroders is planning to expand its awareness raising and training on modern slavery and human trafficking over the coming year. Finally, in October 2020, NatWest's sustainable banking committee held a session examining its approach to modern slavery which was attended by the chairman Howard Davies and chief executive Alison Rose.

Policies, ethics and culture

Businesses have been placing more emphasis on environmental, social and governance issues in recent years. Environmental considerations have taken the lead, fuelled by carbon reporting requirements, public concerns and growing investor activity on climate change. Now increasing focus is falling on human rights risks within business models. This was underlined at the G7 Summit of June 2021 where the leaders jointly pledged to work together to tackle forced labour in global supply chains.[5]

Within the ESG framework, many institutions have been revising and strengthening their ethical policies and codes of conduct. For example, Co-operative Bank's ethical policy is customer-led, dedicated to ensuring that values and ethics are embedded into its governance.

Some institutions are setting strategic goals to ensure that core values take root. Virgin Money has refreshed its ESG strategy in the past year to deepen its sense of purpose and drive positive social and environmental impact into all its activities. Lloyds Banking Group's human rights policy carries a commitment to embed human rights into its operations. Legal & General's modern slavery working group has set a five-year plan to deliver a robust strategy across the group. Multi-year plans are welcome if they can demonstrate long term commitment to driving change. Setting robust strategic goals within them, and ensuring that they are properly monitored, will be a critical factor of success. Metro Bank has appointed a modern slavery champion, who is also chair of audit and reports to the board. Such champions can be powerful advocates for change, as long as they continue to have strong support from the rest of the senior management team.

Commerzbank is pledging to make modern slavery and human trafficking more explicit within its policies and procedures and has committed to creating a specific modern slavery strategy for its London branch employees. The bank reviewed its governance of modern slavery and risk ownership as part of its anti-money laundering and sanctions audit in 2020.

International standards and agreements

Many organisations report alignment with international standards, including UN Guiding Principles on Business and Human Rights (UNGPs)[6], the core labour standards set out by the

[5] See IASC website News & Insights (2021): Independent Anti-Slavery Commissioner - Dame Sara welcomes the commitment from G7 leaders to work collaboratively on the issue of forced labour (antislaverycommissioner.co.uk)

[6] 'Guiding Principles on Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework', United Nations (2011): GuidingPrinciplesBusinessHR_EN.pdf (ohchr.org)

International Labour Organization[7], and international standards of human rights, as defined in the International Bill of Human Rights[8].

In addition, CLS, a specialist provider of foreign exchange settlement services, is developing an ESG strategy to align with the UN Sustainable Development Goals under four pillars: governance, people, planet and prosperity. It will be reviewing its policies in 2021 and building in anti-slavery considerations where necessary. Coventry Building Society has aligned with the UN Principles for Responsible Banking and NatWest has joined the UN Global Compact's modern slavery working group, as part of its strategy to work towards Sustainable Development Goal 8.7.[9] Société Générale signed the worldwide agreement on fundamental human and trade union rights with UNI Global Union in 2015, and reinforced this commitment in February 2019.

Collaborative initiatives

Modern slavery is a complex crime, hidden in businesses, supply chains and financial flows, and would be impossible to eradicate if organisations acted alone. Encouragingly, most institutions demonstrated willingness to work with competitors, law enforcement and expert organisations to develop a more nuanced understanding of local and international issues.

For example, both Bank of America and Standard Chartered are working with the Thomson Reuters Foundation's Banks Alliance Against Trafficking (a series of regional multi-stakeholder working groups). Metro Bank is a member of the UK Finance Responsible Business Conduct Pathfinders Group and Nationwide has joined the UN Global Compact UK Modern Slavery Act Working Party to share best practice. Meanwhile, Citigroup is partnering with Polaris and Liberty Global as well as the Mekong Club. Finally, Société Générale has committed to engaging with a UK NGO this year to understand how it can best improve its anti-slavery practices.

2. Monitor and report

Recognising risk in procurement

In their responses to the Commissioner, institutions showed varying levels of understanding of the links that their supply chains might have to modern slavery and labour exploitation. Several wrote that because they were based in the UK, and sourced domestically, they were at low risk.

This is a disappointing response that fails to take into account the complex nature of supply chains for goods and services. For example, computers and electronic devices are essential to any modern functioning office, and IT provision was one of three high risk areas identified by the UK government in its own modern slavery statement.[10] IT procurement risks lies not only in the conditions in factories manufacturing the electronic products, but also the mining of raw materials and precious metals such as lithium, gold, tungsten and cobalt. These materials, as NGO Electronics Watch points out, are mined in conditions that may violate workers' fundamental labour rights and human rights, destroy ecosystems, and undermine the livelihood

[7] International Labour Organization Labour Standards webpage: Labour standards (ilo.org)
[8] The International Bill of Human Rights (1948): 0245812.fm (ohchr.org)
9 See UN Sustainable Development Goals. SDG 8.7: "*Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms.*"
[10] UK Government modern slavery webpage: UK government modern slavery statement - GOV.UK (www.gov.uk)

of surrounding communities. Concern is also growing about the production of silicon in forced labour conditions in China. As a major procurer of electronic goods, the sector could play a more strategic role in influencing suppliers and manufacturers in these supply chains.

Similarly, NGO Focus on Labour Exploitation's recent report[11] highlights the vulnerability of cleaners often working in prestigious city offices via large agencies. Workers are frequently in precarious employment and made more vulnerable through opaque subcontracting arrangements and zero hours contracts. Participants in the research cited frequent issues with pay, such as not being paid for all hours worked, not being paid on time, not receiving holiday pay, not being paid at all or being paid less than originally promised.

The financial sector could show more leadership in ensuring that ethical employment standards are not just mentioned in policy documents, but genuinely trickle down into the lower levels of low-wage subcontracting. For example, organisations could engage with landlords and providers of janitorial and cleaning services to discuss and address any such risks.

Due diligence on supply chains

Identifying human rights risk is a complex undertaking for any business and, for practical reasons, currently tends to be confined to highest risk sectors or locations. Most organisations are using external data and media feeds to identify modern slavery risk. Sources including the ILO, Verisk Maplecroft, the Global Slavery Index and Factiva are being used to inform approaches to both supply chains and investment and lending portfolios. Such resources play a useful role in building a broad understanding of risk but, as there is no perfect or complete source of global data, this can only be part of the solution.

Therefore, it is encouraging to see some improvements in supplier risk management. Santander now requires suppliers to submit assurance and compliance data before starting a contractual relationship, which must be updated annually. Credit Suisse is extending its due diligence checks to subcontractors. Meanwhile, Citi asks all suppliers about labour policies and practices. Those identified at higher risk are asked to provide additional information around typical modern slavery indicators such as prohibiting recruitment fees, providing contracts in languages that workers understand, ensuring that identity documents are not withheld and establishing grievance mechanisms.

Some organisations are developing new risk management tools. Barclays refreshed its risk assessment of supply chains, updating its priority focus areas in 2020. This year it introduced a supply chain sustainability programme that includes a modern slavery and human trafficking workstream. Lloyds has been piloting a sustainability assessment tool with a small number of suppliers to gain insight on issues such as labour and human rights and is now rolling this out. Schroders developed a framework to help its investment teams identify modern slavery risk in 2020, which it is now applying to its own supply chain. Fidelity plans to make sustainability assessment mandatory for material outsourcing of its high risk and high spend suppliers.

A number of financial institutions have been partnering with specialists and NGOs to dig deeper into their commercial relationships. Nationwide worked with Unseen in 2020 to identify high risk suppliers by region and by sector. Subsequently, the two parties have collaborated on a detailed supplier questionnaire for higher risk partners. Hargreaves Lansdown is also collaborating with the same charity to review its approach. Legal & General has adopted the Ethical Trading

[11] See Focus on Labour Exploitation research report (2021): "If I Could Change Anything About My Work..." Participatory Research With Cleaners In The UK | Focus on Labour Exploitation (FLEX)

Initiative's Base Code for its supply chains.[12] Bank of America has partnered with Verité to identify areas of greatest risk in activities such as consumer financial transactions and third party vendors, and has also been working with Polaris, Arise Foundation and other NGOs around the world. NatWest has established a new relationship with ratings platform EcoVadis, to measure its own and supplier performance against areas of business conduct and ethical and environmental sustainability.

In new developments, Coventry Building Society has committed to reviewing its supplier management processes and Direct Line is issuing new supply chain management information, based on its procurement audit function and enhanced supply chain mapping of high-risk sectors.

Improving supplier engagement

A large number of responses to the Commissioner mentioned the introduction of employee and supplier hotlines and enhanced supplier codes of conduct. Some stipulate that suppliers must have relevant policies in place, particularly in high-risk sectors to maintain the relationship.

Demanding ethical policies is the first and easiest step for any client, ensuring that they are implemented is the greater challenge. To reinforce the message, some organisations are now embedding expectations into commercial agreements. Citi has introduced clauses on modern slavery into certain supplier contracts in the past, but is now rolling them out across its global operations. It is also working on similar clauses in client contracts. NFU Mutual has introduced modern slavery clauses into service contracts and requires suppliers to cascade requirements to their own supply chains. CLS will enhance its third-party risk management and procurement program through 2021, and will be embedding contractual provisions where appropriate. Royal London Asset Management is supporting suppliers through training sessions and also sharing tools and materials.

Some institutions are contemplating direct intervention. Commerzbank is considering conducting onsite visits to business partners in particularly high-risk cases. Société Générale has reinforced the rating given to its E&S questionnaire in high risk purchasing categories, which include building work, waste management and electronic equipment. This year the bank will be performing audits on four suppliers at international group level. It also plans to launch audits for higher risk UK suppliers.

Legal & General, which has recently become a major housebuilder, has been piloting a due diligence strategy with its two key construction businesses. Following significant findings on worker welfare on its sites, it directly engaged with suppliers. Since the intervention, one supplier has trained all of its directors, managers and supervisory staff on modern slavery. Legal & General has committed to the Gangmasters and Labour Abuse Authority's construction protocol to continue proactive engagement on worker welfare issues.

Metro Bank has also taken decisive action. In 2020, it identified four suppliers in countries where the modern slavery risk was high, and engaged with them to ensure that appropriate controls were in place. Metro Bank also reviewed 16 of its suppliers in higher risk sectors. Following a further review, the bank ceased working with one supplier last year. We do not know the circumstances of the bank's termination of this relationship, but best practice advice suggests that disengaging with suppliers should only be used as a last resort, when all other forms of engagement have failed.

[12] ETI Base Code: ETI Base Code | Ethical Trading Initiative (ethicaltrade.org)

Strategic training

The majority of responses mentioned employee codes of conduct, whistleblowing hotlines and training activities that met regulatory requirements, such as anti-money laundering (AML), anti-corruption and fraud prevention training. However, some organisations failed to make explicit links to, or made only passing mention of, anti-slavery training within their compliance frameworks. In better examples, specific training modules were cited, reinforced by communication, support and awareness-raising programmes.

NFU Mutual will be adding modern slavery risk into its annual financial crime training and plans to create a centralised intranet location for all anti-slavery related activity. Visa has just introduced anti-slavery training for colleagues in working in procurement in Europe. Meanwhile, last year, 96% of Lloyds employees completed training on modern slavery and human trafficking and Citi provided training on human rights risk to 350 banking and risk management colleagues.

As ESG priorities rise within procurement departments, there is an ongoing need to empower and support supplier managers. Nationwide collaborated with NGO Unseen to offer anti-slavery training to its procurement function, while Lloyds is piloting a supplier risk management tool that provides managers with data and media feeds in real time.

There was also recognition of needing to raise the skills of staff that were not in customer facing or procurement roles. M&G is developing an annual training module which will initially target its procurement, commercial and supplier managers, and has later plans to roll it out to all staff in the future. Société Générale is introducing a new environmental and social training module for its UK employees. It is pledging extra training on human rights for senior managers this year. Willis Towers Watson is planning to do a wider rollout of anti-slavery training modules, including to senior management, while ensuring that those outside its procurement function are also aware of the risk.

Nationwide's anti-slavery working group and several colleagues in the AML and risk departments have undertaken the new Modern Slavery Certificate by the Association of Certified Anti-Money Laundering Specialists (ACAMS) and the Finance Against Slavery and Trafficking (FAST) Initiative to ensure awareness of best practice within financial services. Other banks, such as Credit Suisse, are also pledging to give key staff training through FAST's Fighting Modern Slavery and Human Trafficking certificate.

Awareness raising

Awareness-raising activities are an important part of creating the right environment for detecting and fighting exploitation. For example, Standard Chartered runs regular training and awareness campaigns and reports an embedded culture of financial crime risk ownership across the entire bank.

Other institutions demonstrated a commitment to increase messaging and communications. NFU Mutual issued a company-wide briefing on modern slavery and human trafficking to all employees in October 2020, and plans to build regular employee-wide engagement on the subject. Société Générale introduced special training to encourage a speak up culture last year and will be running a campaign to reinforce this in 2021. Royal London is upgrading its training material and will be encouraging more senior management to attend open awareness raising sessions. Credit Suisse will be linking modern slavery to its internal impact statements which relate to its code of conduct. It will be issuing further related communications to UK employees during 2021. Meanwhile Santander has invited law enforcement and NGO anti-slavery specialist Stop the Traffik as an external speaker to its anti-financial crime culture roadshows.

Finally, in a strong example of nurturing a more proactive culture among employees, Virgin Money is not only committing to more regular internal communication on modern slavery issues, its board will be thanking and drawing attention to the efforts and achievements of frontline staff, drawing out case studies where appropriate.

3. Detect and disrupt

Systems for detecting the proceeds of crime

As modern slavery is conducted primarily for financial gain, the financial sector has a significant role to play in detecting the patterns that that can arise from coercion, exploitation and misuse of bank accounts. However, with an estimated 40 billion payments made in the UK annually[13], recognising the anomalies within the system can be a complex undertaking. Even at local level, staff in branches may not feel equipped or confident in reporting suspicious behaviour. In Operation Fort[14], the largest modern slavery case to go through the English courts, at least seven banks had been used to launder the money through hundreds of bank accounts. Yet, despite suspicious behaviour at cashpoint machines and in branches, not one branch raised a suspicious activity report (SAR) before being contacted by the police.

There have been improvements since the police started investigating Operation Fort around five years ago. For example, Lloyds' Group Fraud and Financial Crime Prevention Financial Intelligence Unit (GFIU) has been making human trafficking and modern slavery a primary area of focus. It has engaged with external stakeholders to develop typologies and indicators of sexual and labour exploitation as well as organised immigration crime. It has also developed new transaction and customer-based indicators for labour exploitation, partly drawing on learning from Operation Fort. Lloyds has been carrying out additional analysis on county lines activity for the National Crime Agency for the JMLIT performance reports.

Bringing in improvements at operational level, Standard Life Aberdeen has introduced reporting protocols for escalating instances of modern slavery to senior management. Direct Line is reviewing the effectiveness of its red flags in prevention controls and financial crime detection. Coventry Building Society will be reviewing its SAR process and associated culture, to ensure that its approach meets its broader modern slavery objectives. Société Générale is introducing more ad hoc checks into its know your supplier and know your customer procedures, as well as training for staff in charge of such processes. M&G is developing a framework for dealing with financial crime, including modern slavery. It has introduced a transformation programme for embedding enterprise risk assessments into the company. The results of these assessments will inform its internal audit testing plans.

In examples of ongoing good practice, Commerzbank's London Risk Function assesses modern slavery and human trafficking as part of its credit and market risk strategies. The controls are aimed at preventing staff in the UK branch from engaging with clients that might be involved in such activities. Metro Bank checks for modern slavery risk when accounts are opened, and

---

[13] UK Payment Markets Summary (2019): UK-Finance-UK-Payment-Markets-Report-2019-SUMMARY.pdf (ukfinance.org.uk)

[14] See IASC website News and Insights (2020): Independent Anti-Slavery Commissioner - Launch: IASC review on Operation Fort (antislaverycommissioner.co.uk)

continues to monitor for risk over the course of the customer relationship. American Express' central financial intelligence unit carries out targeted ad hoc queries to identify child exploitation and human trafficking.

Some institutions are turning to technical innovation to improve their response. Bank of America is investing in artificial intelligence to detect and flag unusual activity which could be referred to law enforcement.

Barclays has developed analytics technology that generates alerts based on targeted human trafficking and modern slavery typologies. This builds on several years of work in which the bank has been actively profiling and reporting customers suspected of involvement in sexual exploitation. TSB is implementing technology for better detection solutions, including suspicious behaviour at ATMs. TSB is also advising technology providers on how they can assist in the detection of trafficking.

Improving the skills of frontline staff

Training for customer-facing staff is an essential part of any organisation's strategy for combatting modern slavery but needs to be relevant, adapted to context, and responsive to changing criminal methods. It should also be assessed for its effectiveness. In developing good practice, some financial institutions are demonstrating a nimbler approach, including responding to pressures thrown up by the Covid-19 pandemic.

Virgin Money is exploring what extra resources and training are needed to help staff in branches improve detection and response to suspected exploitation. Coventry Building Society is also reviewing its SAR process and associated culture, to ensure that its approach to reporting meets the broader objective of spotting exploitation and protecting vulnerable customers. Meanwhile, Nationwide has appointed a nominated officer to ensure that all employees are able to identify and report on suspicious activity internally, including suspicions about human trafficking or modern slavery. It has also rolled out in-depth training on vulnerability, training colleagues on how to respond to potential victims, such as speaking to them in a private room, or contacting the police if they are in immediate danger. The effects of such training became apparent when branch employees alerted local police after noticing suspicious activity at an ATM that was linked to suspected forced labour.

Lloyds has introduced training to help bank staff recognise child victims of modern slavery, including young people involved in illegal county lines drugs operations. County lines, where drugs are trafficked from urban centres to regional towns and villages, is a growing area of child exploitation. Lloyds has also been training colleagues to spot emerging threats and vulnerabilities, arising as the result of the pandemic.

Recognising that exploitation can vary depending on local conditions, Barclays ran a special awareness-raising project on the agricultural sector for the week around Anti-Slavery Day last year. The bank trained 150 colleagues and introduced an escalation process to allow staff to raise concerns faster. Meanwhile, Metro Bank plans to introduce detailed branch training that incorporates specific regional indicators, for example, differentiating the garment sector in Leicester from agricultural communities in Peterborough.

Collaborating to fight modern slavery and other crimes

Collaboration and knowledge sharing are essential, particularly in detecting and disrupting modern slavery. Several institutions, including Standard Chartered, TSB, Barclays, Commerzbank, Lloyds Banking Group and Santander mentioned their work with the Joint Money Laundering Intelligence Taskforce (JMLIT). This is a partnership between law enforcement and the financial sector to exchange and analyse information. As modern slavery and money laundering are often intertwined, some of the JMLIT members have been doing important work to develop criminal and victim typologies that can be shared with other professionals.

If the sector is to tackle these crimes effectively, it needs to take a consistent approach. It is therefore encouraging that some multinationals supporting smaller institutions. HSBC has been collaborating with other large organisations through trade association UK Finance to design a training module to assist smaller banks in enhancing their financial crime controls in the area of modern slavery. It has also contributed to similar training materials in partnership with the European Bankers' Alliance and Thomson Reuters Foundation.

There is also support for NGO and business collaborations to develop global data sources. Barclays is working with IBM, Red Compass and Stop The Traffik to develop the Traffik Analysis Hub (TA Hub). TSB, Santander, Citi and Standard Chartered are also supporting the initiative. Meanwhile, Commerzbank's London-based compliance investigations team recently took part in a pilot to enhance the intelligence sharing performance of the TA Hub.

4. Invest and engage

Lending and investment portfolios

Investors and lenders have a hugely influential role to play in influencing environmental, social and governance (ESG) considerations. As the Liechtenstein Initiative points out:

"….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."[15]

A recent paper on corporate resilience by Harvard Business School also suggests a strong commercial case for investing in purpose-led businesses. Researchers found that stocks perceived to be more invested in strong workforce management outperformed others during the Covid19 pandemic.[16]

Yet, research by Walk Free, WikiRate and the Business and Human Rights Resource Centre,[17] suggests that major investors are not fulfilling their potential in this regard. In analysis of the modern slavery statements of 79 asset managers, only 27% of organisations disclosed that they conducted due diligence on modern slavery or human rights in their portfolios. Only 15% disclosed direct engagement with investee companies through social audits, self-assessment reviews, shareholder resolutions or training.

[15] See 'A Blueprint for Mobilizing Finance Against Slavery and Trafficking' (2019) on FAST website: Liechtenstein Initiative's Financial Sector Commission on Modern Slavery and Human Trafficking

[16] 'Corporate Resilience and Response During COVID-19' Working Paper 20 – 108, Harvard Business School (2020): Corporate Resilience and Response During COVID-19

[17] Walk Free, WikiRate and the Business and Human Rights Resource Centre (2021): Beyond Compliance in the Finance Sector

These findings were partly reflected in responses to the Commissioner, from both investing and lending organisations. Some focused on their own supply chain due diligence, but failed to mention their client or investee portfolios. In stronger examples, organisations had overarching sustainability and climate change frameworks, but the social factors were less well developed within them.

Understanding the drivers of labour exploitation within supply chains is a nuanced and evolving area. Lack of transparency and inconsistent data can make it difficult for financial institutions to compare and benchmark companies. Frameworks and metrics for social factors are less developed than environmental ones. Nevertheless, some organisations are beginning to make headway. Aberdeen Standard Life acknowledges that the biggest impact it has against modern slavery and human trafficking is through its investments. It has recently formed a labour and human rights working group that shares information across the investment teams. The group focuses on high risk sectors and geographies, undertaking thematic, sector and asset level analysis. Having developed an ESG house score, Aberdeen implements an extensive engagement programme with investee companies.

At Morgan Stanley, areas of heightened concern undergo enhanced due diligence and may be escalated to senior management. Morgan Stanley's investment and global stewardship teams directly engage with businesses, and the company uses thematic research and industry collaboration to mitigate human rights risks and drive more responsible investing. Royal London has a dedicated responsible investment team, which considers the impact of social issues, including modern slavery. The organisation routinely raises issues around company management via its engagement programme, where it urges companies to address human rights violations within their supply chains. Citi is developing a heat map of the potential prevalence of modern slavery in its corporate client portfolio and will be exploring ways of conducting more targeted risk assessments and due diligence.

Several organisations are not only embedding the UNGPs into their policies, but also requiring customers to do the same. Aberdeen Standard expects its investee companies to align with the UNGPs, encouraging them to disclose the steps that they are taking to address risk. Direct Line's investment arm will not invest in companies breaching the ten principles of the UN Global Compact, unless a portfolio manager can justify a position based on robust research. Lloyds' exclusion policy stipulates that it will not invest in companies that have been identified as violating the UN Global Compact. Managers of Lloyds mandated funds must comply with this policy.

Assessing clients and investee companies

The financial community is increasingly acknowledging that human rights violations in corporate value chains pose long term risks to the value of their investments. The majority rely on open source research for their client onboarding, including news feeds and data on poor labour practices. As new products emerge in this space, London Stock Exchange Group has announced a partnership with Freedom Seal Global to harness risk intelligence data on corporate supply chains around the world.

Some organisations are taking an increasingly proactive approach to client lifecycle management. Commerzbank uses open source research for client onboarding, and its screening categories include social and labour red flags. Co-operative Bank asks every business application to fill out a questionnaire based on its ethical policy. In 2020 it referred 173 customers for enhanced screening due to labour standards and human rights concerns, which was nearly double the previous year. Lloyds has embedded its ESG commentary requirements within its credit assessment process of its commercial banking division. The bank stipulates that ESG concerns, including modern slavery risks, must specifically be commented on where credit is given at £500,000 and above. Such thresholds can be useful for triggering process, but financial institutions should remain vigilant in ensuring that lower-value transactions in high risk sectors are not subsequently ignored. A fashion startup will require less capital than a major infrastructure project, but both could carry significant social risks.

NFU Mutual's actively managed UK equity funds are subject to due diligence, including assessment of each organisation's governance in dealing with unscrupulous organisations. St James's Place has been annually assessing its fund managers on responsible investment since 2014, and all are signatories to the UN Principles for Responsible Investment. Last year, St. James's Place added child labour standards and labour controversies into its third-party data on ESG risk. Looking forward, it will be incorporating more modern slavery elements into its risk assessment processes.

Fidelity has developed a bespoke sustainability ratings framework which it uses to support evaluation of investee company performance and trajectory on sustainability issues. Fidelity's criteria includes fair treatment of workers, including contractors and subcontractors, decent wages, policies against forced labour, reasonable working hours and accessible grievance mechanisms. These policies also apply to the supply chains of its investee companies.

Engaging with businesses

Screening businesses is an important part of risk management, but direct engagement is essential if the financial sector is to fulfil its potential to accelerate social responsibility.

In examples of good practice, Citi, which is developing training and support materials for its client base, has exited some clients because of modern slavery and human trafficking concerns. Issues that the group has raised with businesses include the return of ID documents and concerns around debt bondage.

Fidelity has more than 15,000 company meetings a year, and strives for constructive dialogue on ESG matters. In 2020, Schroders had 2,000 company engagements on ESG topics, of which 158 were directly related to human rights issues. The same year, BlackRock conducted 3,000 meetings with more than 2,000 companies globally, covering 61% of its clients' equity assets. As part of these engagements, BlackRock asked companies to disclose how ESG matters were managed within their business models, and how they impacted on sustainability. Last year BlackRock voted against or withheld support from the re-election of 5,100 board directors as a result of concerns about governance or business practices. However, it is unclear how many of BlackRock's engagements related directly to modern slavery or forced labour concerns.

Brewin Dolphin engages with its core holdings on purposeful dialogue on ESG, while Citi seeks external advice on geographical locations as part of its due diligence process, which enables it to decline to participate with or impose conditions on clients.

The next logical step for investor and lending organisations is to analyse and disclose more about their level of engagement with business, to encourage better practice across the sector. In encouraging examples, Fidelity publishes an annual sustainable investing report that includes details of proxy voting and other activities. The report also highlights Fidelity's engagements in relation to human rights and modern slavery. Fidelity is publishing its first corporate sustainability report this year, which will detail how it manages its environmental and social footprint. In other new developments, Standard Life Aberdeen will be specifically recording its engagements on modern slavery and human trafficking from 2021. Modern slavery and human trafficking will also be subject of a specific focus in St. James's Place's annual fund manager responsible investment assessment for this year.

Dealing with high risk sectors

With finite resources, many financial institutions are prioritising sectors where the risk of labour exploitation is higher for their risk mapping and engagement exercises.

In sectors that are considered to be at greater risk - often where there is a prevalence of low paid migrant workers - Lloyds' relationship managers regularly review customers and any corresponding open source data, to understand the steps they are taking to manage the risk.

Fidelity has developed a proprietary sustainability ratings framework, which includes social factors and labour issues, to assess how companies are managing their supply chains. It has been focusing on the modern slavery and human trafficking risk in the supply chains of retail, textile and luxury goods companies since 2018.

Barclays is working with human rights experts to understand hotspots in its client lending portfolio, and has committed to review of modern slavery risks for corporate clients in at least one high risk sector or geographical area. It is also introducing specific requirements for known high risk areas. For example, provisions around avoiding child and forced labour in the forestry and palm oil sectors.

Société Générale is carrying out more in-depth analysis of riskier transactions, and has embedded them into its credit risk and reputational risk management policies and procedures. The bank is working to improve the accuracy of its risk mapping. It has also appointed additional environmental and social subject matter experts into its regional offices. Commerzbank is planning to review its clients in high risk sectors, including construction, agriculture, healthcare, catering and hospitality.

Supporting and guiding customers

Given the challenges that even ESG experts face in navigating responsible business practice, the need for materials that can support customers, smaller investors and other stakeholders to make better informed decisions is pressing.

There is some welcome innovation in this area. Virgin Money has teamed up with NGO Future-Fit[18] to pilot a sustainability benchmarking tool for customers. This helps customers understand how their operations benchmark against the 17 UN Sustainable Development Goals, and enables relationship managers to have conversations with businesses on how they are managing risk. Virgin is now in the process of digitising this tool, and believes it could eventually become part of its annual lending renewal process.

To support smaller noninstitutional investors, investment platform Interactive Investor has launched ii ACE 40, the UK's first rated list of ethical investments which aim to deliver positive social and environmental benefits. As Interactive Investor points out, retail investors have considerable collective power to positively influence the corporate governance of the companies they invest in, but tend not to use it. Interactive Investor is running a campaign to encourage

[18] Future Fit Business website: https://futurefitbusiness.org

more participation from its customers, and helping to simplify and demystify the shareholder voting process.

Finally, St. James's Place introduced a pilot initiative for 2,500 partner businesses to become accredited by the Good Business Charter last year. With 90% of participating practices accredited, St James's Place aims to expand the initiative to wider partnerships in 2021. The investor is also partnering with an external specialist to support large scale company engagement on behalf of its clients' assets. The engagement will include a focus on modern slavery and human trafficking.

Investor-led collaborations for change

Investors have been demonstrating that they can act decisively on labour standards. Legal & General, M&G, Aberdeen Standard and CCLA were among a number of investors declining to back Deliveroo's stock market flotation in March 2021, amid concerns of the company's employment practices.[19]

Rathbones' engagement with the modern slavery agenda dates from 2009 when its Greenbank Investments unit convened a £240 billion strong coalition of asset managers, calling for the inclusion of transparency in supply chains legislation in the UK Modern Slavery Act.

Recent initiatives continue the growing – and mostly untapped - potential for orchestrated collective action. Aside from membership of groups such as UN Principles of Responsible Investment, some investors have been supporting collaborative initiatives that target companies in specific sectors. CCLA's Find it Fix it Prevent it[20] initiative is backed by 56 investors with more than £7 trillion assets under management. Launched in late 2019, the initiative has so far focused on direct engagement with companies in the hospitality sector, but is now expanding to include building materials.

Some multinationals, such as Fidelity and Schroders are members of a similar Asia-based initiative, Investors Against Slavery and Trafficking Asia Pacific, with 35 investors and more than £5 trillion assets under management.[21] Its initial engagement focuses in particular on consumer staples, non-essential consumer goods, healthcare and IT sectors. Finally, Votes Against Slavery, the Rathbones-led investor coalition which targets FTSE 350 companies and their compliance to Section 54 of the Modern Slavery Act, is now backed by more than 80 investors across Europe with £7.8 trillion in assets under management.[22]

These initiatives are already yielding results and demonstrate the power of more coordinated-and consistent approaches from investors. If scaled up, they could accelerate change across many sectors.

[19] See Evening Standard article (2021): L&G joins City giants avoiding Deliveroo IPO amid workers' rights row | Evening Standard
[20] CCLA website: CCLA Modern Slavery (modernslaveryccla.co.uk)
[21] See Investors Against Slavery and Trafficking Asia Pacific webpage: Investors Against Slavery & Trafficking | IAST-APAC (fastinitiative.org)
[22] Rathbones 2020 Votes Against Slavery report (2021): https://www.rathbones.com/sites/rathbones.com/files/imce/5558_votes_against_slavery_2021_final_16_feb_2021.pdf

5. Empowerment and support

Promoting financial inclusion

For survivors of modern slavery and human trafficking, a crucial step in their recovery is being able to carry out activities that most adults would take for granted, such as opening and controlling their own bank accounts. However, survivors often face barriers to these everyday activities. They may not have a permanent address or standard identity documents. They may have a poor credit rating if traffickers have been building up debt, or committing financial fraud in their name.

A number of retail banks have joined initiatives to ease the path of survivors back to normality. Citi, Barclays and Bank of America are among those supporting Finance Against Slavery and Trafficking (FAST)'s Survivor Inclusion Initiative. HSBC's survivor bank programme has provided 800 victims with financial access. Lloyds has flexible processes on opening accounts for survivors. This includes providing guidance and resources for staff dealing with customers that don't have standard identity documents.

Nationwide has introduced a flexible account that accepts an extensive number of documents as alternative proof of ID, and also trains staff to respond with empathy to potential vulnerabilities such as lack of confidence or capability, past circumstances and health. Meanwhile NatWest has been working with Unseen to develop a bespoke package of support for modern slavery survivors. As well as providing safe and reliable access to a basic bank account, the project is creating materials in multiple languages to help survivors hone their money management skills and become more financially confident.

Recognising and protecting vulnerable groups

The global coronavirus pandemic has created unprecedented levels of financial uncertainty across many parts of society, putting extra pressure on already vulnerable groups. Addressing financial vulnerability is important because it is a strong risk factor for future exploitation. In response, Lloyds is supporting financial inclusion for certain parts of the population, such as ex-prisoners, the homeless and people suffering economic abuse. Meanwhile, Virgin Money has set the goal that no low-income customer will be forced to pay more – a "poverty premium" - to access basic services by 2030.

The risk of exploitation is higher in sectors heavily reliant on outsourcing and dominated by low-skilled labour, such as cleaning and hospitality. Some institutions are playing their part in encouraging living wages in the workplace. Almost all of Barclays' locations - including in the US and UK - are covered by living wage benchmarks. Royal London, Lloyds, St. James's Place and London Stock Exchange Group are all accredited living wage employers and work with suppliers to ensure that they are operating in line with these commitments.

Campaigning and outreach work

Raising awareness both internally and in local communities is an important part of exploitation prevention. Several organisations mentioned work with NGOs, including Unseen, Stronger Together and Stop The Traffik, Hope for Justice and The Salvation Army. Other NGOs receiving support include Jericho Foundation, City Hearts, Medaille Trust, Crisis UK, Marylebone Project and Cardinal Hume Centre.

On specific projects, Barclays has been working in partnership with the Home Office, Stop the Traffik and local police to raise awareness in vulnerable communities. Meanwhile, Lloyds has been partnering with the Clewer Initiative to raise awareness of the new farm workers' welfare app.[23] In 2019, Société Générale employees in the UK took part in focus groups with Justice Studio and London councils. The project evaluated the impact of communications and messaging on public perceptions of county lines and modern slavery.

Last year, some financial institutions ran special activities around Anti-Slavery Day. Barclays ran an awareness campaign on labour and sexual exploitation with its customer facing staff, as well as investigations, oversight and AML teams. This included specialist virtual training, resource materials and guidance, risk indicators, scenarios and reporting obligations. Barclays also produced a modern slavery video which played across 300 branches and its social media platforms. Meanwhile Nationwide partnered with Unseen, recording an interview that was played across its branches via its own radio station.

6. Conclusion

Next steps

The letters from financial institutions indicate varying levels of activity, but there is a commitment from many to reinvigorate the internal response to anti-slavery initiatives. A number of CEOs wanted to continue the engagement with the Commissioner and have been sharing the report with senior colleagues internally and sparking conversations, sometimes in direct response to the Themis and Tribe report.

For example, The Co-operative Bank has committed to reviewing its modern slavery statement in the light of the report. Admiral has an agenda item to discuss its approach to preventing modern slavery in its business and supply chain and it will be publishing key priorities in its 2021 statement in June. BNY Mellon's enterprise ESG team is considering the report's recommendations as part of its regular review of anti-slavery commitments. Coventry Building Society is also reviewing its reporting structures, to make sure modern slavery remains on the agenda at senior level, and will continue to develop a holistic approach.

Meanwhile, CLS will keep modern slavery and human trafficking issues on its relevant board agendas in 2021 and will continue to review its polices and implement changes as needed, looking at controls within its risk frameworks and decision making, coupled with targeted internal training. Bank of America will be having discussions with colleagues about more UK-based activities.

It is encouraging to see so many financial institutions renewing or revitalising their commitments to the anti-slavery agenda. However, given the hidden nature of the crime, and the complexity of global supply chains, these initiatives are only scratching the surface of a pressing global problem. More than 60,000 organisations are regulated by the Financial Conduct Authority in the UK alone. Concerted action, focus and leadership will be essential for ensuring that anti-slavery considerations become an integral part of everyday business for all institutions, regardless of their subsector or size.

---

[23] The Farm Work Welfare App webpage: [Farm Work Welfare — The Clewer Initiative]

Appendix

RESOURCES

This report is part of the Independent Anti-Slavery Commissioner's ongoing engagement with the financial services sector.

It follows a year-long partnership with financial crime consultancy Themis and the TRIBE Freedom Foundation which set out to:

- Demonstrate modern slavery's links to the financial services industry
- Map out levels of awareness and anti-slavery activity within the sector
- Promote best practice and collaborative working

Engagement included a survey, industry roundtables, special interest groups and podcasts, culminating in a report: *Preventing Modern Slavery & Human Trafficking: An Agenda for Action Across the Financial Services Sector,* which was published in January 2021. Overall, the project reached 4,000 individuals and organisations from diverse backgrounds including retail and investment banks, building societies, corporate fund managers, insurance providers and money exchange services.

SURVEY

The project started with a survey of 1001 employees in the financial sector, 521 of which were in middle management or higher positions. Polling company Opinium focused on UK-based organisations that fell under Modern Slavery legislation.

Initial research found that, despite MSHT links to money laundering and other financial crimes, only a small number of financial services companies were actively managing their risk and engaging with clients and suppliers on issues relating to modern slavery and human trafficking.

FINDINGS

Awareness and activity

- **30%** of employees polled thought that modern slavery was not something that happened in the UK. The figure rose to **45%** among board level managers and directors.
- **43%** of board level managers and director level employees did not know if their organisation had a modern slavery policy to manage their slavery risks or confirmed they did not have one at all.
- **68%** of financial industry employees surveyed did not believe the subject had been raised more than a few times by senior management, if at all, in the last 12 months.
- **76%** believed their organisation could do more to improve internal communications and awareness-raising.
- **71%** of financial industry employees stated that they had never participated in any form of training with their current employer regarding MSHT.

Identifying exploitation, managing risk

- **21%** financial industry employees felt moderately to very confident in identifying potential signs of modern slavery or human trafficking in their day-to-day work. Only **27%** of those at middle manager level and above expressed confidence.

- **45%** of all financial services employees did not know who to report suspected instances of modern slavery or human trafficking to within their organisation
- **33%** were unsure whether their organisation had a policy to manage modern slavery risks. And **29%** believed their company did not have a policy.

The resulting report and recommendations can be found here.

- Questions and answers from the launch event can be found here.

- Dame Sara subsequently wrote to 51 CEOs on 18 January 2021, sending them the Themis report and asking for reassurance that they were taking concrete steps to address some of its findings and recommendations. The responses form the basis of this report. See the letter in Appendix B on pages 24 and 25.

- IASC co-organised a subsequent investors roundtable with the Liechtenstein Initiative for Finance Against Trafficking (FAST) on 29 April 2021. A summary of this session can be found here.

Appendix B: Letter from the Commissioner (January 2021)

Independent Anti-Slavery Commissioner

Dame Sara Thornton DBE QPM
Independent Anti-Slavery Commissioner
5th Floor, Globe House
89 Eccleston Square
London, SW1V 1PN

SfB: +443000732073
Email: shelley.perera@iasc.independent.gov.uk

18 January 2021

Dear ,

I am writing in my capacity as the UK's Independent Anti-Slavery Commissioner, a statutory provision of the Modern Slavery Act 2015. Within this role, I have a UK-wide remit to encourage good practice in the prevention, detection, investigation and prosecution of modern slavery offences and the identification of victims. Modern slavery is one of the top three international crimes alongside trade in counterfeit goods and drug trafficking. All financial institutions have a significant role to detect and disrupt this serious crime within their own operations, but those that provide credit and capital can do so much more – also ensuring that they do not directly or indirectly support other businesses that harm people.

Financial institutions need to be at the heart of the global effort to tackle modern slavery. However the report which I have published today, in collaboration with Themis and TRIBE Freedom Foundation, reveals very concerning levels of ignorance of modern slavery and lack of action to tackle it in financial institutions. Nearly half of all senior managers surveyed were unaware that modern slavery exists in the UK and nearly 70% of financial industry employees did not believe that the issue had been raised by senior managers more than a few times, if at all, in the last twelve months. A link to an executive summary and the full report can be found here. I hope that you too share my concerns and as the leader of your organisation respond to our call to action.

In the light of these findings I would also ask you to reassure yourself that your organisation is taking concrete steps to address the findings and recommendations in this report so that your institution plays its part in tackling modern slavery. Whilst there are pockets of excellence which we should celebrate, there is much more that we can all do. I am convinced that the only way that we will make a step change is if the leaders of our major financial institutions set the tone from the top. I urge you to recognise the severity of this issue and I look forward to hearing what additional steps you plan to take to further your controls against modern slavery and human trafficking across all levels of your own organisation and amongst your clients, suppliers and investments.

It would be helpful if you could respond by 12 March as I would want to include this review and any responses to it in my annual report which is laid before Parliament on an annual basis by the Home Secretary.

I look forward to receiving your response. In the interests of transparency, I request that you respond in a way that enables me to publish your letter on my website.

Yours sincerely,

Sara Thornton

Independent Anti-Slavery Commissioner