

Testimony of Alex Thier
Chief Executive Officer
Global Fund to End Modern Slavery

Hearing on “Combating Global Human Trafficking”
U.S. House of Representatives
House Foreign Affairs Committee
Subcommittee on Africa, Global Health, and Global Human Rights

October 27, 2021

I. Introduction

I would like to thank Chairwoman Bass, Ranking Member Smith, and members of the Subcommittee for providing the opportunity to speak on this critical issue.

The global fight to end modern slavery, human trafficking, and forced labor stands at a crossroads.

In one direction, we face a reality that continues to shock the conscience. There are over forty million people living in modern slavery, deprived of their fundamental rights, dignity, and freedoms. More than 70% are women and girls; one in four is a child.¹ It is a global crisis - among the largest-scale and most savage human rights problems in the world. And despite significant commitments and agreements and investments, we now know that the number of people living in conditions of modern slavery is rising.

In 2020, global estimates showed 160 million children in child labor, the first increase in two decades.² For those already at risk of exploitation, the COVID-19 pandemic has drastically heightened their vulnerability and has introduced new risks. Climate change is creating conditions of heat, flooding, and food insecurity that create significant vulnerability and drive risky migration. Rising authoritarianism and corruption are increasing repression and impunity and the rise of state-imposed forced labor.

Despite being illegal everywhere, modern slavery persists almost everywhere, encompassing various forms of exploitation and abuse: human trafficking, forced labor and forced child labor,

¹ International Labor Organization (ILO) and Walk Free Foundation. “Global Estimates of Modern Slavery: Forced Labor and Forced Marriage,” 2017.

http://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/documents/publication/wcms_575479.pdf

² ILO & UNICEF. “Child Labor: Global Estimates 2020, Trends and the Road Forward,” 2021.

https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_800090/lang--en/index.htm

debt bondage, forced marriage, and commercial sexual exploitation. It happens on construction sites, in clandestine factories, on farms and fishing boats, and in private households. Tens of billions of dollars worth of everyday goods that make up our diets and daily routines, from coffee and chocolate to cell phones and the clothes we wear, are tainted by forced labor.

It persists because millions of people, due to poverty, conflict, or inequality, lack viable alternatives. It persists because it is profitable, producing an estimated \$150 billion per year in profits to organized crime and traffickers, fueling corruption and breakdown of the rule of law.³ It persists because existing laws and legal frameworks are not strong enough to stop it. Traffickers act with impunity, undeterred by weak law enforcement and criminal justice systems.

Human trafficking has enormous long term economic and social consequences for its victims and enormous costs for society. It robs the economic contributions of millions, often creating a lifetime of trauma, underemployment, and socio-economic hurdles. It disproportionately affects women and girls, overwhelmingly the victims of commercial sexual exploitation and other major areas like domestic work. Women in forced labor are often subjected to sexual violence even when not forced into sex trafficking. The long-term costs to society in dealing with trafficking - from prosecution, to corruption, to lost taxes, to psycho-social care are significant - and far higher per person than the cost of preventing trafficking. Human trafficking is also enormously costly to the environment. Many industries with a high prevalence of forced labor are among the most environmentally destructive, while several industries that are key to addressing climate change are also exposed to forced labor. Climate change is becoming a major driver of vulnerability and migration, and it will lead to many more being exploited by traffickers.

In the other direction at this crossroads, we see the potential for serious progress in the passion and creativity of a global movement of people, governments, civil society, and companies.

II. The Impact of the Fund

What does progress look like?

The work of the Global Fund and its partners is demonstrating significant results in charting a new course to combat modern slavery.

The Global Fund to End Modern Slavery was designed to marshal unprecedented resources and build and execute a coherent global strategy to dismantle the systems that perpetuate modern slavery. Conceived in 2012 by a group of anti-slavery leaders, GFEMS was established in 2017 as a result of a bold act of the U.S. Congress with strong bi-partisan support. This coalition,

³ ILO. "Profits and Poverty: The Economics of Forced Labor," 2014.
http://www.ilo.org/global/publications/ilo-bookstore/order-online/books/WCMS_243391/lang--en/index.htm

recognizing the need for a multi-donor global fund, worked with the U.S. Congress to get \$150 million in new funding authorized for the Program to End Modern Slavery (PEMS). In 2017, GFEMS received \$25 million of PEMS funding through a competitive process run by the U.S. State Department Office of Trafficking in Persons (TIP), and secured a matching pledge of \$25 million from the UK government. Since then, the Fund has successfully leveraged nearly \$40 million more from the U.S. and other governments, private sector partners, and foundations. Our efforts are closely aligned with the approaches and priorities of our largest funder, the U.S. State Department's TIP Office, with whom we have co-designed many of our programs.

With these investments and government and private partnerships, we have made significant progress in a few short years. GFEMS co-created a robust set of interventions and invested with dozens of partners in nine countries. Beyond mobilizing significant resources, GFEMS is focused on working with partners to transform the systems that perpetuate these crimes. We target geographies and sectors with the highest prevalence where there is political will to act, and we invest in projects with the greatest potential for replication and impact at scale.

GFEMS creates integrated approaches to solve the complex challenges of human trafficking. We work with governments to build and strengthen legal regimes that combat trafficking; engage with industry to change practices that increase exploitation; support survivors to achieve sustained freedom and lead change; engage with highly-susceptible communities to prevent trafficking; pilot and scale innovative approaches and tools; undertake and disseminate best-in-class evidence, research, and learning; and build strong local, national, and international coalitions to elevate the fight against slavery on the global agenda. While this integrated and holistic approach is necessary to dismantle systems of exploitation, our programs are making a real difference in the lives of survivors and those most vulnerable to abuse across the globe.

As of June 2021, GFEMS has reached over 50,000 individuals to address vulnerabilities that put them at risk of modern slavery, including supporting access to government entitlements, vocational programs, and cash and food transfers during the pandemic, thus helping build a safety net to protect against exploitation. We have supported nearly 3,000 victims and survivors to receive holistic and trauma-informed reintegration and rehabilitation support. This includes legal support for victims pursuing justice against their perpetrators. Our programs empower survivors to build sustainable lives of freedom and dignity.

Ending modern slavery requires a holistic approach and coordination and collaboration at a global scale. It requires significant investment and resources if we are to tip the scale towards eradication. Systems change may seem an ambitious target, but it is the only way we can achieve sustainable and meaningful progress in the fight to end modern slavery. Our programs are showing that it is possible.

Spurring Systems Change with Ethically Recruited Migrant Labor

Too often, exploitation begins with the process of recruitment. Traffickers offer good jobs with good wages, but then use deception and threats to transform work opportunities into debt bondage and forced labor. Transforming the recruitment process from one that preys on the vulnerable to one that protects and supports workers is critical as migration for labor increases, and is a key systemic change that GFEMS has invested heavily in.

The Fund developed a portfolio of programs to prevent the exploitation of overseas Filipino domestic workers. The Philippines government estimates that Filipina women comprise 25% of the 11.5 million migrant domestic workers in the world, and evidence shows that the domestic service industry accounts for nearly 25% of all forced labor.⁴ Domestic workers are especially vulnerable to abuse as they are employed in private households, their labor unseen and therefore unregulated. Nearly 80% of domestic workers are women.⁵

GFEMS worked with the Fair Employment Foundation (FEF) to protect and empower migrant workers with end-to-end migration support, providing fee-free comprehensive training to prepare migrants for work and life overseas, and supporting them to avoid the traps that lead to slave-like conditions. This effort has placed more than 2,500 overseas Filipina domestic workers in safe jobs. None of these workers was charged a fee, saving them an estimated \$3.75 million in recruitment debt and making them less vulnerable to exploitation. Moreover, FEF is now a self-sustaining entity—proving that ethical behavior can be profitable.

At the same time, GFEMS worked with the Blas F. Ople Policy Center and Training Institute in the Philippines to strengthen the criminal justice response to trafficking and abuse of overseas Filipino workers. The Ople Center was instrumental in establishing a specialized task force to address trafficking of migrant workers within the Inter-Agency Council Against Trafficking. The task force assisted 2,339 repatriated Filipino domestic workers who experienced exploitation. The task force also played a critical role in the investigation of a suspected sex slavery ring in Bahrain that had targeted and exploited Filipinas. In a landmark case, eight traffickers were convicted by a Bahraini court and imprisoned, and the Bahraini government awarded each survivor \$3,000 in restitution. The Ople Center supported and guided the women who filed suit throughout a lengthy legal process.

⁴ Corinne Redfern. “‘I want to go home’: Filipina domestic workers face exploitative conditions.” *The Guardian*. January 27, 2021. <https://www.theguardian.com/world/2021/jan/27/domestic-workers-philippines-coronavirus-conditions>; ILO, “Global Estimates.”

⁵ ILO, “Global Estimates.”

By combining law reform, law enforcement, support for survivors, and the private sector, GFEMS has created safer pathways to prevent exploitation and remediate harm. This effort demonstrates what an integrated, systems-wide approach can achieve.

Delivering Justice and Compensation for Survivors

In Ha Giang province in northern Vietnam, migration is a way of life. High poverty rates and reliance on low-margin agriculture spur migrants to cross the border into China, but these conditions also leave many vulnerable to trafficking and exploitation. Research indicates that risks are exacerbated by a general lack of awareness of trafficking across the province. Awareness-raising is key to prevention, but it is only one step in changing systems of exploitation. To effect real change that is sustainable, interventions must deter traffickers, support survivors, and strengthen local systems.

Prior to GFEMS' partnership with Blue Dragon Children's Foundation, no trafficking survivors reported receiving reintegration support despite the heightened risk of trafficking in Ha Giang province. The Fund's investment strengthened channels of coordination and information-sharing between government officials and various stakeholder groups. As a result, Ha Giang authorities referred or directly provided reintegration support to 35 survivors *for the first time*; moreover, the mechanisms put in place will ensure many future survivors receive the resources and support they need. This project was recently highlighted in the US State Department's 2021 Trafficking in Persons Report for its success in strengthening referral and support for survivors.

Supporting the Most Vulnerable During COVID

For those already at risk of exploitation, COVID-19 has drastically heightened vulnerability. At the same time, it has introduced new risks. For example, national lockdowns forced millions of migrant workers to repatriate, pushing many to work longer hours, accept lower wages, and take on debt, thus increasing their risk of falling into forced labor conditions.⁶

Workers at the bottom of global supply chains - those working in informal factories and often subsisting on daily wages - are also confronting dire situations. A survey of worker households in Bangladesh's informal apparel industry, conducted in summer 2020, revealed that most had less than one week of food supplies in their home. Only 3% of those surveyed had received any aid, either through government or NGOs.⁷

⁶ NORC at the University of Chicago via GFEMS South Asia Prevalence Estimation Research Program. "Ripped at the Seams: RMG Sector Workers During a Global Pandemic," December 2020. <https://www.gfems.org/reports/ripped-at-the-seams-ready-made-garment-sector-workers-in-a-global-pandemic/>

⁷ GFEMS. "Understanding the Effect of the COVID-19 Pandemic on Informal Apparel Workers in Bangladesh," March 2021. https://www.gfems.org/wp-content/uploads/2021/06/21.02.23_GFEMS_COVID_V31.pdf

Children too are at increased risk of exploitation as school closures have prompted a massive shift to online services and communications. Children are especially vulnerable to online exploitation as traffickers are increasingly using social media and other online platforms to prey on new victims and profiting from the surging demand for online sexual exploitation materials. At the same time, police and government resources are being diverted to COVID relief instead of investigation into these crimes.

COVID also caused severe disruptions to our own programs as research, training, service delivery, and other in-person activities had to be suspended or immediately adapted to an online platform. With partner networks in place, we were able to provide emergency relief to thousands of vulnerable individuals and households. BRAC, our partner in Bangladesh, provided cash transfers and COVID-19 prevention materials (PPE, hygiene kits, etc.) to 1,500 highly vulnerable apparel worker households and 104 unregistered, high-risk apparel factories. In India, our partner Jan Sahas provided rations to 1,000 migrant households to protect against food insecurity. In Vietnam, our partner Blue Dragon collaborated with government partners to distribute sanitation and hygiene supplies to eight schools, enabling 3,200 students to return safely to school and alleviating the burden on families facing food shortages.

However, even now, as economies and societies begin to reopen, the risk of exploitation remains. Returnees who found little reintegration support will take advantage of reopened borders to migrate again, but through riskier channels. As buyers and suppliers look to regain lost profits and return to “business as usual”, those laboring in factories with little oversight will experience the consequences. Schools may be opening again, but children will continue to go online where traffickers continue to operate.

What COVID has revealed in the starkest terms is that exploitation and modern slavery will persist until we change the systems that enable it. As the already-vulnerable- migrant workers, informal apparel workers, children- have become more vulnerable, COVID has exposed existing inequalities. Our investment in interventions to support safe migration practices, to protect workers, and ensure the safety of children will be even more vital as we move forward.

Generating Actionable Evidence

Modern slavery exists everywhere yet we still lack a true understanding of the scale and scope of the problem. By design, victims of modern slavery are hidden, thus making data collection a notoriously difficult task. Without comprehensive, reliable, and accurate data to inform programs and policies, gaps in local, national, and global responses will remain.

GFEMS is building a robust evidence base, enabling us to build better programs and support policymakers and other stakeholders to take informed action. We invest heavily in research to better understand prevalence and risk factors for modern slavery. We also prioritize rigorous and comprehensive evaluation so that we can identify what works to bring it to scale. GFEMS conducts modern slavery prevalence studies in the geographies and sectors in which we operate and, with our research partners, we adapt novel research methods to improve data collection among hard-to-reach populations.

Prevalence studies not only provide us with an understanding of the size of the issue but also unpack important characteristics of modern slavery that inform our programming and that of the wider anti-trafficking community. In northern Uganda, for example, GFEMS-supported research revealed that boys in the region are just as likely to be victims of commercial sexual exploitation as girls. From this research, we are working with our partners in northern Uganda to promote open and frank community discussion on this previously neglected issue and ensure males experiencing sexual exploitation can access services and support to achieve sustainable recovery and reintegration.

In addition to prevalence studies, GFEMS invests in rigorous and comprehensive methods of evaluation that take into account the nature of project activities, local context and feasibility, ethical considerations, and the specific research questions. GFEMS utilizes evaluation methods that can credibly contribute to our understanding of how interventions can reduce individual and systems-level vulnerabilities. From this understanding, we can build, strengthen, and replicate interventions that make the biggest impact.

Using Innovation to Combat Supply Chain Risk and Online Exploitation

As the world continues its digital transition, technology can be a true force-multiplier in ending modern slavery. Accordingly, GFEMS invests in innovations that reduce vulnerability and mitigate demand for cheap goods and services.

In Bangladesh, we developed SafeStep, a digital tool to promote safe migration. Installed on any digital device, the SafeStep application empowers migrants with the knowledge and resources to avoid debt bondage and make informed decisions about their migration journeys. The potential of this tool to reduce forced labor among overseas migrants has secured new investment from private sector donors for expansion into Malaysia, the fourth largest destination country for Bangladeshi migrant workers.

We are also investing in digital solutions to protect vulnerable workers in global supply chains. Despite a recent push for socially responsible goods, detecting forced labor remains a challenge as companies and buyers often lose visibility on supply chains beyond first-tier suppliers. When labor is unseen, there is little oversight or accountability.

GFEMS has built several tools to help companies identify high-risk factories and prioritize where to intervene. GFEMS funded a predictive analytics tool to detect unauthorized subcontracting (which often includes exploitation) in apparel supply chains. The tool was built using 40,000 data points, including 1,000 audits. In a recent pilot, the tool successfully detected cases of unauthorized subcontracting in a major U.S. brand’s supply chain, helping the brand make improvements in the identified factories. The Fund also created an award-winning, scalable machine learning tool that can generate risk profiles for firms from publicly available data, predicting forced labor at the company level with nearly 84% accuracy. These tools can be used by investors, banks, buyers, or others to narrow down the areas of risk in their portfolios or supply chains in line with advancing regulations and consumer demand.

Finally, recognizing the increased use of cryptocurrencies in fueling online sexual exploitation of children, GFEMS is working to de-anonymize cryptocurrency transactions to provide identifying information for law enforcement. The project will result in guidance for law enforcement stakeholders on how to evolve current enforcement systems to account for and track crypto-based transactions by traffickers.

III. The Way Forward

Even as incidence of modern slavery is rising globally, there is a set of powerful trends that, if harnessed, could produce significant progress. These include: fresh political momentum; new laws in key markets; rising concern about integrity of supply chains; a rising wave of citizen and investor demand for ethical products and services; innovation; and intersections with key geopolitical issues including global economic recovery, climate change, gender, rising authoritarianism, and migration. To take advantage of this moment of opportunity, U.S. leadership will be essential in increasing the scale of global leadership, commitments, and resources that are going to this fight.

In June of this year, G7 leaders pledged to “ensure that global supply chains are free from the use of forced labor.” GFEMS has been coordinating global anti-slavery leaders to articulate the practical steps needed to make leaders fulfill their commitment to ““work together including through our own available domestic means and multilateral institutions” and to “identify areas for strengthened cooperation and collective efforts.”⁸

At the same time, there is a powerful and growing set of national legislative and enforcement efforts under way, including the U.S.’s robust use of import bans for goods made with forced labor, Canada’s passage of a similar law, and the EU’s proposal for one. The UK and Australia

⁸ “Carbis Bay G7 Summit Communiqué.” June 13, 2021. <https://www.whitehouse.gov/briefing-room/statements-releases/2021/06/13/carbis-bay-g7-summit-communication/>

have passed Modern Slavery Acts to require industry reporting, while Canada has proposed a similar law. Germany has a new mandatory human rights due diligence law requiring companies to take steps to prevent human rights violations in their supply chains. This creates a significant opportunity and requirement for international cooperation to make these legal regimes effective.

We at the Global Fund are working to galvanize the global anti-slavery community around a coherent strategy to create breakthrough progress, bolstered by renewed commitments and partnerships. By 2030, these scaled up resources will generate game-changing breakthroughs, observable tipping points to eliminate slavery in specific industries and geographies to serve as a model for how we can mobilize the international community and end modern slavery globally.

So we must ask ourselves: what must be done now, today, to create the virtuous cycle that will result in breakthrough progress in the next few years?

Recommendation 1: Seize the opportunity for renewed U.S. and global leadership amidst rapid changes

U.S. leadership at home and abroad is critically needed to lead the world to a new level of ambition and action in the global fight against human trafficking.

The U.S. Congress, at this moment, has a critical opportunity to act. The authorization for the Program to End Modern Slavery housed at the U.S. State Department expired in 2020. New legislation is needed that reauthorizes PEMS, and Congress should take this opportunity to significantly increase the U.S. investment in global programs to combat modern slavery. The current annual appropriation of \$25 million for PEMS represents less than one-tenth of 1 percent of U.S. foreign assistance and is far too small to achieve impact at scale to curb modern slavery. Congress also should authorize future participation by the U.S. government in the Global Fund to End Modern Slavery. This will send a critical signal to allies and will significantly increase burden-sharing and help solidify a shared strategy. As we have seen with other multi-donor funds, there is no replacement for U.S. leadership, and when the U.S. acts boldly, our allies and partners follow suit.

The American people have demonstrated deep and enduring concern about the persistence of modern slavery and human trafficking. The right to fundamental freedoms, justice, and dignity is at the very core of our democracy. The perpetuation of slavery, through forced labor, child labor, human trafficking and commercial sexual exploitation of over 25 million people is an affront to all.⁹ The desire to address injustice, corruption, and rising authoritarianism is strong, and we

⁹ The ILO estimates 40 million people are victims of modern slavery. This includes 25 million people in forced labour and 15 million people in forced marriage. See ILO, “Global Estimates.”

need mechanisms to harness the energy of democracies to work together and deliver results. The Global Fund is such a mechanism.

With proven institutions and approaches to make real progress, we now need to boost the level of resources going to ending modern slavery. The U.S. can also use its diplomatic efforts to increase the level of financial commitments to ending modern slavery by investing in multi-donor efforts like the Global Fund, and encouraging others to share the burden. In addition, the U.S. should use its position in the UN, World Bank, and other multi-lateral and regional institutions to elevate the issue of human trafficking on the agenda, and ensure those institutions are using their power - including purchasing power - to address it.

If we compare the resources going to ending modern slavery to many comparable challenges, the gap between what we are doing and what we need to do becomes most apparent. Currently, we estimate annual donor investment to combat modern slavery at under 500 million. In comparison, the total population of refugees in the world is 26 million and the annual budget of the UN High Commission on Refugees in 2020 was 9 times larger at \$8.6 billion.

Recommendation 2: Create a coherent global strategy on modern slavery to produce breakthroughs by 2030

A challenge of this scale requires a comprehensive, long-term strategy with broad support and measurable and achievable goals. It is time for a broad coalition of stakeholders, from governments to private sector actors, survivors and civil society leaders, to come together to collaboratively create a shared strategy for breakthrough progress by 2030. Demonstrating shared ambition and understanding of what it will take to make progress will be key to galvanizing greater support for these efforts. To be legitimate, the strategy must be developed in a collaborative, inclusive, and representative manner, including elevating the leadership of survivors and actors from all global regions in its creation.

Recommendation 3: Increase support for survivor leadership in combating modern slavery and human trafficking

There are millions of survivors of modern slavery, and there will be tens of millions who regain their freedom if our combined efforts succeed in the years ahead. GFEMS believes that it is essential for the success of the fight against modern slavery that survivors are engaged as leaders and experts at every level. This will ensure that policies and approaches are informed by lived experience, and that those most affected are seated at the table.

Survivors of modern slavery face enormous economic and health challenges. Reintegration into society can be extremely difficult. Survivors' needs are complex: in addition to immediate

requirements such as shelter and healthcare, many survivors require psychosocial counselling to recover from trauma. It is common for survivors to struggle with economic reintegration, particularly where they find themselves stigmatized upon return to their communities-- a phenomenon especially common in the case of escape from commercial sexual exploitation. Financial vulnerability undermines successful reintegration, limits recovery, and increases risk of re-trafficking. Survivors of modern slavery frequently experience re-trafficking after exiting a trafficking situation.

Financial inclusion can be profoundly transformative for sustainable empowerment - helping survivors permanently escape poverty, vulnerability, and exploitation. GFEMS therefore recommends significant new effort and investment to boost compensation and financial inclusion for survivors, creating a vehicle to expand and scale recognition, digital identity, and financial products for survivors of modern slavery around the world. These efforts should build on initial public-private efforts by the financial sector, including HSBC and Liechtenstein's Finance Against Slavery and Trafficking (FAST) Initiative, and government mechanisms around the world identifying survivors.

Recommendation 4: The G7 should follow through on its commitments to eradicate forced labor from global supply chains

Supply chains are the lifeblood of modern economies. Unless made more ethical, sustainable, and secure, they are also a source of enormous human misery, environmental destruction, and political and economic instability. The existence and prevalence of forced labor in U.S. and global supply chains is intolerable, and causes vulnerability to disruptions in our critical supply chains from solar panels to medical gloves to batteries.

Last June, at the G7 summit in Carbis Bay, leaders committed to work together to “protect individuals from forced labor and to ensure that global supply chains are free from the use of forced labor”. The G7 trade ministers were then tasked by their leaders to “identify areas for strengthened cooperation and collective efforts towards eradicating the use of all forms of forced labor in global supply chains.”

In order to achieve this, G7 countries must work together to agree legal frameworks that are complementary and collaborative. They should harmonize minimum legal and regulatory standards on forced labor. This should include all members prohibiting the import, export or internal sale of goods and merchandise made or transported wholly or in part by forced labor, as well as mandating that companies operating in their jurisdiction conduct human rights and environmental due diligence in their operations and supply chains, in line with UN guiding principles.

Second, G7 countries should agree that any future trade agreement, trade preference program or other trade tools must contain provisions specifically prohibiting the use of forced labor, and also include punishment for violations. To ensure that our lower-income trading partners can be part of the solution, G7 nations should provide support to partners to help achieve these standards and facilitate trade that remains free of forced labor.

Third, the G7 should commit to recognizing that any forced labor-related import, export or internal sale prohibition imposed by one member country is applied across all member countries. Such a step would dramatically lower the costs and barriers to effective and timely action. This bold move will require the creation and strengthening of mechanisms for robust information and data-sharing, as well as the development of common criteria and methods based on best practices.

Fourth, G7 nations should use all available instruments, including public procurement policies and their leadership in multilateral institutions, to prevent forced labor in global supply chains, including within the digital economy.

Fifth, the G7 must make additional commitments to assist people who have been victimized by forced labor, whether at home or abroad. These programs must be designed with the meaningful input of affected workers and survivors and should be based on common principles for assisting those who have been harmed, including for rehabilitation and remediation purposes.

Recommendation 5: Harness the revolution in investor and corporate social responsibility and accountability

There is enormous growing demand for corporate and investor accountability on a wide range of issues often captured as environmental, social, and governance (ESG) criteria. The use of these standards requiring ethical and sustainable business and investment practices has risen dramatically in the last decade. In 2011, 20 percent of S&P companies reported on ESG criteria. By 2021, this number had risen to 90 percent.

The “S” criteria (social) are regarded as the weakest of the three, and reporting standards and verifiable data for forced labor and human trafficking require improvement. There are a number of such efforts underway, but full adoption - and the data and compliance tools to support it- are still far off. Meanwhile, forced labor is increasingly a material risk for investors - due to reputational risks as well as potential disruptions from growing import bans and due diligence laws.

We recommend that governments, regulators, and legislators work closely with the business and investment community to strengthen, deepen, and enforce the largely voluntary ESG compliance

standards on forced labor, investing resources necessary to ensure that real data is available and reported and verified for compliance.

Recommendation 6: Step up innovation in digital, financial, detection, and communication tools to fight trafficking

The prospects for innovation of technology and approaches in the field of human trafficking are enormous. GFEMS has been able to demonstrate through development of the SafeStep migration platform, machine learning based supply-chain tracing tools, crypto-currency deanonymization, and creation of fiscally sustainable ethical recruitment agencies that there is both under-investment in yet huge application and tremendous potential for innovation.

We believe that new investment and partnerships are needed to conceive, design, and build innovations in detection, communication, finance, and monitoring to prevent, detect, and prosecute traffickers. A stronger development, investment, and scaling pipeline needs to be collaboratively created, to avoid a proliferation of small pilots, apps, and tools without the resources and collaboration necessary to ensure that successful efforts are more widely adopted.

Recommendation 7: Strengthen focus on the intersection between human trafficking and major inter-related issues including climate, gender, corruption, and migration

Human trafficking occurs at the intersection of vulnerability and exploitation. It exists in most countries and many industries. Unsurprisingly, many of the factors that increase risks of vulnerability and exploitation - climate, gender, corruption and rising authoritarianism, and migration - are also at the top of the global agenda given their far-reaching impacts on society.

Given historical discrimination, it is no surprise that 70% of trafficking victims are women and girls. An estimated 99 percent of sex trafficking victims are female. Women have a harder time accessing economic opportunity and justice systems. Lost educational and economic opportunities are a cause of inequality and wage gaps. These things are dramatically increased by the impact and long-term trauma of trafficking. An agenda dedicated to addressing gender inequality must speak to the 28 million women currently in conditions of modern slavery, and it must also be intensively focused on prevention to ensure millions more don't suffer these crimes.

The ills of environmental destruction, global warming, and human trafficking are deeply intertwined, and so must be their solutions. Many industries with a high prevalence of forced labor are also among the most environmentally destructive. For example, an estimated 40 percent of deforestation is conducted with forced labor, and often the agriculture that emerges from deforestation - for coffee, palm oil, cattle, shrimp farming - also uses significant amounts of

forced labor.¹⁰ We must address the corruption, organized crime, and impunity that allow both to persist. Several industries that are key to addressing climate change are also exposed to forced labor- for example, solar panels and coltan mining for use in electronics and batteries. In addition, global warming is creating increased vulnerability and migration - two traits very likely to increase the prevalence of trafficking. As we work on climate plans and environmentally sustainable business practices, we must increase focus on how to address the related causes and consequences of modern slavery.

As we stand at the crossroads, we know which path we must choose. We cannot let the moment pass that we knew the scale of the problem, we knew how to dramatically reduce it, and we did not do enough.

¹⁰ U.S. Department of Labor. "2020 List of Goods Produced by Child Labor or Forced Labor," 2020. [2020 TVPRA List Online Final.pdf](#)