

**FAST**

FINANCE AGAINST  
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In association with  
UNDP Financial Centres for Sustainability

Business Case for Action

**MOBILIZING  
SUSTAINABLE FINANCE  
AGAINST MODERN SLAVERY  
AND HUMAN TRAFFICKING**

A UNDP–FAST Initiative Investment Study

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# Foreword

Modern slavery generates US\$236 billion in illegal profits every year. The world invests less than \$124 million annually to prevent it. This is not simply a funding gap—it reflects a deeper structural failure to mobilize capital at the scale the issue demands.

Fifty million people live in conditions of forced labour or forced marriage today. Twenty-eight million are embedded directly in the supply chains and labour markets that underpin institutional portfolios. The scale is significant and the exposure is real.

This study was commissioned because recognition alone is no longer enough. What has been missing is a framework that translates awareness into financial practice.

To address this, the study advances **an impact integrated business case for action**, bringing into view both the cost of inaction and the strategic value of prevention, resilience and responsible investment. It demonstrates how modern slavery and trafficking risks, costs and outcomes can be incorporated into core financial assessments, bridging the gap between investor intent and investable solutions.

This matters to UNDP because closing the roughly US\$4.3 trillion annual SDG financing gap requires not only more capital, but better-directed capital. UNDP works with governments, investors and businesses to align public and private finance with national development priorities, helping ensure that resources deliver long-term outcomes for people and the planet. This study contributes to that effort by showing how investment can be more effectively directed towards prevention, resilience and sustainable development outcomes in an area where underinvestment remains acute. It also reinforces broader efforts to strengthen how finance is mobilized and deployed, demonstrating practical pathways to improve the effectiveness of capital in a persistently underfinanced space.

The UNDP Finance Against Slavery and Trafficking Initiative has identified a recurring annual investment gap of \$36 billion through 2030. It reflects the cumulative cost of fragile prevention systems, inadequate enforcement, and the absence of survivor-centred responses. Where these systems are weak,



risk does not disappear. It transfers to companies managing volatile supply chains, to investors absorbing litigation exposure, and to governments carrying fiscal and social costs. In parallel, capital continues to move through supply chains and governance systems where exploitation and illicit financial flows intersect.

Regulation is narrowing the space for inaction. Forced labour import bans, human rights due diligence requirements, and evolving Financial Action Task Force guidance are shifting what was once voluntary into mandatory practice. Exposure to modern slavery and human trafficking is increasingly linked to market-access constraints, legal liability, operational disruption, and valuation loss. The report also demonstrates that action is not only necessary, but investable.

Survey evidence from this study shows that over 90 percent of senior financial professionals believe modern slavery risk should be integrated into investment decisions. Nearly 80 percent say they would include it in their investment principles. Standardized metrics and consistent disclosure requirements remain the most frequently cited gap between intent and action. The challenge is no longer awareness. It is implementation.

This report maps the investment shortfall, documents the mispricing, and identifies practical ways to deploy sustainable debt, blended finance, and performance-based structures at greater scale. It is a question of whether capital already in motion can be aligned with risks that are already materializing.

A handwritten signature in blue ink, appearing to read 'T. Beloe', written in a cursive style.

**Thomas Beloe**

Director, Sustainable Finance Hub  
United Nations Development Programme

# Executive briefing for investors

## Modern slavery and human trafficking: from material risk to investable response

Modern slavery and human trafficking affect an estimated 50 million people worldwide. This includes 27.6 million in situations of forced labour who are directly embedded in global supply chains and labour markets. These abuses generate \$236 billion in illegal profits annually, starkly outstripping the limited sums now invested in prevention and remediation (\$124 million). The imbalance between the profitability of exploitation and the scarcity of investment to prevent it represents a structural mispricing of risk that is spilling over into financial markets, corporate valuations, and the broader investment landscape.

This report draws on the most robust and recent costed framework available. According to the International Labour Organization (ILO), eliminating privately imposed forced labour would require \$212 billion over the next decade, equivalent to only 0.14 percent of one year's global gross domestic product (GDP). Yet annual spending across official development assistance (ODA), national budgets and philanthropy totals only some \$0.85–0.9 billion. This leaves a recurring annual investment gap of roughly \$36 billion between 2025 and 2030, a gap that continues to undermine regulatory enforcement, weaken supply-chain governance, and heighten corporate exposure to legal, operational and reputational risks.

For financial actors, this gap is not merely an indicator of insufficient activity—it is a manifestation of systemic market failure. Underinvesting in the institutions, enforcement mechanisms and social protections needed to deter modern slavery and human trafficking has effectively transferred the burden of risk onto companies and their investors. The absence of adequate public investment means that firms face heightened exposure to supply-chain volatility, litigation risk, market disruption and value erosion. This report therefore frames modern slavery and human trafficking not as a peripheral social concern but as a financially material risk that warrants direct consideration within portfolio management, credit analysis and regulatory oversight.

The regulatory landscape illustrates this shift clearly. Enforcement actions such as United States Customs and Border Protection's seizure of \$97.23 million worth of goods linked to forced labour in 2024 (with import bans across high-risk commodities) show that modern slavery and human trafficking have started to be embedded in global trade compliance regimes. The European Union Forced Labour Regulation, along with the Corporate Sustainability Due Diligence Directive (CSDDD), the Corporate Sustainability Reporting Directive (CSRD), and analogous domestic legislation<sup>1</sup> are moving the global system from voluntary reporting to mandatory due diligence, with product bans, enhanced disclosure obligations and significant penalties for non-

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1. France (Duty of Vigilance Law), Germany (Supply Chain Due Diligence Act), Norway (Transparency Act), the Netherlands (Child Labour Due Diligence Law and pending broader HREDD legislation), Switzerland (due diligence and reporting requirements), Canada (Fighting Against Forced Labour and Child Labour in Supply Chains Act), Australia (Modern Slavery Act), the United Kingdom (Modern Slavery Act), and the United States (Uyghur Forced Labor Prevention Act and Section 307 of the Tariff Act)

compliance. These developments reinforce the fact that modern slavery and human trafficking are becoming an increasingly codified regulatory risk for firms, with direct consequences for access to markets and capital.

Financial markets have also shown that modern slavery and human trafficking concerns can produce rapid and substantial value loss. Boohoo's share price collapsed by 42 percent within seventy-two hours of allegations of forced labour in its Leicester supply chain becoming public, wiping approximately £1.9 billion in market capitalization. FGV Holdings Berhad experienced a near 10 percent drop in value following a United States import ban. H&M saw sales in China fall by 23 percent year-on-year after a human rights-related backlash, leading to significant store closures. Nike faced both reputational and regulatory scrutiny after allegations of forced labour links were published, contributing to a measurable decline in share price of about 2.3 percent. These cases, taken from different sectors and geographies, show unambiguously that modern slavery and human trafficking can translate directly into equity, revenue and operational losses, particularly in markets where consumer sentiment, regulatory enforcement and media attention are strong drivers of financial outcomes.

The systemic nature of these risks is reinforced by sectoral and regional patterns. According to global ILO estimates, forced labour is heavily concentrated in services (23 percent), manufacturing (18 percent), construction (15 percent) and agriculture (11 percent)—sectors central to international supply chains and institutional portfolios. Regionally, Asia and the Pacific, Europe and Central Asia, and the Americas account for the bulk of global forced labour cases, stressing that vulnerability and exposure are not confined to low-income countries but are entrenched across major markets. These concentrations create

portfolio-level risks, particularly for diversified equity and fixed-income investors with exposure to global manufacturing, retail, agribusiness and extraction industries.

Against this backdrop, the investable opportunity becomes clear. ILO modelling demonstrates that eliminating privately imposed forced labour would yield \$611 billion in economic benefits—roughly three times the estimated cost. At the corporate level, this report presents illustrative business-case models demonstrating that investments which appear unviable under conventional net present value calculations become value-creating once avoided costs and strategic gains, such as regulatory-risk mitigation, brand trust, supply-chain stability and talent retention, are incorporated. These examples show how an intervention with a negative conventional internal rate of return can shift to a strongly positive impact integrated internal rate of return when real-world risk exposures are reflected accurately in the evaluation framework.

This evidence supports a broader insight: modern slavery and human trafficking are mispriced risks and under-recognized sources of long-term value. They are neither marginal to environmental, social and governance (ESG) frameworks nor tangential to fiduciary duty. Rather, they represent material threats to cash flows, asset valuations and long-term operational resilience across multiple industries. As regulatory frameworks evolve, modern slavery and human trafficking will increasingly influence creditworthiness, business-model viability and capital market expectations.

Investor demand for clarity and action is also evident. The UNDP Global Survey findings presented in this report reveal that over 90 percent of financial professionals believe that modern slavery and human trafficking risks should be integrated into investment decision-making.<sup>2</sup> Around 80 percent would consider

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2. UNDP Global Survey on Sustainable Finance to Prevent Modern Slavery and Human Trafficking, conducted April–July 2025.

formally including modern slavery and human trafficking criteria within their investment principles. Yet respondents consistently note the absence of clear metrics, standardized reporting and coherent regulatory guidance as the principal barriers to allocating capital. This report addresses those gaps through investment-gap analysis, an impact integrated business case framework and a strategic roadmap for policy alignment and measurement improvements.

Finally, the report identifies a practical menu of financial instruments: sustainable debt, insurance mechanisms, digital finance tools, impact investing models and social finance approaches that can channel capital towards modern slavery and human trafficking prevention, survivor support, supply-chain accountability and rule-of-law strengthening. These mechanisms already exist

in the sustainable finance ecosystem and can be deployed to protect value, reduce risk and generate measurable impact where vulnerabilities are highest.

Taken together, the evidence presented throughout the report reveals that modern slavery and human trafficking constitute financially material risks with clear regulatory, market and systemic implications. Closing the global investment gap is not only a moral imperative but also a core strategy for safeguarding long-term value. By recognizing modern slavery and human trafficking as a mainstream financial concern, rather than a niche ESG consideration, investors, regulators and firms can help realign capital markets with a more resilient, transparent and ethical global economy.

# Introduction

Affecting an estimated 50 million people worldwide,<sup>3</sup> modern slavery and human trafficking represent both a profound human-rights crisis and a source of systemic risk to the global economy. Despite rising international attention, the financial response remains critically insufficient, and investment flows fall far short of what is needed to address the scale of the challenge. In this report, the UNDP Finance Against Slavery and Human Trafficking initiative proposes a structured strategy to correct this misalignment by linking normative commitments to actionable financial pathways.

The report follows an integrated logic. Part I quantifies the scale of the challenge and identifies a recurring **annual investment shortfall of \$36 billion** as a systemic failure in the global development finance architecture. It shows how underinvestment in prevention and enforcement systems generates institutional fragility and raises exposure to modern slavery and human trafficking risks across markets. Part II sets out the business case for action, demonstrating why modern slavery and human trafficking constitute a financially material risk and how investments in prevention, accountability and remediation can create long-term value. Part III outlines an actionable roadmap, detailing coordinated financial and policy solutions to close the investment gap and support a more resilient and ethical global economy.

The link between this public investment shortfall and the need for responsible private sector engagement is direct. The \$36 billion annual gap has contributed to weakened rule-of-law systems, insufficient prevention infrastructure, and strained social support services.<sup>4</sup> In such environments, the responsibility for detecting, preventing and remediating modern slavery and human trafficking, and its associated legal, reputational and operational risks, shifts disproportionately to corporations and their investors. Responsible investment therefore requires recognizing these material risks and directing capital toward firms demonstrating credible human rights due diligence<sup>5</sup> and firms with positive social impact objectives. Mobilizing private finance is not a substitute for public investment, but a necessary complement that helps create a virtuous cycle in which market incentives reward ethical practices and reinforce institutional resilience.

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3. For the purposes of this report, “modern slavery” includes forced labour, debt bondage, human trafficking, slavery-like practices and forced marriage (ILO, *Global Estimates of Modern Slavery*, 2022). “Human trafficking” refers to the recruitment or movement of persons through force or deception for exploitation (United Nations Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children). This report adopts a systemic perspective, recognizing modern slavery and human trafficking as multifaceted phenomena rooted in structural inequality, global supply chain vulnerabilities and financial exclusion. Of an estimated 50 million people in modern slavery and human trafficking, approximately 27.6 million are in forced labour and around 22 million are in forced marriage. For recent estimates also see: <https://www.walkfree.org/global-slavery-index/>

4. World Bank, *Worldwide Governance Indicators: Rule of Law dimension*; UNDP, *Human Development Report, 2023/2024: Breaking the Gridlock* (New York, 2024); and OECD, *States of Fragility 2024* (Paris, 2024).

5. Office of the High Commissioner for Human Rights, *Guiding Principles on Business and Human Rights: Implementing the United Nations “Protect, Respect and Remedy” Framework*. (New York and Geneva: United Nations, 2011).

→ **Box 1: To navigate this complex landscape, this report uses the term “investment” to refer to three distinct but interconnected pillars of capital allocation.**

### Defining investment: a three-pillar framework

**Public and philanthropic investment:** Comprising ODA, domestic budgets and philanthropic grants for anti-modern slavery programmes, these funds are essential for building public infrastructure, including law enforcement, victim support and legal frameworks, that enables responsible business. This pillar is the primary focus of the gap analysis in part I.

**Corporate operational investment:** Focused on private-sector investment and social performance integration, this pillar covers how companies and investors integrate social performance considerations, including labour rights, decent work conditions and human rights and modern slavery risk factors, into business models, capital expenditures and governance. Compliance with emerging due diligence and disclosure requirements is an essential foundation. But the emphasis is on how these factors inform strategic decision-making and capital allocation toward fair, inclusive and sustainable growth.

**Financial sector capital allocation:** The central objective of the roadmap in part III, this pillar refers to the deployment of finance through sustainable finance instruments such as thematic and social bonds, impact funds, blended-finance vehicles and sustainability-linked loans that explicitly reward improved social performance and accountability across value chains.

→ **Box 2: The findings in this report are also informed by direct market insights drawn from a targeted survey of senior financial professionals.**

### About the UNDP survey of financial professionals

**The UNDP survey on sustainable finance to prevent modern slavery and human trafficking** was designed as a cornerstone of the FAST initiative’s global investment study—the first worldwide effort to systematically identify financial flows, gaps and opportunities related to modern slavery and human trafficking.

To gather direct, market-based insights for this study, a targeted survey was conducted between April and July 2025. The survey was not designed to be a statistically representative global poll, but rather a strategic consultation with senior decision-makers in the financial sector.

**Objective:** The survey aimed to understand the motivations, barriers and strategic considerations of financial leaders regarding the integration of modern slavery risk into investment practices. It provides a crucial evidence base on how key actors view and apply sustainable finance tools to this challenge. In doing so, the survey supports the FAST initiative’s broader mission of aligning global finance with the Sustainable Development Goals (SDGs), and in particular SDG 8.7, which calls for the elimination of forced labour, modern slavery and human trafficking.

**Respondent profile:** The survey engaged **100 senior financial professionals** from seven countries (Argentina, Australia, India, Malaysia, Nigeria, Singapore, and the United Kingdom), representing perspectives from Africa, Asia and the Pacific, Europe, and Latin America and the Caribbean. Respondents included senior corporate leadership, directors and finance leaders from a diverse range of organizations, with a majority coming from the **banking (56 percent) and investment/asset management (7 percent) sectors**.

The findings from the expert survey are used throughout this report to validate analytical claims and provide the “voice of the market”. A concise methodological summary is presented in annex I; the full methodology note is published separately as a companion document.

The survey results reinforce the core diagnosis: the global financial system remains structurally misaligned with the urgency of the modern slavery and human trafficking crisis. While more than **90 percent of respondents agreed that a share of investment portfolios should be allocated to modern slavery and human trafficking prevention**, many highlighted the absence of clear pathways, metrics, or investment frameworks. Crucially, nearly **80 percent reported**

**they would consider formally integrating modern slavery and human trafficking criteria into their investment principles, citing risk reduction, improved resilience, and long-term value creation as primary motivations.** Investor intent is, therefore, not the constraint; rather, it is the lack of structured, credible and investable solutions. This study sets out the essential pathway to convert that intent into coordinated and measurable global action.

**PART 1**

**THE GLOBAL  
INVESTMENT GAP:  
CONTEXTUALIZING  
A STRUCTURAL  
DEVELOPMENT RISK**

## Part I

# The global investment gap: contextualizing a structural development risk

Despite decades of international effort, the global financial response to modern slavery and human trafficking remains fragmented, chronically underfunded, and poorly aligned with the scale of the problem. This persistent underinvestment has created a self-reinforcing cycle in which weak prevention systems, inadequate enforcement and fragile social protections allow exploitation to persist and deepen.<sup>6</sup> The resulting investment gap represents not only a moral failing but a significant source of unmanaged structural vulnerability across economies and markets.<sup>7</sup>

Drawing on data from bilateral aid, multilateral spending, philanthropy and limited private-sector contributions, part I assesses how current financial flows fall short of the resources required to implement known, costed interventions. Reframing this investment shortfall as a structural market failure, one in which the social and economic costs of modern slavery and human

trafficking remain unpriced, underscores both the urgency and feasibility of developing a coordinated financial strategy capable of preventing, mitigating and ultimately reducing forced labour and human trafficking.

## 1. Misaligned capital: systemic failures in anti-slavery finance

The annual \$36 billion investment gap to end modern slavery is not only a funding deficit, it signals a deeper failure in the global financial architecture.<sup>8</sup> For decades, **under-prioritization, fragmentation and inefficiency**<sup>9</sup> have weakened the institutions responsible for prevention and remediation, generating the high-risk operating environment that businesses and investors must now navigate. This chapter outlines how scarce public and philanthropic capital has been

6. Sharapov, K., Hoff, S., Mendel, J., and Gerasimov, B. (eds.), “Editorial: Rethinking Anti-Trafficking Funding: Following the Money, Again.” *Anti-Trafficking Review*, No. 23 (2024) pp. 1–9.

7. ILO, *Profits and Poverty: The Economics of Forced Labour*, 2nd ed. (Geneva, ILO, 2024).

8. ILO *Acting against Forced Labour: An Assessment of Investment Requirements and Economic Benefits* (Geneva, ILO, 2024). This report estimates that ending privately imposed forced labour would require approximately \$212 billion over the implementation period, equivalent to an average of around \$36 billion annually.

9. Sharapov, K., Hoff, S., Mendel, J., and Gerasimov, B. (eds.), “Editorial: Rethinking Anti-Trafficking Funding: Following the Money, Again.” *Anti-Trafficking Review*, No. 23 (2024) pp. 1–9. See also: Gleason, K. A. and Cockayne, J., “Official Development Assistance and SDG Target 8.7: Measuring Aid to Address Forced Labour, Modern Slavery, Human Trafficking and Child Labour” (United Nations University Centre for Policy Research, 2018); ILO, *Profits and Poverty: The Economics of Forced Labour*, 2nd ed. (Geneva, ILO, 2024): this report shows \$236 billion in illegal annual profits from forced labour (global) and around \$10,000 per victim per year, figures 4–5, pp. 13–14; United Nations University Centre for Policy Research, *Developing Freedom: The Sustainable Development Case for Ending Modern Slavery, Forced Labour and Human Trafficking* (2021) finds systematic under-prioritization and fragmentation in ODA: on average less than \$12 per victim per year committed globally (2000–2017) and spending spread thinly across small projects.

insufficient and misallocated, pushing the true costs of modern slavery onto victims, societies and ultimately the private sector.<sup>10</sup>

## 1.1. A legacy of chronic under-prioritization

The clearest indicator of systemic failure is the persistent under-investment in anti-slavery efforts over decades. ODA analyses show that between 2000 and 2013 global spending on all anti-slavery activities averaged only **\$293 million** per year—around **0.2 percent of total ODA**.<sup>11</sup> A narrower donor study by the Organisation for Economic Co-operation and Development (OECD) shows even lower historical figures, averaging **\$124 million** annually between 2003 and 2012.<sup>12</sup> This pattern continues today, with total public funding still in the low hundreds of millions. Even the most proportionally generous contributors, such as Norway, allocate less than 0.5 percent of their official development assistance to this issue.

Marginalization becomes stark when compared to other priorities: global health receives tens of billions annually, while climate finance exceeded \$100 billion in 2022.<sup>13</sup> Modern slavery remains an

outlier in scale and attention, not due to a lack of resources but to political and financial neglect. The Delta 8.7 analysis confirmed that anti-slavery allocations have remained essentially flat even as overall aid budgets have grown.<sup>14</sup>

Under-resourcing has also weakened the infrastructure required to implement national and multilateral commitments. The Global Programme Against Trafficking in Human Beings of the United Nations Office on Drugs and Crime (UNODC) received only **\$3 million** between 2012 and 2015—far below the **estimated \$20 million** required for effective implementation. As repeated in UNODC global reports, the primary barrier to operationalizing anti-trafficking laws is the lack of sustained resources for specialized police units, prosecutors and victim services.<sup>15</sup> Without these core public goods, impunity persists, the rule of law erodes, and the risks of exploitation intensify for economies and markets.

## 1.2. Misallocation of scarce capital

Funding shortages are compounded by inefficient allocation. Severe data gaps and inconsistent classification, linked to the absence of dedicated OECD Development Assistance Committee

10. United Nations Department of Economic and Social Affairs Inter-agency Task Force, Financing for Sustainable Development Report 2024: Financing for Development at a Crossroads (New York, United Nations, 2024) highlights misalignment of public budgets with the SDGs and insufficient incentives for private SDG investment, contributing to chronic underinvestment in social goals; Walk Free, Global Slavery Index 2023. Importing Risk (Perth, 2023) estimates that G20 countries import more than \$468 billion of products at risk of forced labour, underscoring material exposure for firms and investors; Council of the European Union, “Products Made with Forced Labour: Council Adopts Ban”, press release, 19 Nov 2024: Regulation is adopted and applies three years after entry into force, creating direct market-access risk for non-compliant goods; Center for Strategic and International Studies, Assessing the Impact of the Uyghur Forced Labor Prevention Act after Three Years (Washington, D.C., 2025) cites United States Customs and Border Protection detentions: 16,755 shipments (about \$3.7 billion) as of August 2025, evidencing enforcement-driven trade and supply chain risk.

11. Gleason, K. A. and Cockayne, J., “Official Development Assistance and SDG Target 8.7: Measuring Aid to Address Forced Labour, Modern Slavery, Human Trafficking and Child Labour” (United Nations University Centre for Policy Research, 2018).

12. Ucnikova, Martina (2014). “OECD and Modern Slavery: How much aid money is spent to tackle the issue?” Anti-Trafficking Review, Issue 3 (2014), pp. 133–150. DOI: 10.14197/atr.20121437

13. OECD, Climate Finance Provided and Mobilised by Developed Countries in 2013–2022 (Paris, OECD Publishing, 2024).

14. Gleason, K. A. and Cockayne, J., “Official Development Assistance and SDG Target 8.7: Measuring Aid to Address Forced Labour, Modern Slavery, Human Trafficking and Child Labour” (United Nations University Centre for Policy Research, 2018).

15. UNODC, Global Report on Trafficking in Persons 2020 (Vienna, United Nations, 2021).

(DAC) codes, make financial flows difficult to track and obstruct evidence-based decision-making.<sup>16</sup> Many initiatives are embedded within broader categories, obscuring their scale and limiting the ability to assess effectiveness.

Beyond data limitations, anti-slavery finance has long relied on short-term, fragmented, “projectized” models. A proliferation of small, disconnected grants and regional programmes has prevented the development of systemic, scalable solutions and has limited learning across contexts.<sup>17</sup> As a result, scarce capital is diluted, impact remains shallow and the evidence base required to attract results-oriented investors remains weak.

Philanthropic actors such as the Freedom Fund,<sup>18</sup> Humanity United<sup>19</sup> and Google have helped drive innovation by committing tens of millions of dollars.<sup>20</sup> Yet their contributions also expose the limits of private charity. The early struggles—and eventual closure in 2024—of the Global Fund to End Modern Slavery illustrate the difficulty of sustaining long-term structural investment in a context of declining public support.<sup>21</sup> This reinforces a central lesson: **philanthropy can catalyse progress, but it cannot substitute for stable public sector financing and political commitment.**

Together, chronic under-prioritization and fragmented spending have produced a global landscape marked by institutional fragility and heightened risk. The consequences of this

systemic failure do not remain within the public domain; they spill over directly to private sector actors, who must operate, invest and conduct due diligence in environments where the foundational systems for prevention and enforcement remain weak.

## 2. Measurement challenges and financial misalignment

Modern slavery is not a marginal social concern. It is a highly profitable global enterprise with significant material implications for financial systems, markets and institutional actors. Understanding its scale, distribution and economic incentives is essential for contextualizing the investment gap and developing a coherent response.

### 2.1. Misaligned return on investment: the disconnect between profits and prevention

A profound disconnect exists between the scale of profits generated through forced labour and the resources allocated to prevent it. Forced labour generates \$236 billion in illegal profits each year,<sup>22</sup> a substantial increase from the previous \$150 billion estimate—equivalent to nearly \$10,000 per victim. Despite this vast profitability, public investment in prevention has remained extremely low. Earlier analyses placed total global anti-trafficking spending at around

16. Ucnikova, Martina (2014). “OECD and Modern Slavery: How much aid money is spent to tackle the issue?” *Anti-Trafficking Review*, Issue 3 (2014), pp. 133–150. DOI: 10.14197/atr.20121437

17. Idris, I. (2017, March 23). *Funding of anti-modern slavery interventions (K4D Helpdesk Report)*. Knowledge, Evidence and Learning for Development (K4D), University of Birmingham. UK Department for International Development

18. The Freedom Fund. Annual reports, including the Impact Report 2024–2025.

19. Humanity United, *Forced Labor and Human Trafficking* (website).

20. For example, the Freedom Fund was launched with an initial \$30 million commitment and has since mobilized over \$100 million for anti-slavery programmes. Humanity United, a founding partner of the Freedom Fund, maintains a dedicated human trafficking portfolio. Google has also made significant contributions, including an \$11.5 million grant package to support anti-trafficking technology and data initiatives. See The Freedom Fund, “Our Impact”; Humanity United, “Human Trafficking Portfolio”; and Google.org, “Fighting human trafficking with technology and data” (2011).

21. Grono, N., “A Statement on the Closure of the Global Fund to End Modern Slavery (GFEMS)” (The Freedom Fund, 2021).

22. ILO, *Profits and Poverty: The Economics of Forced Labour* (Geneva, ILO, 2024).

\$124 million annually,<sup>23</sup> and even today broader estimates remain in the low hundreds of millions.

This creates a misalignment exceeding 1,000:1 between illicit profits and prevention spending (table 1), leaving the financial incentive structure overwhelmingly in favour of exploiters. Short project cycles in donor-funded programmes, weak evaluation systems—only 5 percent of interventions use robust methodologies—and a lack of agreed indicators further contribute to inefficiency.<sup>24</sup>

As a result, success is measured inconsistently: some organizations prioritize arrests, others focus on shelter capacity, while survivors may value economic reintegration—none of which are systematically costed. This strategic incoherence limits learning, weakens the evidence base, and discourages capital-seeking, outcome-oriented interventions.

→ **Table 1. Investment versus profit gap in human trafficking**

Metric	Estimated Amount
Global profits from human trafficking	\$150 billion/year
	\$236 billion/year (2024 estimate)
Estimated global investment to combat it	\$124 million/year (2020 estimate)
Investment as a percentage of profits	0.05-0.08%

## 2.2. The human toll: global prevalence and regional hotspots

The human cost of this misalignment is vast. In 2021, an estimated 50 million people were living in situations of modern slavery.<sup>25</sup> While this includes 22 million people in forced marriage, the most financially material component for this report is the 28 million people in forced labour—a group embedded in business operations and global supply chains, creating direct legal, operational and reputational risks for firms and investors.<sup>26</sup>

Modern slavery is unevenly distributed across regions, shaping distinct risk profiles for global markets:

- **Absolute numbers versus prevalence:** The Asia and the Pacific region is home to the largest absolute number of victims—29.3 million, or 57 percent of the global total<sup>27</sup>—driven by the region’s central role in global manufacturing, agriculture and resource extraction. When measured per thousand population, the Arab States present the highest prevalence (10.1 percent), largely associated with migrant labour systems in construction and domestic work. Europe and Central Asia (6.9 percent) and the Americas (5 percent) also exhibit elevated prevalence, highlighting that modern slavery affects all regions (table 2).
- **A private sector phenomenon:** Roughly 86 percent of forced labour occurs in the private sector, embedded in industries critical to the global economy.

23. Akullo, M., “Return on Investment: Spending on Combating Human Trafficking”, in J. Winterdyk and J. Jones (eds.), *The Palgrave International Handbook of Human Trafficking* (Cham, Springer, 2020), pp. 1377–1389.

24. Ibid.

25. ILO, Walk Free and IOM, *Global Estimates of Modern Slavery* (2022).

26. Throughout this report, “modern slavery” is used as a broad term encompassing forced labour, debt bondage and human trafficking. However, in line with FAST’s focus on the private sector and financial markets, the quantitative analysis and business case primarily address the risks and impacts associated with forced labour and human trafficking for labour exploitation, as they are the most directly material to corporate and investor decision-making.

27. While the Asia and the Pacific region has the highest absolute number of victims, its prevalence of forced labour (3.5 per 1,000) is lower than that of the Arab States (5.3) and Europe and Central Asia (4.4). This is partly a function of population size. The high prevalence in other regions indicates a disproportionate level of risk relative to their populations, a critical insight for risk-mapping and due diligence efforts.

High-risk sectors include services (23 percent), manufacturing (18 percent), construction (15 percent), and agriculture and fishing (11 percent). This positions modern

slavery and human trafficking not as a distant humanitarian concern but as a core business and human rights challenge requiring action from companies and investors.

→ **Table 2. Number and prevalence of persons in modern slavery by region (2021)**

Region	Forced Labour		Forced Marriage		Total Modern Slavery	
	Number (thousands)	Prevalence per 1,000 people	Number (thousands)	Prevalence per 1,000 people	Number (thousands)	Prevalence per 1,000 people
World	27,577	3.5	21,993	2.8	49,570	6.4
Africa	3,819	2.9	3,189	2.4	7,008	5.2
Americas	3,593	3.5	1,496	1.5	5,089	5.0
Arab States	886	5.3	814	4.8	1,700	10.1
Asia and the Pacific	15,142	3.5	14,207	3.3	29,349	6.8
Europe and Central Asia	4,137	4.4	2,287	2.5	6,424	6.9

Note: Numbers are expressed in thousands. Prevalence rates are per 1,000 people. Modern slavery totals include both forced labour and forced marriage, including State-imposed forms.

→ **Table 3. Number and percentage distribution of adults in forced labour exploitation by branch of economic activity (global, 2021 estimates)**

Economic activity	Adults in forced labour exploitation (millions)	Share (%)
Services (excluding domestic work)	5.5	32.0
Manufacturing	3.2	18.7
Construction	2.8	16.3
Agriculture (excluding fishing)	2.1	12.3
Domestic work	1.4	8.2
Other (incl. begging, illicit activities)	1.9	11.1
Mining and quarrying	0.2	1.4

Total adults in forced labour exploitation are estimated at 17.3 million on any given day (2021 estimates).<sup>28</sup>

28. ILO, Walk Free and IOM, Global Estimates of Modern Slavery (2022).

### 2.3. The missing roadmap: a crisis of data and strategy

Despite clear evidence of scale, there is still no universally accepted, costed investment roadmap to guide coordinated action. This strategic gap is rooted in the long-standing “**evaluation deficit**” and “**measurement deficit**” faced by the anti-slavery sector. The 2023 Global Slavery Index notes that a persistent lack of reliable financial data and impact methodologies makes it extremely difficult to estimate investment needs or assess the cost-effectiveness of interventions.<sup>29</sup> Though over **150 countries have national action plans, few have been rigorously costed**, leaving implementation fragmented and largely aspirational.

Data limitations—such as poor classification, inconsistent terminology and weak systems for tracking impact<sup>30</sup> limit visibility over financial flows, making it challenging to mobilize capital at scale. This aligns with responses to the UNDP Global Survey, where “**lack of clear data and metrics**” emerged as the most commonly cited barrier to investment, followed by “**lack of awareness**” and “**regulatory uncertainty**”. As one Australian banking sector chief financial officer noted:

*“Key challenges include lack of clear data, difficulty measuring impact, regulatory uncertainty, limited internal expertise, and concerns over financial risk or returns.”*

Without credible, standardized data frameworks to assess, track and report outcomes, institutional capital remains cautious. The challenge ahead is therefore twofold: (1) quantify the investment gap; and (2) build the measurement infrastructure necessary to close it.

## 3. From aspiration to action: building a global investment framework

For decades, efforts to end modern slavery have been constrained by the absence of a credible, data-driven estimate of what elimination would actually cost. This long-standing “measurement deficit” created a strategic vacuum: without a costed framework, it was impossible to benchmark progress, assess the adequacy of funding, or make a compelling case for large-scale investment.

ILO’s 2024 report, “Acting against Forced Labour: An Assessment of Investment Requirements and Economic Benefits,<sup>31</sup>” represents a turning point. It offers the first comprehensive global estimate of the investment needed to eliminate **privately imposed forced labour** and provides a foundation for a systematic financial strategy. While various organizations have illustrated the scale of the problem, the ILO analysis introduces a robust **costed framework** that moves the global conversation from aspirational commitments to quantifiable targets. This chapter uses that model as the starting point for examining global investment requirements.

29. Walk Free, Global Slavery Index. Importing Risk (2024).

30. See GAO, Human Trafficking: Better Data, Strategy, and Reporting Needed to Enhance U.S. Anti-trafficking Efforts Abroad, GAO-06-825 (Washington, D.C.: July 18, 2006).

31. ILO, “Acting against Forced Labour: An Assessment of Investment Requirements and Economic Benefits” (Geneva, ILO, 2024).

### 3.1. The ILO cost model: estimating the price of ending forced labour

A credible cost baseline is essential for transitioning from aspirational commitments to a bankable investment strategy. ILO’s 2024 economic model provides this baseline, estimating that **\$212 billion**, phased over a decade, would be sufficient to eliminate privately imposed forced labour.<sup>32</sup> The model integrates 2021 prevalence data with detailed estimates of intervention costs across prevention, enforcement and survivor support.

In global financial terms, \$212 billion represents just **0.14 percent of one year’s global GDP**. This comparison underscores that the challenge is not affordability but prioritization—a point echoed in the *Financing for Sustainable Development Report 2024* of the United Nations Department of Economic and Social Affairs, which highlights persistent misalignment between public budgets and social SDG targets due to weak incentives for long-term social investment.<sup>33</sup>

The ILO model does not conceptualize this investment as a single expenditure, but as a **portfolio of interventions** required to build a resilient anti-slavery ecosystem. It allocates resources across four interdependent pillars widely recognized in human rights and development programming:<sup>34</sup>

1. **Victim-centred support and remediation:** Funding essential services such as shelter, healthcare and reintegration in line with global standards on remedy and rehabilitation;

2. **Upstream prevention and awareness:** Targeting the structural drivers of vulnerability, including lack of education and limited access to decent work;

3. **Strengthening the rule of law:** Addressing the governance gaps that enable exploitation by investing in labour inspection, specialized enforcement units and institutional capacity—areas consistently identified in the World Bank’s *World Development Report 2017* as foundational to economic development and social equity;<sup>35</sup>

4. **Ensuring access to justice:** Supporting legal representation and financial redress mechanisms to ensure survivors can obtain remedy, consistent with international human rights norms.

This balanced, portfolio-based approach highlights that no single intervention can eliminate forced labour. Sustainable progress requires simultaneous investment in survivor empowerment and institutional capacity, enabling societies to prevent exploitation and creating the stable operating environment that responsible businesses and long-term investors depend on.

### 3.2. Regional breakdown of investment needs

The global figure of approximately \$212 billion provides an essential baseline, but an aggregate alone is insufficient to guide effective capital allocation. A central strength of the investment framework is its ability to disaggregate investment needs by region, offering a clearer picture of where vulnerabilities are most acute and where

32. Ibid.

33. United Nations Department of Economic and Social Affairs Inter-agency Task Force, *Financing for Sustainable Development Report 2024*. This report provides the high-level context of misaligned public budgets, allowing for a framing of the specific underfunding of SDG target 8.7 as part of a larger, well-documented problem in global finance.

34. See, for example, Office of the High Commissioner for Human Rights (OHCHR), *Guiding Principles on Business and Human Rights* (2011) and United Nations General Assembly, *Transforming Our World: The 2030 Agenda for Sustainable Development* (2015).

35. World Bank, *World Development Report 2017: Governance and the Law* (Washington, D.C., World Bank, 2017).

interventions can yield the greatest preventive impact. Table 4 organizes these needs across five regions and mirrors the geographic pattern of forced labour prevalence, revealing that the burden of investment is both global and unevenly distributed.

The **Asia and the Pacific region** accounts for **\$79 billion, or 37 percent of the total requirement**, reflecting its role as a critical hub of global manufacturing, agriculture and raw material processing. These sectors are structurally labour intensive and embedded in long, multi-tiered supply chains where oversight is weaker and exploitative practices are more difficult to detect. However, the regional distribution also dispels the misconception that modern slavery is predominantly a “developing world” problem. **Europe and Central Asia require \$53 billion** (25 percent of the total), and **the Americas require \$43 billion** (20 percent), highlighting that high-income and major consumer markets also face substantial

investment needs. In these regions, migrant-labour systems, agricultural supply chains and construction contribute significantly to vulnerability, revealing that exposure exists at multiple points along global value chains. Africa and the Arab States face investment needs of \$27 billion and \$11 billion, respectively, consistent with structural labour market vulnerabilities and governance constraints that amplify risk.

This regional mapping is more than descriptive; it provides a strategic foundation for prioritizing interventions and developing region-specific financing approaches. It highlights where investment in prevention, enforcement capacity and survivor support is most urgently required and where private sector exposure is most likely to intersect with regulatory and reputational risk. The regional structure of investment needs therefore becomes a key input into aligning sustainable finance instruments with modern slavery and human trafficking-related structural vulnerabilities within economies and markets.

→ **Table 4. Estimated regional investment needs**

Region	Estimated investment	Percentage of global total
Asia and the Pacific	\$79 billion	37%
Africa	\$27 billion	13%
Americas	\$43 billion	20%
Europe and Central Asia	\$53 billion	25%
Arab States	\$11 billion	5%
<b>Total</b>	<b>approx. \$212 billion</b>	<b>100%</b>

Note: Regional estimates are rounded to the nearest billion. The underlying total is approximately US\$212.3 billion and is presented as US\$212 billion in line with the ILO estimate. Totals may not sum due to rounding.

### 3.3. Beyond the numbers: the strategic implications for finance

The significance of the ILO investment framework extends well beyond the headline estimate of approximately \$212 billion. It offers several strategic insights that should shape how policymakers and financial actors approach the eradication of modern slavery.

First, the framework highlights the urgency of **front-loaded investment**, with costs concentrated in the early years of implementation. This reinforces the need for decisive mobilization of capital rather than gradual incremental increases, particularly given the 2030 SDG horizon.<sup>36</sup> For investors, this signals a near-term window to support high-impact interventions that can strengthen institutional capacity, stabilize supply chains and improve long-term market conditions.

Second, the ILO model reflects a **shift from reactive responses to a prevention-oriented strategy**. While survivor support remains essential, significant allocations toward upstream prevention and stronger enforcement recognize that reducing vulnerability and improving governance are more cost effective over time. This aligns with established best practice in public health and climate policy<sup>37</sup> and provides investors with a clear parallel: prevention acts as proactive risk management, reducing long-term exposure to regulatory, operational and reputational shocks across global value chains.

Third, the \$212 billion estimate represents a **conservative baseline**. The framework intentionally excludes substantial costs for eliminating other forms of exploitation under SDG target 8.7—such as **State-imposed forced labour, forced marriage and child labour**<sup>38</sup>—

due to modelling constraints. The true cost of achieving the full scope of SDG target 8.7 is therefore considerably higher. The ILO estimate should be interpreted as an evidence-based *floor*, not a ceiling.

Taken together, these insights offer the clearest foundation yet for a global costed action plan. The framework provides a credible benchmark against which the inadequacy of current spending can be assessed and, for the first time, enables a structured understanding of the global investment gap that must be closed to eliminate forced labour.

## 4. Emerging approaches in anti-slavery finance

This chapter presents a set of emerging initiatives that illustrate how sustainable finance approaches are being used to strengthen prevention, accountability and remediation systems for modern slavery and human trafficking. While not an exhaustive mapping, these State-led, investor-led and philanthropic models demonstrate pathways that have achieved measurable progress, influenced corporate practice, and aligned with international frameworks such as the United Nations Guiding Principles on Business and Human Rights and SDG target 8.7. They also show how diversified capital—public, private and philanthropic—can reinforce institutional capacity and help close persistent investment gaps.

### 4.1. State-led investment: de-risking the operating environment

Public investment remains the foundation of an effective anti-slavery ecosystem. The United

36. ILO, Acting against Forced Labour: An Assessment of Investment Requirements and Economic Benefits (Geneva, ILO, 2024).

37. Intergovernmental Panel on Climate Change (IPCC), Climate Change 2022: Impacts, Adaptation and Vulnerability. Contribution of Working Group II to the Sixth Assessment Report (2022).

38. ILO, Walk Free and IOM, Global Estimates of Modern Slavery: Forced Labour and Forced Marriage (Geneva, ILO 2022).

States provides a clear example of sustained State-led financing, having allocated more than **\$1 billion** in federal funding to anti-trafficking efforts between 2000 and 2024. Recent data shows sharp increases across key pillars: **specialized victim services** rose from \$31.4 million to nearly **\$232 million** between the 2005-2015 and 2016-2023 periods, and dedicated **prevention funding** grew by more than 1,100 percent, exceeding \$14 million. Investments in technology, training and technical assistance also expanded substantially.

These public expenditures strengthen the rule of law, improve survivor services and create a more stable operating environment for responsible businesses. Internationally, funding from the United States Department of State's Office to Monitor and Combat Trafficking in Persons across more than 80 countries enhances enforcement systems and institutional capacity in high-risk contexts. Domestically, government spending on detection, victim support and prosecution reduces the operational and legal burdens that would otherwise fall on individual firms. In this sense, State-led investment acts as a form of system-level de-risking, lowering compliance costs and enabling companies to conduct more effective human rights due diligence.

## 4.2. Investor-led accountability

Institutional investors are increasingly using their leverage to advance corporate accountability on human rights. The United Kingdom-based **Churches, Charities and Local Authorities (CCLA) Investment Management Limited** and the **Investors Against Slavery and Trafficking Asia Pacific (IAST APAC)** illustrate this shift toward active stewardship. Together, these

coalitions represent trillions of dollars in assets under management and operationalize the investor's role under the United Nations Guiding Principles.

CCLA's **Find It, Fix It, Prevent It**<sup>39</sup> programme exemplifies this approach, requiring portfolio companies to **identify** instances of forced labour, **remediate** harm and strengthen systems to **prevent** recurrence. Its **modern slavery global benchmark** provides an assessment tool aligned with the United Nations Guiding Principles that supports targeted investor engagement.<sup>40</sup> IAST APAC, representing over 12 trillion Australian dollars in assets, applies similar expectations in Asia and the Pacific markets.

These initiatives are shaping market norms, even as challenges remain. Many companies still focus on qualitative process indicators, sector-wide costing is limited, and traceability gaps persist beyond tier 1 suppliers.<sup>41</sup> Despite these constraints, investor-led coalitions are building the tools, pressure and accountability mechanisms required to translate human rights commitments into measurable corporate practice.

## 4.3. Philanthropic capital: piloting innovation and catalysing the market

Philanthropic capital plays a catalytic role in the anti-slavery finance ecosystem, providing flexible, risk-tolerant funding to test new models, strengthen evidence, and support interventions that may be too early-stage or uncertain for public or private investors.<sup>42</sup>

The Global Fund to End Modern Slavery demonstrated how **blended finance** can de-risk interventions and align donor and private capital. Although the fund ceased operations in 2024

39. CCLA Investment Management, Find It, Fix It, Prevent It – Modern Slavery Report 2024 (London, CCLA, 2024a).

40. CCLA Investment Management, CCLA Modern Slavery Global Benchmark 2025 Pilot (London, CCLA, 2024a).

41. Investors Against Slavery and Trafficking Asia-Pacific (IAST APAC), Investors Against Slavery and Trafficking Asia Pacific Annual Report 2023–2024 (2024).

42. Casey, J. P., "Catalytic Capital: A Primer." The Journal of Private Equity (2017) 20(3), 60-66; Convergence, The State of Blended Finance 2021 (Convergence Blended Finance, 2021).

due to declining public funding, its work provided an important proof of concept for structured, evidence-driven financing vehicles aimed at costed national plans and large-scale systems change.<sup>43</sup>

The Freedom Fund is the largest philanthropic initiative dedicated exclusively to ending modern slavery. With an initial \$30 million capitalization and subsequent substantial mobilization, it has generated measurable impact through “hotspot” investments and partnerships with frontline organizations. Its work has contributed significantly to building the evidence base and creating a pipeline of credible opportunities for institutional investors seeking meaningful social outcomes.<sup>44</sup>

These mechanisms show how philanthropic actors complement public and private capital by piloting innovation, strengthening data, and creating investable pathways that can be scaled through mainstream finance.

#### 4.4. Headwinds and systemic volatility: the rising cost of inaction

Progress across State, investor and philanthropic initiatives is occurring in a context of widening geopolitical and financial pressures. Recent reductions in international anti-slavery funding from several G20 governments, including the suspension of key United States foreign assistance programmes, have resulted in the termination of more than **\$500 million** in projects across more than 40 countries.<sup>45</sup> These cuts weaken enforcement capacity, disrupt survivor services, and erode the institutional environment required for responsible business.

For the private sector, this withdrawal of public capital **increases operational, legal and reputational exposure:**

- **Operational risk:** weaker governance and greater instability in sourcing regions;
- **Legal and compliance risk:** heavier due diligence and remediation burdens on individual firms;
- **Reputational risk:** higher probability of association with harms that under-resourced public systems are unable to prevent or address.

These pressures reinforce a key conclusion: as public infrastructure weakens, the cost of inaction rises for investors and companies. Robust human rights due diligence is no longer an optional moral commitment; it is an essential strategy for resilience in an environment where institutional vulnerabilities amplify market and supply chain risks.

## 5. Quantifying the gap: a \$36 billion annual shortfall

The preceding chapters outlined the scale of the challenge, the persistent underinvestment that has weakened prevention and enforcement systems, and the ILO’s costed estimate of what a credible response would require. This chapter brings these elements together by quantifying the annual global investment gap for the 2025–2030 period. Comparing the ILO’s required investment trajectory with a forecast of current public and philanthropic spending provides a clear estimate of the shortfall and sets the basis for understanding the policy and financial implications addressed in the following chapters.

43. Grono, N., “A Statement on the Closure of the Global Fund to End Modern Slavery (GFEMS)” (The Freedom Fund, 2024).

44. Bugg-Levine, A., and Emerson, J., *Impact Investing: Transforming How We Make Money While Making a Difference*. (San Francisco, Jossey-Bass, 2011).

45. Walk Free. (2025, April 29). Governments are cutting human rights funding and putting millions at risk of modern slavery. Walk Free.

## 5.1. Required investment versus forecasted spending

Estimating the investment gap requires comparing the ILO’s normative investment trajectory with credible forecasts of current and expected spending. The ILO framework assumes a front-loaded implementation curve consistent with decisive global action, with investment requirements peaking between 2027 and 2029 before gradually declining towards 2030. This normative trajectory outlines what would be needed under a coordinated response aligned with SDG target 8.7—not what current political and fiscal trends suggest will happen if existing patterns continue.

## 5.2. Estimating future modern slavery and human trafficking spending levels

To calculate the investment gap, this report triangulates and forecasts current levels of public and philanthropic spending by aggregating three principal sources. Official development assistance is projected using historical ODA-to-gross national income (GNI) ratios and future GNI growth rates. National government budgets (non-ODA), based on 2024 data from a sample of key donor governments, are benchmarked at approximately \$275 million annually. Philanthropic contributions are conservatively estimated at \$40 million per year, reflecting 2024 disbursements. Private sector spending is deliberately excluded from this analysis due to the absence of reliable, disaggregated public data; while actual private contributions may be modestly higher, this omission ensures that the gap estimate is not overstated but remains grounded in verifiable information.

Against the investment requirements outlined by the ILO’s normative model, these financial flows remain inadequate. When combined, forecasted annual spending from ODA, national budgets and philanthropy totals approximately **\$850 million to \$900 million**—a level far below what is needed to establish even the foundational systems for prevention, enforcement and survivor support.<sup>46</sup> These figures reflect conservative assumptions that intentionally avoid inflating current spending; nevertheless, they reveal the magnitude of underinvestment relative to the scale of the challenge.

When this projected spending is set against ILO’s costed investment trajectory, the result is an average annual gap of roughly **\$36 billion** between 2025 and 2030. Table 4 illustrates how this shortfall peaks during the middle years of implementation—mirroring the ILO model’s front-loaded cost curve—and narrows only as prevention systems mature and enforcement capacity strengthens. The purpose of these estimates is not to forecast precise annual spending, but to provide a credible order-of-magnitude assessment of the financial gap that must be closed to meet the ambition of SDG target 8.7. Without significant increases in funding, governments and frontline organizations will continue to face severe capacity constraints, reinforcing the structural vulnerabilities that ultimately spill over into markets, supply chains and investor portfolios.

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46. These figures are in 2022 billion dollars purchasing power parity and reflect the sums required to eradicate forced labour in the private sector only.

→ **Table 5. Annual investment gaps in modern slavery and human trafficking spending** (*billions of United States dollars*)

Year	Estimated investment	Estimated spending	Investment gap
2025	29.3	1.16	28.14
2026	34.8	1.18	33.62
2027	48.3	1.19	47.11
2028	54.9	1.20	53.70
2029	34.3	1.22	33.08
2030	20.5	1.23	19.27

*Note.* Estimated investment figures are derived from the ILO model, and future modern slavery and human trafficking spending levels are indicative, based on publicly reported ODA, selected national government spending and philanthropic disbursements. These estimated investments include maintenance costs for a phased implementation approach following the U-shaped cost curve in the ILO report. See table 4 and annex VI for the investment-gap methodology, and annexes III and IV for selected national public expenditure and philanthropic funding inputs.

A regional view of the annual investment gap further sharpens the picture. Table 6 shows that **Asia and the Pacific** alone faces a cumulative shortfall of **\$80.6 billion** over 2025–2030, an average of \$13.4 billion per year. This reflects not only the region’s concentration of forced labour but also the labour-intensive structure of its export industries and the limited enforcement capacity in many jurisdictions. Europe and Central Asia face a gap of \$53.7 billion, while the Americas

face \$43.5 billion. These figures highlight that modern slavery is embedded within globalized production systems, with significant implications for investor portfolios across manufacturing, retail, agriculture and logistics. Africa and the Arab States also face multi-billion-dollar gaps, revealing that vulnerabilities linked to informality, migration systems and weak labour oversight cut across income groups and development levels alike.

→ **Table 6. Annual investment gaps in modern slavery and human trafficking spending by regions** (*billions of United States dollars*)

Region	2025	2026	2027	2028	2029	2030	Total
Asia and the Pacific	10.6	12.6	17.6	20.1	12.4	7.3	80.6
Europe and Central Asia	7.0	8.4	11.7	13.4	8.3	4.9	53.7
Africa	3.6	4.3	6.1	6.9	4.3	2.5	27.8
Americas	5.7	6.8	9.5	10.8	6.7	3.9	43.5
Arab States	1.5	1.8	2.5	2.8	1.7	1.0	11.3

The temporal dimension of the gap is equally consequential. The ILO trajectory assumes that the gap begins to narrow after 2028 as interventions take hold and enforcement systems strengthen. However, this scenario is highly contingent: **given current fiscal trends, political volatility and fragmented funding, the gap may not close on its own.** On the contrary, structural underinvestment may persist or widen, especially in regions facing fiscal contraction, weak governance, or high exposure to supply chain risk. This risk reinforces the central

argument of this report: without a coordinated **increase in public and private investment**, the high-risk operating environment—characterized by weak labour inspection, inadequate victim support and systemic impunity—will continue to deepen, amplifying material risk for firms and investors.

### Box 3. How to read the numbers: a decision-grade guide for investors

The investment estimates presented in this section provide a comprehensive quantitative baseline for understanding the scale of resources required to eliminate privately imposed forced labour. To ensure clear interpretation by financial and policy stakeholders, these figures should be read with full awareness of their units, scope and limitations, all of which are explicitly set out in the report.

**Units and price basis.** All investment requirements and gap estimates—including the figures in tables 3–5 and the global estimate of \$212 billion—are expressed in 2022 purchasing power parity (PPP) dollars.\* Using a PPP basis ensures comparability across regions and aligns with the underlying approach of the ILO model on which these estimates are built.

**Scope of the estimates.** The calculations reflect the cost of eliminating privately imposed forced labour only, consistent with the ILO’s 2024 model. They exclude costs associated with State-imposed forced labour, forced marriage, child labour, and broader vulnerabilities related to trafficking and exploitation that are not covered by the ILO costing. As noted in section 3.3, the \$212 billion estimate should therefore be understood as a credible floor rather than a ceiling. The true cost of achieving the full ambition of SDG target 8.7 is necessarily higher.

**Intervention coverage.** The investment requirements span four mutually reinforcing pillars: victim-centred remediation, upstream prevention, rule-of-law strengthening, and access to justice. These components reflect widely adopted human rights programming standards and provide a balanced portfolio of interventions aligned with global best practice.

**Conservative spending forecasts.** The annual \$0.85–0.90 billion in “current spending” used to derive the investment gap reflects ODA, national budget commitments and philanthropic flows. The forecasts apply conservative assumptions, including linear extensions of recent ODA-to-GNI ratios, modest real increases in national budget envelopes, and lower-bound estimates of philanthropic contributions. Private sector spending is explicitly excluded due to the absence of reliable, disaggregated public data. As annex II explains, this exclusion avoids overstating current spending but also results in a systematic underestimation of total flows.

**A first-order approximation.** As detailed in annex II, the estimates are classified as a first-order approximation for three main reasons. First, there is no centralized, disaggregated database that tracks national, multilateral, or philanthropic spending on modern slavery and human trafficking. Second, the costing model covers only privately imposed forced labour, excluding State-imposed forced labour, forced marriage and child labour.

\* Unless explicitly stated otherwise, all monetary values referring to investment requirements and investment gaps are reported in constant 2022 PPP international dollars. Nominal USD figures are used only for historical spending, corporate case studies, and market-based outcomes.

Third, the spending forecasts rely on linear trend assumptions applied to ODA, domestic budgets and philanthropy, which may not fully capture future volatility in donor priorities, fiscal tightening, or economic shocks. These constraints do not undermine the validity of the estimates but clarify the structural limitations embedded in current global data architecture.

**Interpreting uncertainty in the estimates.** Given these limitations, the figures presented here should be interpreted as order-of-magnitude signals rather than precise forecasts. Actual investment needs and spending flows may shift in response to political developments, fiscal pressures, implementation capacity, or new evidence. However, even when allowing for this uncertainty, the core conclusion remains unchanged: the level of underinvestment is so substantial—and so structurally embedded—that modest variations in assumptions do not alter the overarching picture. The estimates therefore highlight a persistent and systemic financing gap—not a narrow modelling outcome that would meaningfully change under alternative but reasonable parameter choices.

**Interpreting regional figures.** The regional breakdown (table 5 above) broadly reflects both known global patterns of victim concentration<sup>47</sup> and the structural vulnerabilities described in the report. Asia and the Pacific alone accounts for 37 percent of required investment, but Europe, Central Asia and the Americas together represent 45 percent, highlighting that forced labour risk—and the corresponding financial exposure—is global rather than concentrated in low-income settings.

**Using the estimates.** The gap numbers should not be read as precise forecasts but as order-of-magnitude signals of systemic underinvestment. They help identify regions, sectors and institutional capacities where capital shortfalls pose the greatest supply chain, regulatory and operational risks for investors. They also provide a baseline for integrating modern slavery and human trafficking considerations into risk screening, impact reporting and sustainable finance taxonomies.

Together, these findings reveal that the global investment gap is both large in scale and structurally embedded, with material implications for markets and financial actors. Insufficient investment in prevention, enforcement and survivor support does not merely slow progress toward SDG target 8.7; it creates and perpetuates a high-risk operating environment in which the costs of inaction are increasingly borne by companies through supply chain disruptions, regulatory penalties, reputational shocks and valuation losses. The quantitative evidence

provided in tables 3–5 therefore provides a direct bridge to the next analytical step: evaluating how public underinvestment translates into private sector exposure, and why mobilizing private capital is now essential to restoring market integrity and closing the \$36 billion annual shortfall. This framing sets the stage for the following subsection, which examines the policy and market implications of the gap and identifies the enabling conditions required to unlock private investment at scale.

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47. ILO, Walk Free and IOM, *Global Estimates of Modern Slavery: Forced Labour and Forced Marriage* (Geneva, 2022).

### 5.3. Policy implications: from public gap to private catalyst

The annual \$36 billion shortfall is more than an accounting deficit; it reflects a structural failure to invest in the systems required to prevent and remediate modern slavery. Although the ILO’s normative trajectory anticipates a narrowing of the gap after 2028, this outcome depends on immediate and coordinated action. Under current political and fiscal conditions, there is a substantial risk that the shortfall will persist or widen.

The central policy implication is clear: closing the gap cannot be achieved through public and philanthropic resources alone. Mobilizing private capital at scale requires an enabling environment that aligns incentives, reduces perceived risk, and strengthens institutional capacity. Survey results and stakeholder consultations point to a coherent set of policy priorities to support this shift. When asked which measures would most encourage investment, financial professionals consistently emphasized the need for stronger government action. The most frequently cited enablers were:

1. Tax incentives—mentioned 48 times;
2. Mandatory disclosure and due diligence requirements—47 mentions;
3. Government-backed guarantees and risk-sharing mechanisms—18 mentions.

As one Malaysian financial sector chief executive officer noted:

*“... clear financial incentives—such as tax credits, co-investment opportunities... and first-loss guarantees—would be highly motivating. Regulatory frameworks that standardize human rights due diligence... would also create a more consistent and compelling investment environment.”*

Participants highlighted that such measures would help offset risk, reinforce policy commitment, and enhance the credibility of modern slavery and human trafficking-aligned financial products. They also stressed that integrating modern slavery and human trafficking considerations into ESG and SDG frameworks—through taxonomy alignment, risk screening and supply chain expectations—is essential for mainstreaming prevention within investment practice.

Bilateral consultations reinforced these findings. Stakeholders stressed that regulatory coherence, standardized metrics and clear accountability mechanisms are prerequisites for mobilizing institutional capital. Fragmented data infrastructure and inconsistent policy regimes continue to discourage private sector engagement.<sup>48</sup> In this context, investors often treat modern slavery as an externalized social harm rather than a **strategic business risk**. When modern slavery and human trafficking are underpriced or invisible in financial analysis, they are unlikely to attract dedicated capital or governance

48. This refers to the lack of a globally consistent standard. A significant and growing patchwork of national and regional regulations does exist, including the United Kingdom Modern Slavery Act (2015), the Australian Modern Slavery Act (2018), Canada’s Supply Chains Act (2024), and the European Union’s Corporate Sustainability Due Diligence Directive (CSDDD). However, the differing scopes, thresholds and enforcement mechanisms of these laws create the fragmentation that allows modern slavery risk to remain underpriced in global financial markets.

attention. Recognizing it as a strategic risk—one that contributes to supply chain disruption, reputational exposure and compliance failures—creates a stronger rationale for integration into core investment decisions.

Experts from development finance institutions, philanthropic organizations, survivor-led groups and fintech innovators called for a shift from voluntary ESG commitments to structured, government-supported financial strategies. Key recommendations included:

- Incorporating modern slavery and human trafficking metrics into national ESG taxonomies;
- Establishing performance-linked instruments with co-investment from development finance institutions;
- Expanding blended-finance mechanisms that reduce early-stage risk.

Taken together, these insights point to a policy agenda that elevates modern slavery and human trafficking prevention from a niche ESG concern to a core component of national sustainable financing strategies. Strengthened regulatory frameworks, targeted fiscal incentives and risk-sharing instruments are essential elements of a global financial architecture capable of addressing the scale of the challenge and advancing progress toward SDG target 8.7.

## 6. From developmental drivers to financial materiality: bridging vulnerability and investable solutions

The preceding chapters have shown that the global response to modern slavery and human trafficking is hindered by a significant and persistent investment gap. While the quantitative analysis shows that current public and philanthropic spending falls dramatically short of the scale required to eliminate privately imposed forced labour, the numbers alone cannot capture the full implications of this underinvestment. The structural conditions that allow modern slavery and human trafficking to take root—income insecurity, informality, recruitment abuses, weak rule-of-law institutions and opaque global value chains—create a series of material financial risks for firms, investors and markets. Understanding these pathways is essential for translating the developmental and institutional challenges analysed in part I into the financial-materiality framework that underpins part II of this report.

Poverty and income insecurity are deeply intertwined with forced labour risk. Households facing unstable earnings, limited access to decent work, or inadequate social protection have fewer viable livelihood options and weaker bargaining power, increasing their exposure to coercive recruitment practices and debt bondage.<sup>49</sup> As highlighted earlier, such vulnerabilities are endemic in contexts where prevention systems are weak, and livelihood opportunities are scarce. They are not merely social conditions but structural determinants of exploitation. For firms that source from or operate in these environments, these vulnerabilities manifest as

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49. See, for instance: ILO, Walk Free and IOM, Global Estimates of Modern Slavery: Forced Labour and Forced Marriage (Geneva, ILO, 2024); World Bank, Profits and Poverty: The Economics of Forced Labour, 2<sup>nd</sup> edition (Geneva, World Bank, 2019); UNODC, World Development Report 2019: The Changing Nature of Work (Washington, D.C., UNODC, 2021); UNODC, Global Report on Trafficking in Persons 2020 (Vienna, 2020); OECD, OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector (Paris, OECD 2018).

unstable labour supply, heightened turnover and increased reliance on intermediaries whose practices may be difficult to verify. For investors, they translate into long-term operational and compliance risks embedded in the cost structures of global supply chains.

Informality and weak institutional capacity further compound these vulnerabilities. Forced labour is concentrated in sectors where informal work arrangements dominate—services, manufacturing, construction, agriculture and fishing.<sup>50</sup> Informal labour markets frequently lack contracts, wage protections, grievance mechanisms and oversight, enabling exploitation to occur discreetly and persistently. The report details substantial gaps in labour inspection and enforcement systems across regions, particularly those with the largest investment requirements. When institutions lack adequate resources or authority, the likelihood of undetected violations increases. That risk is transmitted outward to firms operating across these markets. For investors, institutional fragility produces uneven compliance environments, regulatory unpredictability and heightened sensitivity to labour-related shocks.

Migration-related vulnerabilities represent another critical structural driver. In regions such as the Arab States, Europe, and Asia and the Pacific—where investment needs are high and global supply chains are extensive—migrant workers face elevated risks of recruitment-fee charging, debt-financed placement, deception about job conditions and coercive practices such as passport retention. These dynamics are not marginal phenomena but core features of labour-intensive industries that form central nodes of global value chains. For firms dependent on large migrant workforces, these vulnerabilities create latent legal, operational and reputational risks. For investors, the systemic reliance on recruitment ecosystems prone to abuse increases exposure

to regulatory interventions, litigation, supply chain disruption and value erosion.

Gaps in rule of law and access to justice further exacerbate risks across markets. The ILO's costed framework allocates substantial investment to strengthening enforcement, judicial systems and inspection mechanisms—because exploitation thrives in institutional environments where detection is rare and impunity is high. Weak governance not only facilitates forced labour but also complicates supply chain due diligence by limiting the availability of reliable data and reducing confidence in enforcement. This governance deficit becomes a direct source of market frictions: opaque supply chains, increased border inspections, inconsistent compliance requirements and heightened vulnerability to product seizures or sanctions. These dynamics create layers of risk for firms that ultimately influence investor confidence, cost of capital and the stability of global value chains.

Sectoral and geographical concentration amplifies this financial materiality. Services, manufacturing, construction and agriculture—not only high-risk sectors for forced labour but also central to institutional portfolios—account for most global forced labour cases. Likewise, regions with high investment needs—Asia and the Pacific, the Americas, and Europe and Central Asia—are deeply embedded in global production and consumption networks. This alignment means that structural vulnerabilities are not external to financial markets; they are embedded within the sectors and geographies that anchor global investment strategies. As such, forced labour risk operates not as an isolated compliance issue but as a structural, correlated and persistent financial risk across portfolios.

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50. ILO, *Walk Free and IOM, Global Estimates of Modern Slavery (2022)*; and UNODC *Global Report on Trafficking in Persons (Vienna, 2020)*.

The developmental drivers outlined above translate into multiple financial risk channels. Underinvestment in prevention and enforcement increases the probability of regulatory action, as evidenced by the \$97.23 million in forced labour-linked goods detained by United States Customs and Border Protection and by the growing implementation of human rights due diligence regimes such as the European Union Forced Labour Regulation, CSDDD and CSRD<sup>51</sup>. Weak institutional environments raise the likelihood of supply chain inefficiencies, procurement delays, or costly supplier remediation. Market risk materializes when allegations of forced labour trigger abrupt share-price declines, as documented in the case studies in part II. Reputational risk intensifies for consumer-facing brands, exemplified by H&M’s sales losses and store closures following human rights controversies (see annex V). Legal and liability risks increase with expanding due diligence requirements and the potential for administrative penalties, civil suits or import bans. At the portfolio level, these risks are magnified by sectoral and regional clustering, creating correlated exposures that investors cannot easily diversify away.

Because these risks stem from structural vulnerabilities, they cannot be mitigated solely through firm-level policies or fragmented compliance efforts. They require targeted investment in the underlying institutional, social and economic systems described throughout part I. This is where financial instruments become essential. Sustainable debt instruments can support rule-of-law, survivor-support and prevention systems that reduce regulatory and governance risk. Sustainability-linked loans allow firms to commit to measurable improvements—such as eliminating recruitment fees, expanding supplier traceability, or implementing digital wage

systems—that mitigate compliance, reputational and operational risks. Blended finance can de-risk investments in high-prevalence regions, encouraging private capital to enter markets where vulnerabilities are greatest. Insurance and risk-pooling instruments can buffer firms against enforcement-related disruptions or labour-market shocks. Digital finance and traceability tools can enhance wage verification and supply-chain visibility, reducing opacity and compliance uncertainty. These instruments mobilize capital and have the potential to convert development investments into tangible, risk-reducing measures for firms and investors.

Bringing these elements together, table 7 below summarizes the pathways through which structural developmental drivers translate into material financial risks and shows how these risks align with sustainable finance instruments and indicative key performance indicators discussed in this chapter. This mapping provides a concise conceptual overview of the development-finance bridge, reinforcing the rationale for the financial strategies and instruments examined in part II.

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51. United States Customs and Border Protection, Withhold Release Orders and Findings Dashboard—Financial Year 2024 Statistics: 6,074 stopped shipments, \$97.23 million in forced labour entry value (Washington, D.C., Department of Homeland Security, 2025).

→ **Table 7. Mapping development drivers to financial risks, instruments and key performance indicators**

<b>Development drivers</b>	<b>Financial risk channels</b>	<b>Relevant financial instruments</b>	<b>Indicative key performance indicators set</b>
<p><i>Poverty and income insecurity</i></p> <ul style="list-style-type: none"> <li>Limited livelihood options</li> <li>Unstable earnings, weak social protection.</li> </ul>	<p><i>Regulatory and compliance risk</i></p> <ul style="list-style-type: none"> <li>Exposure to due diligence laws, import bans, border inspections, sanctions.</li> </ul>	<p><i>Sustainable use-of-proceeds bonds</i></p> <ul style="list-style-type: none"> <li>Financing for rule-of-law, labour inspection, survivor services and prevention systems.</li> </ul>	<p><i>Compliance indicators</i></p> <ul style="list-style-type: none"> <li>Supplier due diligence coverage;</li> <li>Recruitment fee reimbursement rates;</li> <li>Digital wage adoption.</li> </ul>
<p><i>Informality and weak labour institutions</i></p> <ul style="list-style-type: none"> <li>Lack of contracts, oversight, grievance mechanisms, inspection capacity.</li> </ul>	<p><i>Operational and supply chain risk</i></p> <ul style="list-style-type: none"> <li>Supplier instability, production delays, disruption costs.</li> </ul>	<p><i>Sustainability-linked loans</i></p> <ul style="list-style-type: none"> <li>Performance targets linked to traceability, recruitment practices, and grievance-mechanism effectiveness.</li> </ul>	<p><i>Preventive indicators</i></p> <ul style="list-style-type: none"> <li>Labour inspections conducted</li> <li>Enforcement actions</li> <li>Survivor identification</li> </ul>
<p><i>Recruitment debt and migrant-worker vulnerability</i></p> <ul style="list-style-type: none"> <li>Fee charging, debt-financed placement, coercive intermediaries.</li> </ul>	<p><i>Legal and liability risk</i></p> <ul style="list-style-type: none"> <li>Exposure to litigation, administrative penalties, and compliance failures.</li> </ul>	<p><i>Blended finance mechanisms</i></p> <ul style="list-style-type: none"> <li>Guarantees or first-loss capital to de-risk investments in high-vulnerability regions and sectors.</li> </ul>	<p><i>Transparency indicators</i></p> <ul style="list-style-type: none"> <li>Percentage of tier 2 and tier 3 suppliers mapped;</li> <li>Uptake and resolution of grievance mechanisms.</li> </ul>
<p><i>Governance and rule-of-law gaps</i></p> <ul style="list-style-type: none"> <li>Low detection probability, limited prosecution, institutional impunity.</li> </ul>	<p><i>Reputational risk</i></p> <ul style="list-style-type: none"> <li>Consumer backlash, brand devaluation, negative media exposure.</li> </ul>	<p><i>Insurance and risk-pooling solutions</i></p> <ul style="list-style-type: none"> <li>Wage insurance, business-interruption coverage linked to modern slavery and human trafficking enforcement.</li> </ul>	<p><i>Remediation indicators</i></p> <ul style="list-style-type: none"> <li>Survivors receiving remedy;</li> <li>Timeliness of remedy;</li> <li>Reintegration outcomes.</li> </ul>
<p><i>Sectoral and geographical concentration in global value chains</i></p> <ul style="list-style-type: none"> <li>High-risk sectors and regions central to portfolio exposure.</li> </ul>	<p><i>Market and valuation risk</i></p> <ul style="list-style-type: none"> <li>Share-price shocks, revenue loss, market-access disruption.</li> </ul>	<p><i>Digital finance and traceability tools</i></p> <ul style="list-style-type: none"> <li>Digital wages, wage verification, supply chain mapping;</li> <li>Impact investing and social finance for livelihoods and formalization.</li> </ul>	<p><i>Financial/operational indicators</i></p> <ul style="list-style-type: none"> <li>Avoided regulatory losses;</li> <li>Avoided disruption costs;</li> <li>Performance on impact-linked loan terms.</li> </ul>

To ensure coherence between development outcomes and financial materiality, this report highlights a set of core indicators that can serve as shared metrics for both public and private actors. **Compliance indicators**—such as supplier coverage under due diligence frameworks, recruitment-fee reimbursement rates and digital wage adoption—signal improvements in labour standards. **Preventive indicators**—labour inspection coverage, enforcement actions and survivor identification—capture institutional strengthening. **Transparency indicators**—such as the mapping of tier 2 and tier 3 suppliers—directly reduce informational risk. These indicators create a measurable link between the reduction of structural vulnerabilities and the mitigation of financial risk, offering investors a practical framework for evaluating performance and impact.

In sum, the developmental drivers outlined here and the financial risks analysed throughout the report represent two aspects of a single underlying reality. Underinvestment in prevention, enforcement and institutional capacity fosters environments where modern slavery and human trafficking flourish, while simultaneously exposing firms and investors to heightened regulatory, operational and market risks. By articulating

the pathways through which developmental vulnerabilities become financially material, this chapter establishes the conceptual foundation for the business-case analysis in part II. The financial instruments examined in the following chapters then offer concrete mechanisms for addressing these systemic vulnerabilities, protecting long-term value, and mobilizing the scale of investment required to eradicate forced labour and human trafficking.

Building directly on this foundation, this chapter makes clear that the structural drivers of modern slavery and human trafficking not only shape developmental outcomes but also define the contours of financial risk in ways that investors, lenders and market regulators can no longer ignore. These risks stem not from isolated incidents but from systemic conditions embedded in global production networks and transmitted across sectors and asset classes. Part II takes this reality as its point of departure. It examines how financial institutions and corporate actors can respond to these structural vulnerabilities through coherent strategies, measurable performance indicators and a suite of financing instruments capable of both mitigating risk and enabling meaningful progress toward the eradication of forced labour and human trafficking.

## **PART 2**

# **MAKING THE BUSINESS CASE FOR SUSTAINABLE FINANCE IN ADDRESSING MODERN SLAVERY AND HUMAN TRAFFICKING**

## Part 2

# Making the business case for sustainable finance in addressing modern slavery and human trafficking

Part I demonstrated that the global shortfall in investment is not merely a funding gap but a structural vulnerability embedded in the institutions, labour markets and supply chains where modern slavery and human trafficking take root. The preceding chapters showed how underinvestment in prevention, enforcement and institutional capacity generates the conditions in which exploitation flourishes—and how these same conditions translate into material regulatory, operational and market risks for firms and investors. Building directly on this insight, part II examines how financial actors can respond to these systemic vulnerabilities through coherent strategies, measurable performance indicators, and a diversified architecture of sustainable finance instruments.

This transition from diagnosis to action is grounded in a stark reality: the world faces an average annual investment shortfall of **\$36 billion** to eradicate privately imposed forced labour by 2030. As demonstrated in part I, this financing gap reflects deep structural misalignment between the scale of the challenge and the resources currently committed through ODA, domestic budgets and philanthropy. Closing this gap requires more than incremental donor spending; it calls for a fundamental shift in how capital is mobilized, allocated and justified—one in which financial institutions and corporate actors play a central role.

These structural vulnerabilities do not exist in isolation. They interact with and amplify core financial risk channels, including regulatory exposure, supply chain disruption, valuation

shocks, reputational damage and legal liability. The evidence presented in part I makes clear that addressing modern slavery and human trafficking is not simply an ethical imperative but a strategic necessity for safeguarding enterprise value, protecting long-term cash flows, and strengthening market resilience. Sustainable finance, when properly aligned with these structural risk drivers, offers an avenue through which capital can both mitigate exposure and support the institutional capacities required to prevent exploitation.

To help close this gap, the FAST Initiative has identified **five catalytic financial channels** capable of scaling sustainable investment in modern slavery and human trafficking prevention and remediation. These channels form the backbone of the sustainable finance architecture explored in this part of the report:

- Sustainable debt instruments;
- Digital finance innovations;
- Insurance-based risk transfer tools;
- Impact investing strategies;
- Social finance and microfinance models.

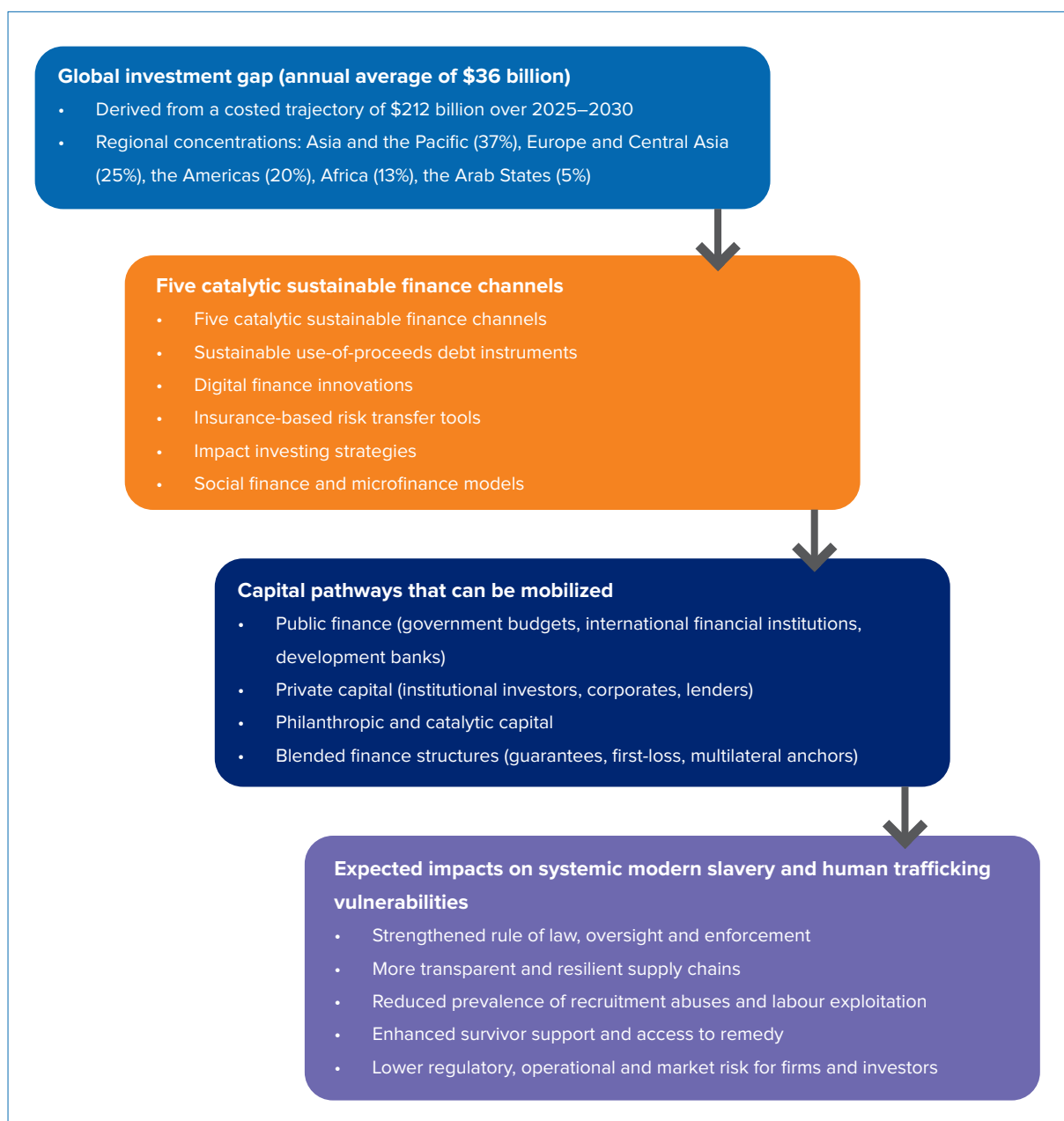
Together, these channels represent a diversified investment architecture capable of engaging public, private, philanthropic and blended capital. They offer scalable pathways to deploy finance into high-risk sectors and geographies, promote survivor inclusion, and strengthen the systems that prevent exploitation. Yet despite their promise, capital flows into these instruments remain limited, fragmented and

poorly documented—reflecting the absence of a compelling, evidence-based business case that frames modern slavery and human trafficking investments not as discretionary or philanthropic spending but as strategic, risk-adjusted decisions.

To visualize this shift from structural diagnosis to investable solutions, figure 1 maps the annual

global investment gap against these five financial channels and the types of capital they mobilize. It highlights how different forms of capital—public, private, philanthropic and blended—can be deployed through distinct financial mechanisms to strengthen the institutional and economic foundations and reduce systemic modern slavery and human trafficking vulnerabilities.

→ **Figure 1. Mapping the global investment gap to financial channels and capital pathways**



Markets remain structurally misaligned with the urgency of the issue. However, findings from the UNDP Global Survey indicate a promising shift: nearly 90 percent of respondents believe that modern slavery and human trafficking risks should be systematically integrated into investment decision-making frameworks. This signals growing recognition of modern slavery as a **core fiduciary and strategic concern**, rather than a peripheral ESG issue. Drawing on insights from the survey, bilateral consultations and emerging investment trends, this part of the report sets out the key elements of the business case for sustainable finance, including how investors can quantify avoided costs associated with reputational damage, supply chain disruptions, litigation risk and regulatory non-compliance.

While the enabling environment still requires targeted policy reforms—such as tax incentives, regulatory harmonization and government-backed guarantees—there are immediate and tangible steps the financial community can take. Chief among them is adopting an integrated-impact business case approach that captures both financial and strategic value, allowing investment decisions to reflect the full spectrum of benefits associated with addressing modern slavery and human trafficking. The following chapters explore these concepts in greater depth, beginning with the cost of inaction.

### The limitations of traditional investment appraisal

Despite growing recognition of the material risks associated with modern slavery and human trafficking, current levels of investment remain far below what is required. At the heart of this underinvestment lies a structural problem: traditional investment appraisal methods

systematically undervalue the benefits of preventing and remediating modern slavery and human trafficking. Whether assessing a supply chain audit, a survivor reintegration programme, or a technology-based traceability tool, decision-makers typically rely on financial performance metrics such as net present value, internal rate of return and payback period. While these metrics are useful for evaluating cash flows, they capture only a narrow subset of the benefits associated with modern slavery and human trafficking interventions.

Most actions aimed at addressing modern slavery and human trafficking generate a range of strategic, risk-reducing and value-enhancing benefits that rarely feature in conventional business-case assessments. These include strengthened brand value, enhanced worker retention, an improved license to operate, reduced regulatory exposure and greater resilience to supply chain shocks.<sup>52</sup> Because many of these benefits are intangible or difficult to quantify, they are frequently excluded from standard financial analysis. As a result, interventions that materially reduce risk and strengthen long-term enterprise value often appear marginal or unprofitable when assessed through a narrow financial lens.

A similar challenge arises when considering the costs of inaction.<sup>53</sup> Firms that fail to address modern slavery and human trafficking risk can face legal fines, consumer backlash, investor divestment, operational disruptions and supply chain reconfiguration costs—losses that can far exceed the initial investment required to prevent or remediate exploitation. Nonetheless, these avoided costs are seldom incorporated into mainstream evaluation frameworks. A more holistic approach that integrates both financial and strategic value would enable investors

52. Modern Slavery and Human Rights Policy and Evidence Centre. *Capital Markets & Modern Slavery: Evidence Review Report*. (London: Modern Slavery PEC, 2023) and IFM Investors. *Addressing Modern Slavery in Investment Portfolios*. Melbourne: IFM Investors, 2025.

53. International Finance Corporation (IFC), CDC Group Plc, European Bank for Reconstruction and Development (EBRD), and United Kingdom Department for International Development (DFID). *Managing Risks Associated with Modern Slavery: A Good*

and companies to recognize the full economic rationale for acting on the risks of modern slavery and human trafficking.

This is where the impact integrated business case becomes essential. By capturing avoided regulatory, reputational and operational costs—and by valuing strategic benefits such as resilience, trust and licence to operate—an impact integrated approach can reveal the true long-term value of interventions that appear marginal under traditional filters. Such an approach forms the analytical backbone of the business case model developed in this part of the report.

### **A scarcity of investment data, but a clear strategic rationale**

The limited availability of disaggregated data further complicates efforts to build robust financial cases for modern slavery and human trafficking-related investments. Existing instruments suffer from fragmented reporting: sustainable debt issuances rarely isolate anti-slavery spending from broader SDG allocations; digital finance initiatives tend to focus on general financial inclusion rather than modern slavery and human trafficking-specific outcomes; impact investing platforms lack unified taxonomies for anti-slavery financing; and insurance models for high-risk or vulnerable populations remain nascent. At the grassroots level, social finance mechanisms—such as microcredit programmes for survivors—often operate without formal reporting systems.

Yet the absence of complete quantitative data does not imply the absence of strategic rationale. Qualitative evidence, bilateral consultations and the UNDP Global Survey all point to growing investor interest as sustainability frameworks mature and regulatory scrutiny intensifies. Survey responses indicate that integrating modern

slavery and human trafficking prevention into financial strategies delivers multiple benefits: more than 80 percent of respondents recognized enhanced reputation, greater brand protection, stronger shareholder confidence and reduced supply chain disruption as compelling reasons to consider modern slavery and human trafficking risks in investment decisions.<sup>54</sup> These findings speak to the growing materiality of social risks across portfolios.

The survey also reveals increasing investor willingness to accept modest reductions in financial return in exchange for measurable social outcomes.<sup>55</sup> In scenario-based questions, most respondents favoured investment options with lower returns but strong anti-modern slavery and human trafficking commitments. Respondents cited mission alignment, measurable outcomes and long-term resilience as key motivations. This “impact integrated” mindset reflects a broader evolution in market expectations—one that acknowledges that short-term financial gains secured by neglecting social risks often translate into long-term liabilities, including legal exposure, reputational damage and reduced license to operate.

Given these dynamics, the priority is not to wait for perfect data, but to develop compelling, practical business cases that can demonstrate value, attract pilot funding, and expand the evidence base for larger capital flows. Before building this business case, it is helpful to examine the cost of inaction through a concrete example. The following case study illustrates how modern slavery and human trafficking allegations can translate into rapid, significant and sustained financial losses for a publicly traded company.

*Practice Note for the Private Sector*, prepared by Ergon Associates and Ethical Trading Initiative. (Washington, DC: IFC, 2018).

54. UNDP Global Survey on Sustainable Finance to Prevent Modern Slavery and Human Trafficking, conducted April–July 2025.

55. Ibid.

## 7. Case study. The cost of inaction: Boohoo's share price collapses following modern slavery allegations

### 7.1. Context of the allegations

In July 2020, *The Sunday Times* published an investigative piece alleging that workers in Boohoo's Leicester-based supply chain were being paid as little as £3.50 per hour, less than half of the United Kingdom's national minimum wage.<sup>56</sup> The investigation further identified hazardous working conditions and widespread breaches of COVID-19 regulations. Although Boohoo did not own the factories concerned, the allegations linked the company to potential modern slavery practices and stirred intense scrutiny from media, regulators and investors alike.

At the time, Boohoo had cultivated a brand identity around affordability, rapid production cycles and public claims of ethical sourcing. The exposé shattered this narrative and highlighted the structural risks embedded in opaque, fast-moving supply chains—risks that are amplified in high-volume, low-margin business models where oversight gaps can become significant liabilities. With ESG considerations increasingly central to investor assessments, the allegations were a catalyst for an immediate reassessment of Boohoo's operational integrity and long-term risk profile.

### 7.2. Financial impact: share price and market value erosion

Capital markets responded immediately. Between 3 and 8 July 2020, Boohoo's

share price fell from roughly 387 to 224 points, a drop of 42 percent in just 72 hours and a loss of £1.9 billion in market capitalization. The scale and immediacy of this decline—occurring in the absence of comparable sector-wide movements—suggest that the losses were driven by firm-specific concerns related to Boohoo's exposure to modern slavery and human trafficking risks.

The market response was reinforced by commercial repercussions. Major retail partners and online platforms—including ASOS, Zalando, Next, Amazon and Very—removed Boohoo products from sale or suspended business relationships pending further review. These actions not only disrupted distribution channels but also signalled a broader erosion of confidence in Boohoo's supply chain assurance mechanisms.<sup>57</sup> ESG-focused investors, such as Aberdeen Standard Investments, publicly divested from the company, citing deficiencies in ethical sourcing and supply chain risk management.<sup>58</sup>

These responses illustrate that allegations of modern slavery can translate rapidly into material financial losses, affecting both firm valuation and future revenue prospects.

### 7.3. Deep dive: event study and cumulative abnormal returns analysis<sup>59</sup>

To quantify the financial impact of the allegations, an event study was conducted, analysing Boohoo's cumulative abnormal returns over a 20-day window surrounding *The Sunday Times* publication. Day 0 (event day) corresponds to the public release of the allegations.

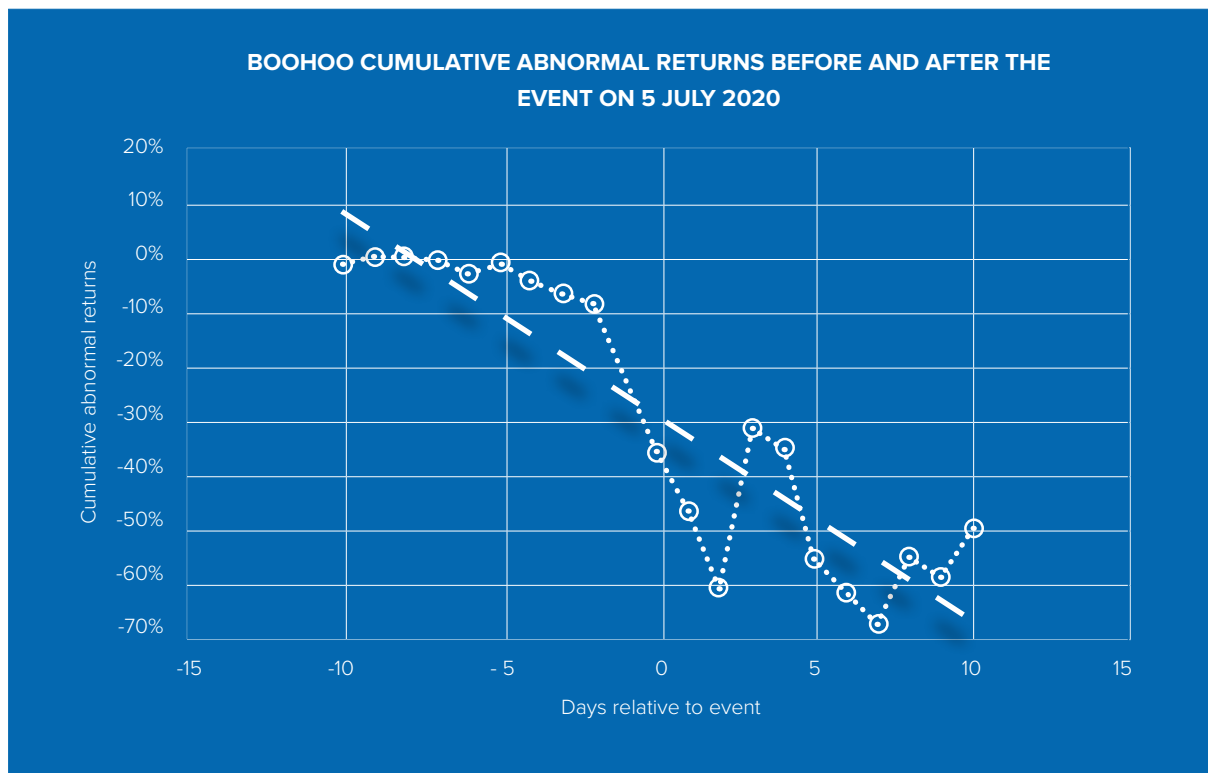
56. Hussein, F., "Boohoo: Fashion Giant Faces Slavery Investigation", *The Sunday Times*, 5 July 2020.

57. Business and Human Rights Resource Centre, "Next, ASOS, Amazon, Very and Zalando Remove Boohoo Clothing from Sale" (2020).

58. Responsible Investor, "Aberdeen Standard Divests from Boohoo over Modern Slavery Allegations" (2020).

59. Historical prices for Boohoo Group United Kingdom listing and FTSE100 are from [www.investing.com](http://www.investing.com). To compute abnormal returns, a simple CAPM model is used in the study.

→ **Figure 2. Impact of allegations on Boohoo’s share price**



The cumulative abnormal returns in figure 2 reveal three notable features. First, the sharp decline on day 0 confirms an immediate negative market shock. Second, cumulative abnormal returns continue to trend downward in the days following the announcement, indicating sustained investor concern about the company’s labour-rights exposure, governance quality and ESG oversight. Third, the absence of rapid mean reversion suggests that markets did not view the incident as temporary noise, but rather as a signal of structural weaknesses in Boohoo’s risk management framework.

While event-study analysis does not establish long-term causality, the findings provide clear evidence of short-term financial materiality associated with modern slavery and human

trafficking governance failures. They also illustrate how new information about supply chain practices can lead to a repricing of firm-specific risks, affecting investor expectations, risk premia and perceptions of management credibility.<sup>60</sup>

#### 7.4. Strategic implications for ESG risk and financial markets

The Boohoo case shows how a breakdown in human rights due diligence can propagate across multiple financial risk channels. Reputational damage swiftly translated into equity loss as the share-price collapse unfolded. Regulatory scrutiny intensified when United Kingdom authorities—including the National Crime Agency and His Majesty’s Revenue and Customs—initiated investigations. Operational disruptions

60. Some literature suggests a correlation between poor performance on social and governance factors and negative market returns. For instance: Zhang, H., et al., “Too Bad to Fear, Too Good to Dare? Performance Feedback and Corporate Misconduct”. *Asia Pacific Journal of Management* (2021); Friede, G., Busch, T., and Bassen, A., “ESG and financial performance: aggregated evidence from more than 2000 empirical studies.” *Journal of Sustainable Finance & Investment*, vol. 5, No. 4, pp. 210-233 (2015); Whelan, T., Atz, U., and Clark, C., *ESG and Financial Performance: Uncovering the Relationship by Aggregating Evidence from 1,000+ Studies Published between 2015–2020* (NYU Stern Center for Sustainable Business, 2021).

followed as commercial partners severed ties, reducing market access and compounding supply chain instability. Investor scrutiny then extended beyond Boohoo, prompting broader concerns across the fast-fashion sector about transparency, labour-rights compliance and ESG governance.<sup>61</sup>

This sequence of events highlights the financial materiality of social risk governance failures. Opaque supply chains, inadequate oversight and limited traceability can convert developmental vulnerabilities into acute market shocks. The Boohoo example also illustrates how investor expectations have evolved: human rights due diligence is no longer perceived as discretionary but as a fundamental component of prudent risk management, particularly in sectors with complex global production networks.<sup>62</sup>

## 7.5. Lessons learned and strategic takeaways

Boohoo’s experience offers several strategic lessons for companies and investors:

- Modern slavery risk carries real financial consequences; even allegations can lead to rapid value destruction;
- Transparency and timely remediation are essential; Boohoo’s slow public response exacerbated uncertainty and fuelled investor concern;
- Due diligence is expected across all supply chain tiers, not only tier 1 suppliers;
- Proactive governance and independent audits are now standard investor

expectations, especially in labour-intensive sectors;

- Social risk considerations increasingly influence investment decisions, as fund managers integrate ethical and human rights issues alongside financial metrics.<sup>63</sup>

The case demonstrates how insufficient oversight and weak assurance mechanisms can result in billions of pounds in lost shareholder value. It serves as a cautionary example for any company with complex supply chains: as markets and regulators continue to align with human rights standards, the cost of inaction on modern slavery and human trafficking risks is likely to rise. The following chapters build on this insight by examining how traditional appraisal methods capture only part of the value associated with modern slavery and human trafficking-related investments, and how an impact integrated approach can more fully capture strategic and financial benefits.

While the Boohoo case shows how modern slavery and human trafficking allegations can trigger rapid financial losses in the fashion industry, similar patterns emerge in other sectors where global value chains intersect with high labour rights risks. Regulatory enforcement plays a particularly important role in agriculture and commodities, where import bans and trade restrictions can reshape market access and investor confidence. The following case of FGV Holdings Berhad illustrates how forced labour indicators can generate operational, reputational and strategic risks even when immediate financial exposure appears limited.<sup>64</sup>

61. Jessica Tasman-Jones. “ASI Divests from Boohoo in Response to Slavery Investigation.” ESG Clarity, July 14, 2020.

62. Oxford University, “Boohoo and the ESG Backlash: A Cautionary Tale of Investor Risk”, Oxford Review of Economic Policy (2021); Palombo, D., and Stergiou, C., “Business and Human Rights Governance in Global Supply Chains”, Journal of Business Ethics (2022); Global Counsel, Boohoo’s Troubles: ESG Cannot Be Ignored (2020); BDO Canada, Fraud Deconstructed: Lessons from Boohoo’s Supply Chain Scandal (2023); and Harper James Solicitors, Boohoo’s Unethical Supply Chain: A Legal and Reputational Analysis (2023).

63. FT Adviser, “Boohoo Issues Highlight ESG Minefield for Advisers” (London, 2023).

64. See annex V for references.

## → **Box 4. Case study: the impact of the United States import ban on FGV Holdings Berhad**

### **Context**

FGV Holdings Berhad is one of Malaysia's largest palm oil producers, supplying a significant portion of the global market. Palm oil is a key ingredient in a wide range of consumer products, from food to cosmetics and biodiesel. The industry, however, has faced persistent scrutiny over environmental and labour practices.

### **What happened**

In September 2020, United States Customs and Border Protection issued a withhold release order against FGV Holdings Berhad and its subsidiaries. The action followed a year-long investigation that uncovered multiple indicators of forced labour in FGV operations, including abuse of vulnerability, deception, restriction of movement, withholding of wages and other exploitative practices. There were also concerns about the possible use of forced child labour.

As a result, all palm oil and palm oil products produced by, or traceable to, FGV were detained at United States ports of entry, effectively banning FGV palm oil from entering the United States market.

### **Impacts on FGV Holdings Berhad**

**Market value.** FGV's share price dropped nearly 10 percent immediately after the United States ban was announced, reflecting investor concern over the company's prospects and reputational standing.

**Business operations.** While direct sales to the United States comprised only about 3 percent of Malaysia's total palm oil exports, the ban posed a significant reputational risk. Analysts warned that the action could prompt other countries or major buyers to reconsider their business with FGV, potentially leading to further market restrictions.

**Reputational risk.** The ban heightened scrutiny from global buyers and regulators, raising the possibility of similar actions in other major markets such as Europe and India. This increased the pressure on FGV to address labour issues comprehensively.

**Corrective actions.** FGV initiated corrective measures, including engaging independent auditors, improving worker housing and living conditions, reimbursing recruitment fees to migrant workers, and enhancing screening procedures for ethical recruitment agencies. FGV submitted a petition to the United States Customs and Border Protection in June 2024 seeking modification of the withhold release order, following significant remediation efforts and third-party assessments.

### **Key takeaway**

The United States import ban on FGV Holdings Berhad serves as a cautionary example of how labour practices can have far-reaching consequences for global agribusinesses. While the immediate financial impact was limited, the reputational damage and threat of broader market exclusion posed substantial risks to FGV's long-term growth and international standing.

## 8. Building the impact integrated business case for modern slavery and human trafficking investments

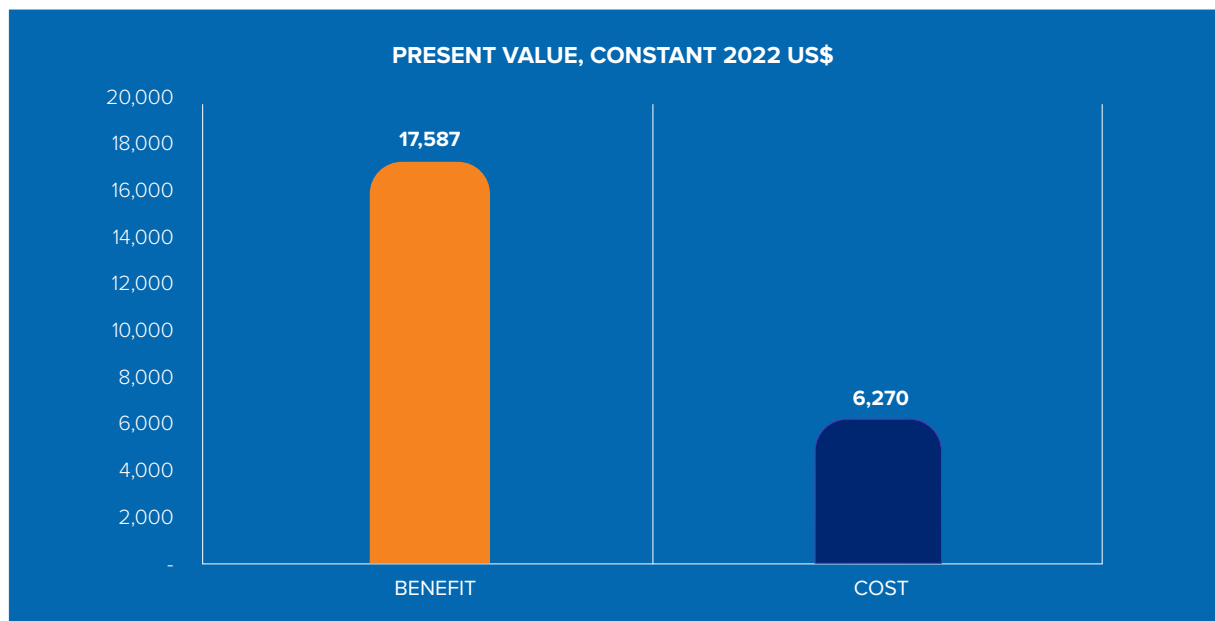
### 8.1. The macroeconomic rationale: a positive global return on investment

Approximately 27.6 million people were in situations of forced labour as of 2021. Estimates presented in this report indicate that eliminating privately imposed forced labour would generate approximately \$611 billion<sup>65</sup> in global economic benefits—equivalent to roughly \$1,536 per person<sup>66</sup> freed. These gains arise primarily from the reintegration of survivors into formal labour markets, through both

employment and entrepreneurship. As individuals re-enter the economy, they contribute to higher productivity, expanded consumer demand, more resilient supply chains and increased public revenues.

Figure 3 compares the estimated global costs of elimination with the projected benefits. The results are unequivocal: ending modern slavery and human trafficking is not only a moral imperative but also a macroeconomically sound investment with unambiguous positive returns. This finding underscores that underinvestment in modern slavery and human trafficking prevention represents a missed opportunity for economic growth, as well as a failure to uphold fundamental human rights.

→ **Figure 3. Estimates of costs and benefits at the macro-level**



65. ILO Acting against forced labour: An assessment of investment requirements and economic benefits (Discussion paper, 2024), which (drawing on ILO, Walk Free and IOM global estimates) reports 27.6 million people in forced labour in 2021 and estimates a US\$611 billion demand-driven increase in global GDP from eliminating forced labour.

66. Derived from ILO (2024) estimates of aggregate global economic benefits from eliminating privately imposed forced labour (≈\$611 billion) divided by the estimated forced labour population in 2021 (27.6 million people).

## 8.2. The corporate challenge: moving beyond traditional financial models

While the macroeconomic rationale provides powerful justification for policy and public sector action, it does not automatically translate into a business case for individual firms or investors. Corporate decision-making typically relies on traditional financial appraisal tools—such as net present value, internal rate of return and payback period—that prioritize predictable and short-term cash flows. These tools are effective for assessing conventional capital investments but are less suited for evaluating complex social risks or long-horizon strategic benefits.

In the context of modern slavery and human trafficking, traditional models systematically undervalue interventions whose returns are realized through: (a) avoided costs, such as reduced regulatory penalties, fewer supply chain disruptions, lower litigation exposure and mitigation of reputational shocks; and (b) strategic business gains, including enhanced brand value, strengthened investor confidence, improved operational resilience, increased access to ESG-aligned financing and greater workforce stability. These dimensions directly affect long-term enterprise value but are often excluded from standard financial analysis because they are difficult to quantify within conventional cash-flow frameworks.

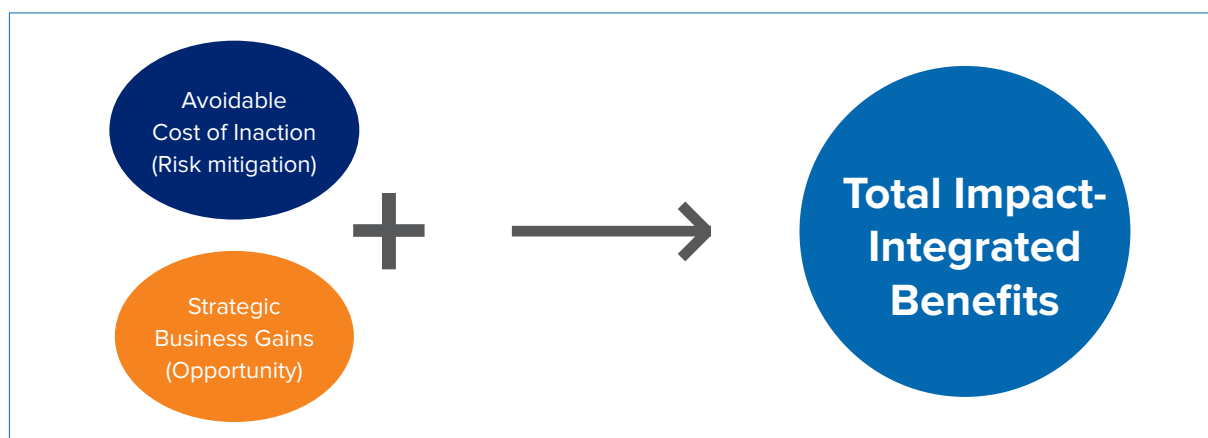
To bridge this gap, this report introduces the **impact integrated business case**: a framework designed to support corporate and investment

decisions by capturing both the **risk mitigation value** of avoided costs and the **opportunity value** of strategic gains. Drawing from the UNDP Global Survey findings and bilateral consultations, this approach treats modern slavery and human trafficking not only as a social imperative but as a **financially material risk and a strategic investment opportunity**. Figure 4 illustrates the conceptual foundation of this framework. The total impact integrated benefits of modern slavery and human trafficking action are derived from two components:

- **Avoidable costs of inaction**, which include measurable financial risks such as supply chain disruptions, reputational damage, regulatory penalties and loss of market access;
- **Strategic business gains**, which capture longer-term value creation associated with strengthened brand reputation, improved resilience, enhanced investor trust and access to emerging sustainability-driven markets.

Although figure 4 is intentionally simple, it serves as a clear conceptual anchor: modern slavery and human trafficking action creates value through both downside risk mitigation and upside strategic gains. The remainder of part II builds on this foundation by assessing these benefits more concretely—first through the quantification of avoided costs, then through an exploration of strategic business gains and the construction of an impact integrated business case.

→ **Figure 4. The impact integrated framework to inform investment decisions**



## 9. Quantifying the avoidable cost of inaction

The business case for fighting modern slavery and human trafficking becomes significantly stronger when traditional cost-based analyses are expanded to include both the avoidable costs of inaction and the strategic value created by proactive engagement. The cost of inaction reflects the financial, operational and reputational consequences of ignoring or insufficiently managing the risks of modern slavery and human trafficking. Strategic value refers to the longer-term benefits that arise when companies invest in prevention, remediation and responsible business conduct.

Together, these perspectives reflect the dual dimensions of materiality increasingly recognized across global regulatory and investment frameworks: (a) *financial materiality*—how modern slavery and human trafficking risks affect corporate performance; and (b) *impact materiality*—how corporate conduct shapes social and environmental outcomes. Understanding both dimensions is essential for long-term value creation. The sections below highlight key avoided-cost channels that companies should incorporate into their assessment of modern slavery and human trafficking-related risks and opportunities.

### 9.1. Rising regulatory risk and legal exposure for corporates

**Regulatory expectations** on forced labour and human rights due diligence have expanded significantly over the past two years. The

European Union’s proposed Forced Labour Regulation would prohibit products linked to forced labour from being placed on or exported from the European Union market, strengthening the accountability provisions under the Corporate Sustainability Reporting Directive.<sup>67</sup> Canada’s Fighting Against Forced Labour and Child Labour in Supply Chains Act (effective January 2024) requires annual public reporting on modern slavery and human trafficking risk mitigation, with fines of up to 250,000 Canadian dollars per offence and potential criminal prosecution for non-compliance.<sup>68</sup> The European Union CSDDD and updates to the United Kingdom Modern Slavery Act have likewise raised expectations around transparency and enforcement.<sup>69</sup> In the United States, implementation of the Uyghur Forced Labor Prevention Act (UFLPA) has intensified, including expansion of the entity list and increased scrutiny of high-risk sectors. Australia’s Modern Slavery Act is under review to introduce mandatory due diligence and penalties.

These regulatory shifts mark a transition from voluntary disclosure to mandatory, enforceable due diligence, with significant legal, financial and reputational consequences for non-compliance. Companies and financial institutions must therefore demonstrate credible human rights risk management systems across their global operations.

Regulatory enforcement also manifests in **supply chain disruption**. In 2024, United States Customs and Border Protection detained over \$97 million in goods suspected of being linked to forced labour under the UFLPA and other authorities, affecting sectors such as textiles and aluminium.<sup>70</sup> These seizures create delays,

67. European Commission, Regulation (EU) 2024/3015 on Prohibiting Products Made with Forced Labour on the Union Market. Official Journal of the European Union (2024).

68. KPMG Canada, Fighting Modern Slavery in Canadian Supply Chains: Key Takeaways from the Inaugural Mandatory Reporting (Review of 5,794 submissions under Bill S211) (KPMG Canada, 2024).

69. European Parliament and Council of the European Union, Directive (EU) 2024/1760 on Corporate Sustainability Due Diligence. Official Journal of the European Union (2024); United Kingdom Home Office, Transparency in Supply Chains (TISC): Statutory Guidance (Her Majesty’s Government, 2025).

70. United States Customs and Border Protection, Withhold Release Orders and Findings Dashboard—Financial Year 2024

increase compliance costs and disrupt business continuity. Similar legislation in Canada has not yet resulted in seizures, but regulatory scrutiny is increasing.<sup>71</sup> Under the European Union’s CSDDD, firms are required to identify, prevent and address human rights abuses across operations and supply chains; non-compliance may result in import bans, contract losses or market exclusion.<sup>72</sup>

Directors and officers also face heightened personal liability for inaccurate or misleading disclosures, reinforcing the need for robust governance and supply chain assurance.<sup>73</sup> Together, these developments make modern slavery and human trafficking risk a core compliance and market-access issue, rather than a secondary ESG concern.

## 9.2. Shareholder value protection

Market reactions to modern slavery and human trafficking allegations can be immediate and substantial, as illustrated by the Boohoo case in chapter 7. A single event can result in sharp declines in equity valuation, market-cap erosion and loss of investor confidence. These impacts reveal that modern slavery allegations increasingly trigger market-based penalties, not only reputational harm.

Institutional investors are integrating modern slavery and human trafficking considerations directly into ESG risk assessments. Coalitions such

as IAST APAC—representing approximately 12 trillion Australian dollars in assets—are developing engagement and advocacy strategies, while ESG funds increasingly screen out companies with weak anti-modern slavery and human trafficking practices.<sup>74</sup> Recent sector analyses—such as the Walk Free and Alliance Bernstein 2024 report—highlight how climate-related and labour rights risks frequently intersect—accelerating investor expectations on companies’ human rights due diligence.<sup>75</sup>

Strong modern slavery and human trafficking performance is emerging as an indicator of sound corporate governance and long-term value protection. Firms that demonstrate robust due diligence, traceability and remediation structures benefit from enhanced ESG ratings, broader investor eligibility and improved access to sustainability-linked financing. By contrast, companies failing to manage modern slavery and human trafficking risks face divestment, index exclusion and higher financing costs driven by widening risk premia.<sup>76</sup> The Boohoo case demonstrates how inadequate responses to modern slavery risks can lead to sudden drops in market capitalization, investor withdrawal and long-term brand damage.<sup>77</sup> Conversely, asset managers such as Alliance Bernstein report they are integrating modern slavery and climate risks to guide investment decisions and mitigate structural, portfolio-wide vulnerabilities.<sup>78</sup>

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Statistics: 6,074 stopped shipments, \$97.23 million in forced labour entry value (Washington, D.C., Department of Homeland Security, 2025).

71. Gowlings WLG, “Differential Enforcement at the Canadian vs. U.S. Borders: CBSA Has Yet to Seize Forced-Labour Goods” (2023).

72. Senko, A., Preputnik, L. B., Busby, S., and Strucke, M., *Assessing the Potential Impact of the EU Forced Labour Regulation and Corporate Sustainability Due Diligence Directive*. Center for Strategic and International Studies (2024); Public Safety Canada, *Annual Report to Parliament on the Fighting against Forced Labour and Child Labour in Supply Chains Act*, first reporting year: 2024–2025 (Government of Canada, 2025).

73. Exner, S., Mielke, M., and Munro, R., *Liability of Directors and Officers under the Modern Slavery Act*, ML T Aikin (2024); and Charles Russell Speechlys, *ESG Duties for Directors: Legal Obligations and Risks under English Company Law* (2025).

74. AllianceBernstein L.P., *Global Slavery & Human Trafficking Statement and Report* (2024).

75. See Walk Free and AllianceBernstein. *Bridging ESG Silos: The Intersection of Climate Change and Modern Slavery*. Perth: Walk Free, February 2024 and AllianceBernstein, *The Connection Between Climate Change and Modern Slavery*, October 2, 2023.

76. World Bank, *Sustainability Ratings and Financial Risk: A Cross-market Analysis* (World Bank, 2022).

77. Harper James Solicitors, *Boohoo’s Unethical Supply Chain: A Legal and Reputational Analysis* (2023).

78. AllianceBernstein L.P., *Global Slavery & Human Trafficking Statement and Report* (2024).

These trends show that modern slavery and human trafficking due diligence directly contributes to shareholder value protection, influencing the cost of capital, index inclusion, investor trust and longer-term financial resilience.

### 9.3. Operational costs and inefficiencies

Beyond regulatory and market pressures, failing to address modern slavery and human trafficking risks creates significant *internal* operational costs for companies (and their supply chains) that affect productivity, stability and financial performance.

#### **Workforce instability and reduced productivity.**

Exploitative labour practices contribute to workforce instability, which in turn *increases recruitment, training and supervision costs*. A constantly churning workforce requires continuous expenditure on hiring and training, whereas managing a coerced or disengaged workforce requires higher levels of supervision and security, adding to overhead costs. Some management research shows that work conditions characterized by coercion, low pay, abuse and unsafe environments typically result in higher turnover, absenteeism and lower morale.<sup>79</sup> These dynamics *undermine productivity and quality*, increasing error rates and reducing product or service quality and output.<sup>80</sup> Conversely, companies that invest in ethical labour practices—through fair wages, safe conditions and access to grievance mechanisms—report improvements in engagement, retention and operational efficiency.

**The high cost of supply chain opacity.** The factors that enable forced labour to persist—lack of transparency, complex subcontracting and

weak governance—are the same that create *fragile and inefficient supply chains*. Opaque or poorly mapped supply chains (beyond their tier 1 suppliers) limit a company’s ability to anticipate and respond to disruptions, whether arising from a sub-supplier’s financial distress, quality control failures, or commodity price shocks.<sup>81</sup> Investments in traceability and transparency—core components of modern slavery and human trafficking risk mitigation—also strengthen *operational resilience, predictability and responsiveness*.

These operational dimensions are often overlooked in traditional financial assessments, though they represent meaningful and recurring costs. Addressing modern slavery and human trafficking risks is not only an ethical imperative but a direct investment in supply chain efficiency, productivity, continuity and long-term resilience.

## 10. Strategic business gains

Strategic business gains represent a critical but often underappreciated component of the value created by addressing modern slavery and human trafficking. Beyond safeguarding reputation, robust modern slavery and human trafficking governance positions firms competitively in markets that are increasingly shaped by ethical expectations, regulatory scrutiny and investor demand for credible due diligence practices. When incorporated into financial and strategic planning, these gains transform modern slavery and human trafficking mitigation from a perceived compliance cost into a strategic asset that supports long-term value creation.

79. Edmans, A., “The Link Between Job Satisfaction and Firm Value, With Implications for Corporate Social Responsibility.” *Academy of Management Perspectives*, vol. 26, No. 4, (2012), pp. 1-19.

80. Some research has shown a strong positive correlation between employee well-being and firm productivity. For instance, Krekel, C., Ward, G., and De Neve, J. E., “Employee Wellbeing, Productivity, and Firm Performance.” *Saïd Business School Working Paper No. 2019-04*, (Oxford, University of Oxford, 2019).

81. Deloitte, *To Be Sustainable or Resilient—or Both? Addressing the New Trade-offs at the Heart of Digital Supply Networks* (2022).

## 10.1. Enhanced brand value and public trust

In an environment of growing regulatory pressure and public expectations, *transparency has become a differentiator*. Legislation such as the United Kingdom Modern Slavery Act and Canada’s Fighting Against Forced Labour and Child Labour in Supply Chains Act has pushed companies to disclose supply chain risks, remediation actions and governance structures at the board level—such as Marks & Spencer, which has gained a reputational advantage.<sup>82</sup> Firms that take a proactive approach—openly reporting risks, engaging independent audits, and demonstrating corrective actions—strengthen public trust and reinforce brand credibility.

Proactive modern slavery and human trafficking mitigation function as forms of *reputational insurance*. Companies that can demonstrate clear, consistent engagement with human rights risks are better positioned to withstand activist scrutiny, media attention and consumer scepticism.<sup>83</sup> Conversely, firms with opaque or reactive approaches to labour rights risks face heightened exposure to reputational shocks that can affect both market share and investor confidence.

## 10.2. Revenue growth and consumer preference

Consumers and business-to-business demand increasingly favours ethically sourced products and services. Firms that demonstrate leadership in modern slavery and human trafficking mitigation can capture an *ethical premium*, benefitting from contract awards, customer loyalty and stronger

market positioning. This is particularly relevant in public procurement markets that explicitly integrate human rights criteria into purchasing decisions and in sectors where reputational risk is high—such as apparel, agriculture, food production and electronics.<sup>84</sup> Ethical performance can become a direct driver of revenue growth and competitive differentiation.

## 10.3. Supply chain resilience

Supply chain resilience is closely linked to a company’s ability to identify and manage modern slavery and human trafficking risks. Recent analyses indicate that only a minority of companies have visibility beyond their tier 1 suppliers—about 20 percent of Canadian companies, according to a KPMG study. Similarly, a global survey by Deloitte and the Chartered Institute of Procurement and Supply found that just 13 percent of companies have fully mapped their supply chain network, while 72 percent acknowledged limited visibility beyond tier 2 suppliers. Companies that invest in upstream *mapping and due diligence* are therefore better positioned to anticipate and manage disruptions arising from regulatory actions, political instability, supplier failure, or climate-related shocks.<sup>85</sup>

The introduction of the **Corporate Sustainability Due Diligence Directive** in 2024 marks a shift from voluntary practices to legally binding expectations for end-to-end **supply chain** oversight. Companies in extractive and apparel sectors have responded by investing in sub-tier mapping, continuous monitoring and risk-based due diligence systems. These steps enable earlier detection of labour rights and environmental concerns, strengthening operational continuity

82. Esoimeme, E., (2020). “Using the Risk-Based Approach to Curb Modern Slavery in the Supply Chain: The Anglo American and Marks and Spencer Example”, *Journal of Financial Crime*, vol. 27, No. 2 (2020), pp. 313–322.

83. Investors for Human Rights and the Interfaith Center on Corporate Responsibility (ICCR), *Proxy Resolutions and Voting Guide: Modern Slavery in Company Operations and Supply Chains* (2020).

84. PwC, *2024 Global Consumer Insights Pulse Survey* (London, PricewaterhouseCoopers, 2024).

85. KPMG Canada, *Fighting Modern Slavery in Canadian Supply Chains: Key Takeaways from the Inaugural Mandatory Reporting* (review of 5,794 submissions under Bill S211) (KPMG Canada, 2024); and Deloitte and Chartered Institute of Procurement and Supply (CIPS), *Procurement and Supply Chain Resilience in the Face of Global Disruption* (London, 2022).

and reducing exposure to sudden shocks.<sup>86</sup>

Remediation frameworks, such as Find it, Fix it, Prevent it, illustrate how modern slavery and human trafficking responses that go beyond risk identification—*addressing root causes and preventing recurrence*—build more stable and predictable supply networks.<sup>87</sup> Investing in transparency and traceability therefore yields not only compliance benefits but also operational and strategic resilience.

#### 10.4. Talent attraction and retention

Human rights performance increasingly influences employer attractiveness. Younger workers and skilled professionals place growing emphasis on ethical business conduct and social purpose, favouring employers with strong human rights commitments. Companies that embed responsible labour practices and support remedy for affected workers strengthen employee engagement, improve morale and reduce turnover.<sup>88</sup> These factors contribute to workforce stability and long-term productivity—outcomes that have direct financial implications.

#### 10.5. Competitive advantage in procurement

Procurement processes across both public and private sectors are embedding modern slavery and human trafficking due diligence as a standard requirement. Buyers increasingly expect suppliers to demonstrate responsible labour practices, supply chain transparency and effective grievance mechanisms.<sup>89</sup> In the

European Union, public procurement directives—including **Directives 2014/24/EU** and **2014/25/EU**—grant authorities the power to exclude bidders found to have engaged in serious misconduct, including breaches of labour and human rights standards such as forced labour and human trafficking.<sup>90</sup>

As procurement frameworks evolve toward greater emphasis on ethical and sustainable sourcing, firms with strong modern slavery and human trafficking due diligence practices gain a competitive edge. This can result in access to a wider pool of tenders, improved customer relationships and preferred supplier status in markets where responsible business conduct is a prerequisite for participation.

## 11. Developing the impact integrated business case

The impact integrated business case provides a structured approach for assessing the financial and strategic value of investments aimed at preventing, mitigating or remedying risks related to modern slavery and human trafficking. It expands traditional financial appraisal methods—typically centred on short-term cash flows—to incorporate both the avoidable costs of inaction and the strategic business gains associated with responsible practices. This enables companies and investors to capture a more complete picture of long-term enterprise value.

86. Sustainable Supply Chains, Beyond the First Tier: Implementing Due Diligence in Raw Material Supply Chains (2 November 2023).

87. CCLA Investment Management Ltd, Find It, Fix It, Prevent It – Modern Slavery Report 2024: Modern Slavery United Kingdom Benchmark Analysis (London, CCLA Investment Management, 2024).

88. Deloitte Touche Tohmatsu Limited, 2025 Gen Z and Millennial Survey (Deloitte Insights, 2025).

89. Gonzalez de Aguinaga, S., and Hesketh, O., Effectiveness of Public Procurement Measures in Addressing Modern Slavery, Policy Brief No. 2022-2 (London, Modern Slavery Policy & Evidence Centre and British Institute of International and Comparative Law, 2022).

90. European Parliament and Council of the European Union, Directive 2014/24/EU on Public Procurement and Repealing Directive 2004/18/EC, Official Journal of the European Union (2014).

Applying the impact integrated business case is conceptually straightforward but depends on sector-specific assumptions. Modern slavery and human trafficking risks, regulatory exposure, supply chain structures and strategic benefits differ substantially across industries; therefore, the parameters used in any valuation model must be tailored to the sector and business model in question. The examples in this chapter illustrate how the impact integrated business case can be applied in different contexts using reasonable, industry-relevant assumptions. They are intended to be demonstrative rather than prescriptive, showing how avoided costs and strategic gains can be incorporated into a decision-making framework.

### 11.1. Example 1: Valuing an investment in human rights due diligence

A leading multinational apparel company experienced significant reputational damage and declining investor confidence after forced labour practices were uncovered among its tier 2 suppliers. Traditionally, companies have responded to such crises by terminating contracts with implicated suppliers and absorbing the associated financial losses. These reactive measures, however, tend to address symptoms rather than underlying causes and may push labour abuses further into opaque sub-tier networks. In this case, the company opted for a strategic, forward-looking approach grounded in long-term risk mitigation, transparency and stakeholder trust.

### Strategic response

The company invested \$3 million to expand its human rights due diligence across its global supplier network—beyond tier 1 and into higher-risk, lower-tier suppliers where forced labour exposure is more prevalent. The due diligence programme included independent third-party audits, unannounced site visits, confidential worker interviews and detailed documentation reviews to reduce audit deception.

Following the assessment, the company publicly released a comprehensive corrective action plan outlining remediation steps, clear timelines and mechanisms for ongoing monitoring and stakeholder engagement.<sup>91</sup>

### Rationale and impact

This proactive approach aligns with emerging best practice, acknowledging the limitations of traditional social audits and the need for transparent, system-focused remediation. Instead of severing ties with suppliers and potentially driving abuses underground, the investment aimed to:

- Address root causes of forced labour in the supply chain;
- Strengthen long-term supplier relationships grounded in accountability and continuous improvement;
- Restore trust among investors, consumers and civil society organizations.

These objectives are particularly relevant in apparel, where labour rights risks cluster in complex subcontracting arrangements. Adopting a sector-tailored response allowed the company to demonstrate its commitment to meaningful due diligence and sustainable supply chain governance.

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91. Some companies may choose to structure similar risk management activities within a human rights due diligence framework to meet regulatory expectations. However, the underlying financial logic remains unchanged—effective risk identification and mitigation protect value, reduce exposure, and support long-term returns.

Under traditional financial appraisal—**grounded in return on investment analysis**—a \$3 million audit and remediation programme would be evaluated solely through anticipated short-term cash-flow effects. Using a conventional 15 percent discount rate, the project’s net present value is negative (see figure 5), and the conventional internal rate of return is -50 percent, which would lead most corporate decision-makers to reject the investment.

However, this narrow framing overlooks substantial avoidable costs of inaction, including fines and liabilities under mandatory due

diligence regimes, reputational and brand-value erosion, operational disruptions, and revenue losses linked to consumer or buyer dissatisfaction. It also excludes strategic business gains, such as improved supply chain resilience, enhanced investor confidence, better market access and long-term customer loyalty. When these factors are incorporated—consistent with the impact integrated business case—the valuation shifts materially: the impact integrated net present value becomes positive, and the impact integrated internal rate of return rises to 40 percent.

→ **Figure 5. Impact integrated net present value**

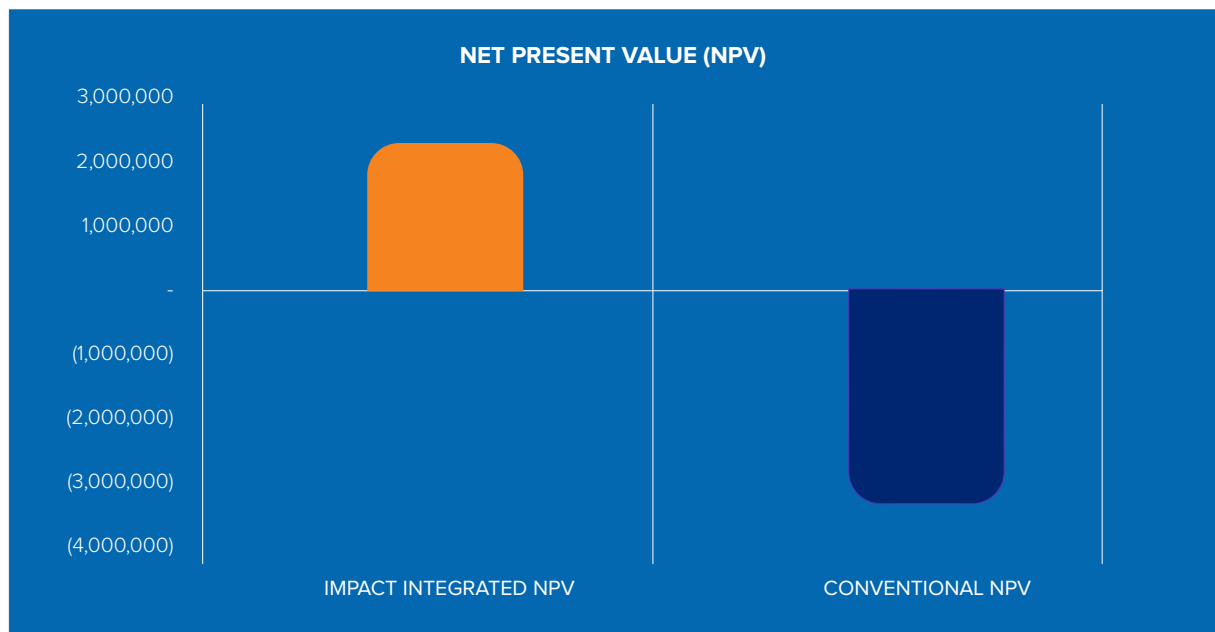
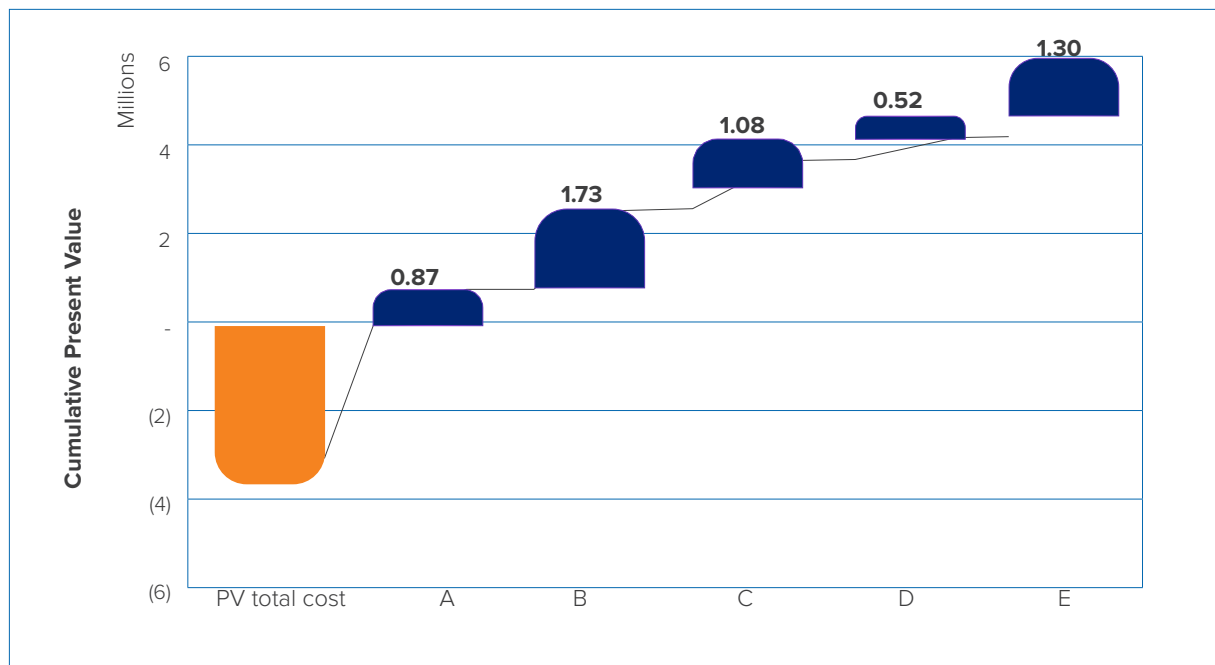


Figure 6 illustrates this shift in a waterfall chart. Starting from a present value cost of  $-\$3.53$  million, successive additions of impact-aligned benefits—ranging from regulatory cost avoidance to operational efficiencies and strategic gains—progressively lift the cumulative net present value. Once all six value components are included, the investment reaches a positive net present value of  $\$1.301$  million. This example demonstrates how incorporating both avoided costs and strategic benefits—using assumptions

tailored to the apparel sector—can transform an investment from financially unviable to strategically compelling. It also highlights the critical role of the impact integrated business case in capturing value dimensions that traditional financial tools omit. As mentioned, these examples are illustrative rather than prescriptive. More detailed assumptions and sensitivity-testing guidance will be made available through a FAST tool and accompanying training on the impact integrated business case.

→ **Figure 6. Contributions of avoided costs and strategic gains towards the business case**



## 11.2. Example 2: Artificial intelligence start-up seeking \$12 million in capital to combat modern slavery risk in supply chains

A young technology start-up is using artificial intelligence (AI) to shine light on one of the global supply economy’s most hidden problems: forced labour in complex supply chains that generate billions of dollars each year. By combining machine learning with supplier data, satellite imagery and media analytics, the platform allows companies to detect, monitor and address modern slavery and human trafficking that would otherwise remain invisible. The result is not only measurable social impact, but reduced regulatory, reputational and operational risk for firms. To attract private capital at scale, the venture is backed by a blended finance structure that layers philanthropic, impact-first and commercial capital—lowering risk for investors while accelerating efforts to eliminate forced labour.

### Market opportunity

Demand for AI-driven due diligence tools is rising across jurisdictions:

- **Regulatory pressure:** Frameworks such as the European Union CSDDD, the United Kingdom Modern Slavery Act, and the United States UFLPA require companies to assess and address forced labour risks across their value chains, driving demand for risk analytics solutions;

- **Investor expectations:** ESG-aligned assets—estimated at \$41 trillion—are increasingly attentive to social risk governance and supply chain integrity;
- **Social context:** With 50 million people affected by modern slavery and an annual \$36 billion investment gap in prevention and remediation, scalable digital tools are critical to strengthening corporate capacity to identify and mitigate risks.

The start-up’s AI-powered system scans vast, fragmented datasets using machine learning to identify suppliers showing warning signs of forced labour. By surfacing risks earlier, the technology enables companies to intervene sooner, strengthen due diligence processes, and support transparent reporting—capabilities that are fast becoming essential under emerging mandatory due diligence regimes.

### Blended finance structure

To mobilize \$12 million in private equity capital, the deal is structured as a multi-tier blended finance vehicle. As outlined in table 7, philanthropic or public capital sits in the junior tranche, absorbing early losses and lowering risk for other investors. This protection draws in impact-first capital at the mezzanine level, where investors accept moderate risk in exchange for commensurate returns, while the senior tranche offers lower-risk, market-competitive returns backed by the junior layers beneath it. Together, the structure aligns incentives across investor types and directs capital toward technology solutions that strengthen supply chain integrity.

→ **Table 8. Derisking the modern slavery and human trafficking investment**

Tranche	Capital source	Amount	Risk/return profile	Notes
Junior	Development finance institutions/philanthropic organizations	\$2.4 million	High risk, 0-5% return	Absorbs initial losses, incentivizing private investors by mitigating risk.
Mezzanine	Impact-first investors	\$3.6 million	Moderate risk, 8-12% internal rate of return	Balances risk and return; attracts institutional investors seeking ESG-aligned returns.
Senior	Private equity investors	\$6 million	Low risk, 12-15% internal rate of return	Protected by junior/mezzanine layers; appeals to risk-averse investors.

**Illustrative valuation**

Under a conventional appraisal, using a 12 percent discount rate, the project appears unattractive: the net present value is negative and the internal rate of return is just 3 percent—well below typical investment thresholds. But this narrow lens captures only a fraction of the project’s true value. An impact integrated business case brings into view the avoided regulatory penalties and compliance costs, reduced supply chain disruptions and operational losses, reputational gains that support customer retention and market access, and the strategic value associated with stronger due diligence, transparency and resilience. When these factors are taken into account, the picture changes markedly: the impact integrated net present value turns positive, and the impact integrated internal rate of return rises to 20 percent.

**Interpreting the strategic value**

This example shows how sustainable finance instruments can be deployed to address modern slavery and human trafficking risks when investment decisions reflect both the financial cost of inaction and the wider strategic benefits of responsible business conduct.<sup>92</sup> Moral arguments or voluntary commitments alone are rarely sufficient to mobilize capital. Yet labour rights risks do not disappear when they are ignored; they are externalized, accumulate over time, and eventually manifest as structural, economy-wide vulnerabilities—through tighter regulation, social instability, supply chain failures, or increased investor scrutiny. As these vulnerabilities become more visible and financially material, the cost of inaction increasingly weighs on risk-adjusted returns.

92. This framing reflects consultation feedback for this study which highlighted that the business case must move beyond moral persuasion and be grounded in double materiality: firms often externalize human rights and sustainability costs, but over time these externalities accumulate as systemic risks (e.g., social instability, regulatory tightening, supply-chain disruption, and investor scrutiny) that translate into financial and reputational costs. Consultations further indicated that portfolio managers primarily allocate capital on the basis of risk-adjusted returns rather than non-financial principles.

The case also underscores the double materiality of modern slavery and human trafficking risk. Companies face direct financial exposure from regulatory, market and operational shocks (*financial materiality*), while their decisions simultaneously affect workers, communities and supply chain partners (*impact materiality*). Accounting for both dimensions supports more resilient long-term value creation and aligns investment decisions with the expectations under emerging global due diligence frameworks. Although illustrative, the example demonstrates how incorporating avoided costs and strategic gains—tailored to specific sectors and business models—can shift investment outcomes from negative to positive territory.

## **PART 3**

# **STRATEGIC ROADMAP AND TASK FORCE PLAN FOR ADVANCING SUSTAINABLE FINANCE TO END MODERN SLAVERY AND HUMAN TRAFFICKING**

## Part 3

# Strategic roadmap and task force plan for advancing sustainable finance to end modern slavery and human trafficking

Building on the analysis of the global investment gap in part I and the business case for private sector engagement in part II, this final part sets out an actionable roadmap to align sustainable finance with efforts to eradicate modern slavery and human trafficking. Drawing on insights from global consultations, survey findings and investment research, it identifies five strategic pillars and outlines a task force mechanism to support implementation.

The roadmap moves beyond diagnosis to articulate the practical steps, tools and governance structures needed to mobilize public and private capital at scale. It places survivor leadership, policy alignment and robust accountability metrics at the centre of the agenda. Designed as both a policy reference and an implementation toolkit, part III provides guidance for development actors, investors, regulators and survivor-led organizations seeking to translate commitment into measurable, high-impact action.

## 12. Strategic roadmap, 2025-2030

The strategic roadmap, 2025-2030, opens with a clear investment vision: to realign financial systems so they no longer overlook, and in some cases inadvertently enable, modern slavery and human trafficking. As this report has shown, exploitation can persist where regulatory frameworks are fragmented, data gaps remain unresolved and capital allocation fails to account for human rights risks. The vision therefore sets a common direction for investors, regulators and policymakers—urging them to recognize modern slavery and human trafficking not only as moral imperatives, but as material financial risks at both the firm and institutional level, as well as structural development risks with system-wide market consequences. This framing builds directly on the business case analysis in part II, which demonstrates how these risks influence valuation, creditworthiness, supply chain stability and long-term financial performance.

### VISION

To reorient capital markets, financial systems and policy frameworks toward the prevention and eradication of modern slavery and human trafficking through high-impact, measurable, and community-aligned investments.

**PILLAR I**

**REFRAMING MODERN SLAVERY AND HUMAN TRAFFICKING AS A MATERIAL RISK AND INVESTMENT OPPORTUNITY**

Despite growing regulatory expectations, the risks associated with modern slavery and human trafficking remain insufficiently priced into investment decisions. Stakeholder dialogues indicate that many ESG frameworks capture human rights violations only when explicitly mandated, leaving significant blind spots in risk assessment and capital allocation. This pillar aims to reposition modern slavery and human trafficking from a peripheral compliance consideration to a strategic material risk—one that directly affects creditworthiness, reputation, operational continuity and long-term financial performance.

At the same time, reframing modern slavery and human trafficking as an investment opportunity highlights the potential for value creation through stronger supply-chain management, responsible sourcing and more inclusive business models. By aligning corporate and investor incentives with the insights developed in part II—particularly the impact integrated business case—modern slavery and human trafficking mitigation can be recognized not only as a risk management imperative, but also as a catalyst for competitive advantage and sustainable growth.

**Pillar I categories**

**Risk integration:** Embed modern slavery and human trafficking as a material risk within assessments of supply chain resilience, operational reliability and brand integrity;

**Business case quantification:** Apply the impact integrated business case methodology to quantify avoided costs and strategic value creation at the sector and firm level;

**ESG mainstreaming:** Integrate modern slavery and human trafficking considerations into ESG ratings, sovereign credit analyses and fiduciary duty frameworks to ensure consistent recognition of human rights risks across financial decision-making.

## PILLAR II

# DEVELOPING THE MODERN SLAVERY AND HUMAN TRAFFICKING FINANCE ECOSYSTEM

Closing the estimated \$36 billion annual investment gap will take far more than public funding alone. Insights from surveys, roundtables and bilateral consultations point to a common constraint: financial instruments linked to modern slavery and human trafficking—such as social bonds, blended finance vehicles and emerging fintech solutions—remain early-stage and fragmented. As a result, creating a robust modern slavery and human trafficking finance ecosystem is essential to mobilize, de-risk and scale private capital flows, especially in fragile, underserved and high-risk markets where vulnerabilities are most acute.

This pillar therefore focuses on building the market infrastructure investors need to deploy capital with confidence toward the prevention and remediation of modern slavery and human trafficking. It draws directly on the business case analysis in part II, which demonstrates how well-designed financial instruments can convert structural vulnerabilities into investable opportunities—while simultaneously strengthening risk management and long-term value creation.

### Pillar II categories

**Thematic instruments development:** Advance modern slavery and human trafficking-linked thematic bonds and performance-based financing mechanisms that channel capital to prevention, survivor support and supply chain accountability;

**Private capital de-risking:** Expand blended finance facilities that absorb early-stage risk and catalyse private investment in sectors with high modern slavery and human trafficking exposure;

**Digital inclusion platforms:** Promote digital financial inclusion—including mobile banking, digital identification and fintech innovation—to support safe labour mobility and reduce vulnerability to exploitation;

**Performance-based finance models:** Develop outcome-based instruments tied to measurable indicators such as survivor reintegration, remediation and prevention outcomes.

**PILLAR III**

**ESTABLISHING MEASUREMENT, REPORTING AND DISCLOSURE SYSTEMS**

Across every consultation, one message consistently came through: the lack of reliable data and standardized metrics is one of the biggest barriers to scaling investment aimed at modern slavery and human trafficking. Without clear reporting frameworks, investors struggle to compare performance, assess price risk, or determine whether capital is delivering real-world results. Strengthening measurement, reporting and disclosure systems is therefore essential to building investor confidence, improving comparability and enabling accountability.

This pillar focuses on developing the information architecture needed to support a credible modern slavery and human trafficking finance ecosystem. By establishing standardized indicators, consistent taxonomies and transparent tracking of capital flows, it equips investors, regulators and policymakers with the tools to evaluate both financial performance and social impact. In doing so, it reinforces the business case presented in part II, ensuring that risk mitigation and impact can be measured, verified and disclosed in ways that align with mainstream sustainable finance practice.

**Pillar III categories**

**Capital flow tracking:** Develop a global modern slavery and human trafficking finance tracker to monitor and report on public and private capital flows dedicated to modern slavery and human trafficking prevention, remediation and survivor support;

**Standardized metrics:** Establish core indicators and international reporting standards that enable consistent assessment of modern slavery and human trafficking-related financial and impact performance;

**ESG alignment and engagement:** Integrate modern slavery and human trafficking risk and impact metrics into sustainable bond frameworks and ESG taxonomies and engage stock exchanges and rating agencies to support market-wide adoption.

## PILLAR IV

# ALIGNING REGULATORY AND POLICY ARCHITECTURE

Global regulatory shifts—such as the European Union Corporate Sustainability Due Diligence Directive and the Sustainable Finance Disclosure Regulation—indicate a movement toward mandatory human rights due diligence and greater accountability across financial systems. Yet modern slavery and human trafficking risks remain unevenly addressed across jurisdictions and policy instruments, leading to gaps in enforcement and inconsistent expectations for investors, companies and financial institutions.

This pillar centres on aligning regulatory and policy frameworks so that modern slavery

and human trafficking risks are systematically embedded in financial regulation, procurement standards and development finance protocols. Greater policy coherence helps to ensure that anti-trafficking safeguards extend beyond corporate compliance checklists and into broader architecture that governs how capital is allocated. Stakeholders consistently stressed the need to integrate modern slavery and human trafficking considerations into fiduciary duties, sovereign bond frameworks and public sector financing mechanisms as a foundation for mobilizing capital at scale.

### Pillar IV categories

**Policy coherence:** Align national action plans and public procurement policies with financial regulations and coordinate policy engagement with platforms such as the G20 Sustainable Finance Working Group, SDG summit processes, the upcoming Conference of the Parties to the United Nations Framework Convention on Climate Change, and the Global Environment Facility replenishment cycles;

**Regulatory integration:** Incorporate modern slavery and human trafficking risk into mandatory disclosure regimes—including the European Union CSDDD and the Sustainable Finance Disclosure Regulation—and embed human rights due diligence into development finance protocols;

**Multilateral finance standards:** Advocate for the inclusion of anti-modern slavery and human trafficking classifications within OECD DAC frameworks and sovereign bond agreements to strengthen global norms and mobilize investment.

**PILLAR V**

**EMBEDDING SURVIVOR LEADERSHIP AND COMMUNITY-BASED (FRONT LINE) FINANCE**

Survivor-led organizations voiced the position that financial inclusion efforts must be grounded in dignity, trust and lived experience. Traditional top-down financing models often overlook the needs, constraints and priorities of the very people most affected by modern slavery and human trafficking. As a result, resources may fail to reach intended beneficiaries or may reinforce existing vulnerabilities rather than alleviate them.

This pillar advances a shift toward participatory, community-aligned financing mechanisms that

recognize survivors not only as beneficiaries but as decision-makers and co-designers of financial solutions. The promotion of dignity-based instruments and locally anchored investment models is critical for this pillar to restore autonomy, support long-term economic independence, and reduce the risk of re-exploitation. These approaches complement the broader sustainable finance ecosystem by strengthening local resilience and ensuring that interventions are responsive to diverse social and geographic contexts.

**Pillar V categories**

**Participatory governance:** Embed survivor-led organizations in the design, monitoring and governance of financial tools to ensure interventions reflect lived experience and community priorities;

**Dignity-based instruments:** Expand access to financial mechanisms such as cash transfers, entrepreneurship grants and cooperative finance models that promote agency, economic security and long-term stability;

**Localized investment models:** Support community-aligned investments, particularly in conflict-affected or high-risk geographies, to strengthen local resilience and ensure that financial solutions are inclusive, context-specific and sustainable.

The next chapter outlines the governance mechanism required to put this roadmap into practice, including by establishing a dedicated task force to coordinate financial innovation,

policy alignment and evidence generation at the global level.

## 13. The Task Force on Sustainable Finance to End Modern Slavery and Human Trafficking

Despite growing regulatory scrutiny and a wave of new financial tools, there is still no global platform dedicated to coordinating investment, aligning policy and building shared knowledge on sustainable finance for modern slavery and human trafficking. The Task Force on Sustainable Finance to End Modern Slavery and Human Trafficking is designed to close the gap. By bridging together public and private sector actors, it aims to share expertise, harmonize approaches and accelerate collective action. The initiative responds directly to recommendations from consultations and bilateral discussions, which consistently pointed to the need for more structured, cross-sector coordination to mobilize capital at scale and drive systemic change.

**Purpose.** The Task Force will serve as a global, multi-stakeholder platform to coordinate financial innovation, policy harmonization and evidence generation in support of sustainable investments that prevent and eradicate modern slavery and human trafficking.

**Structure and membership.** Designed as an inclusive, multi-stakeholder body, the Task Force brings together the range of expertise required to address modern slavery and human trafficking through financial systems. Its membership spans financial institutions, regulators, development actors and survivor-led groups. The meaningful inclusion of survivor-led groups reflects growing recognition that those most directly affected must play a central role in shaping solutions, strengthening both legitimacy and impact through their equitable participation and leadership.

**Conveners:** UNDP Sustainable Finance Hub and the FAST initiative.

- *Core members:* Institutional investors, development finance institutions, commercial banks, survivor-led organizations, fintechs and regulatory authorities;
- *Advisory panel:* ILO, UNODC, IAST APAC, relevant United Nations bodies and independent experts.

**The Task Force will operate through four dedicated workstreams:**

1. Instruments and innovation;
2. Metrics and impact;
3. Survivor-centred design;
4. Policy and regulation.

### Workstream 1: instruments and innovation

**Purpose.** To design, pilot and scale innovative financial instruments capable of mobilizing sustainable capital flows to prevent and eradicate modern slavery and human trafficking.

**Description:** This workstream responds to the urgent need for financing solutions that directly align investor capital with modern slavery and human trafficking-related outcomes. As highlighted throughout the report, traditional philanthropic and grant-based models are insufficient to close the estimated \$36 billion annual investment gap. Building on insights from consultations and roundtables, this workstream will focus on developing a suite of modern slavery and human trafficking-linked financial instruments—including thematic bonds, debt-for-social swaps, blended finance structures and fintech-enabled mechanisms—designed to lower barriers for private and institutional investors.

Each instrument will incorporate clear use-of-proceeds frameworks, risk mitigation strategies and measurable social impact triggers that ensure capital is directed toward high-impact interventions such as survivor reintegration, supply chain accountability and community-based prevention. Embedding modern slavery and human trafficking safeguards and incentives in the architecture of sustainable finance enables this workstream to mainstream anti-trafficking considerations into standard investment practice and expand the pipeline of investable opportunities.

### Workstream 2: metrics and impact

**Purpose.** To develop a standardized, globally recognized set of metrics, indicators and impact frameworks that enable investors and policymakers to assess financial contributions to ending modern slavery and human trafficking.

**Description.** Across consultations, one concern surfaced repeatedly: the lack of reliable, comparable and standardized impact data remains a critical barrier to mobilizing capital at scale. Without clear metrics, investors and governments struggle to evaluate financial performance alongside social outcomes, undermining confidence in modern slavery and human trafficking-related investments. This workstream responds by developing and piloting a robust set of core indicators, building on existing ESG taxonomies, sustainable bond frameworks and modern slavery and human trafficking risk metrics proposed by IAST-APAC and other initiatives. It will also support the creation of a global modern slavery and human trafficking finance tracker to monitor capital flows, strengthen transparency and improve comparability across jurisdictions.

Key priorities include establishing outcome-level indicators that capture both risk reduction and positive social impact; integrating modern slavery and human trafficking metrics into financial disclosure regimes; and supporting investor confidence through evidence-based reporting. The overarching goal is to ensure that what

gets financed can also be measured, compared and held accountable, thereby reinforcing the business case logic and enabling more effective decision-making.

### Workstream 3: survivor-centred design

**Purpose.** To ensure that survivor-led organizations and affected communities are central to the design, implementation and governance of sustainable finance solutions.

**Description:** Consultations made it clear that traditional financial models often exclude the very populations they are meant to support. Survivor-led organizations consistently stressed the need for finance mechanisms that are dignity-based, trust-driven and flexible—designed around lived experience rather than imposed external priorities. This workstream translates those insights into policy and instrument design, ensuring that survivors are engaged not only as beneficiaries, but as co-creators and decision-makers in shaping financial solutions.

Key areas of focus include expanding access to microfinance, cash transfers and entrepreneurship grants; promoting participatory governance structures that elevate survivor leadership; and supporting digital inclusion tailored to survivors’ needs. The workstream will also explore financial literacy initiatives and identify regulatory barriers—such as identification requirements, credit history constraints or legal status limitations—that prevent survivors from fully participating in financial systems. Survivorship is not solely a marker of vulnerability; it is a source of expertise and leadership. This workstream ensures that survivor knowledge is recognized and integrated across the sustainable finance agenda.

### Workstream 4: policy and regulation

**Purpose.** To advance regulatory and policy frameworks that mandate, incentivize and enable the alignment of capital markets with anti-modern slavery and human trafficking objectives.

**Description.** Without a supportive regulatory environment, sustainable finance initiatives tend to remain voluntary, fragmented and limited in scale. This workstream seeks to embed modern slavery and human trafficking considerations into the core of financial regulations, making human rights safeguards a standard component of market practice rather than an optional add-on. Key priorities include integrating modern slavery and human trafficking risk into mandatory disclosure regimes—such as the European Union CSDDD and the Sustainable Finance Disclosure Regulation—strengthening fiduciary duties to reflect human rights expectations, and incorporating modern slavery and human trafficking clauses into sovereign bond terms and public procurement frameworks.

The workstream will also promote the inclusion of anti-modern slavery and human trafficking classifications within OECD DAC frameworks, build synergies with trade and customs enforcement mechanisms, and explore policy tools such as tax incentives or ESG-integration mandates that reward responsible investor behaviour. Through the development of guidance notes, model clauses and policy blueprints for governments and financial institutions, this workstream seeks to shift the field from voluntary norms to enforceable standards—ensuring that efforts to finance the eradication of modern slavery and human trafficking are both durable and scalable.

### Key milestones (2025–2027)

Concrete milestones provide measurable targets that track progress, build momentum and enable iterative learning. Piloting new financial instruments and launching foundational data systems respond to the call from consultations and investor engagement for proof of concept before scaling. These milestones also help signal traction to mainstream capital providers, who rely on clear evidence of performance and impact to guide their investment decisions.

### Indicative milestones

1. Launching pilot modern slavery and human trafficking investment instruments in at least three countries;
2. Operationalizing the global modern slavery and human trafficking finance tracker by the end of 2026;
3. Publishing an annual finance gap and flow report to monitor trends, signal progress and guide policy alignment;
4. Designing a modern slavery and human trafficking investment marketplace and pipeline registry to connect capital providers with investable opportunities.

### Indicative deliverables

Deliverables translate roadmap commitments into practical tools and guidance for implementation. Resources such as a Task Force white paper, a metrics toolkit and an investment pipeline repository will help financial institutions, governments and survivor-led groups adopt evidence-based approaches and scale effective interventions. These instruments ensure the roadmap results not only in strategic plans but also in applied practice.

The proposed Task Force white paper on sustainable finance for modern slavery and human trafficking will offer:

1. Technical guidance on thematic-bond structuring and survivor engagement;
2. A metrics toolkit and investment-case repository to support standardized reporting and knowledge sharing;
3. Compact agreements with participating governments and financial institutions to formalize commitments and align actions.

## 14. Conclusion

Closing the estimated \$36 billion annual investment gap required to eliminate modern slavery and human trafficking will take more than incremental increases in funding. It demands a fundamental shift in how financial systems assess value, price risk and long-term returns—and, ultimately, how they evaluate social impact. As this report has shown, the impact integrated business case offers a practical framework for that shift, reframing action on modern slavery and human trafficking not as a cost centre, but as a driver of resilience, competitiveness and long-term enterprise value.

The analysis across parts I and II demonstrates that modern slavery and human trafficking risks are financially material. They influence valuation, market access, creditworthiness, supply chain stability, operational reliability and brand integrity. When the avoidable costs of inaction and the strategic gains of responsible business conduct are incorporated into investment decisions, the financial case for action becomes compelling. The five financing channels explored in this report—ranging from thematic instruments and blended finance to digital solutions, insurance mechanisms and impact-aligned investment—together form a flexible architecture for mobilizing both public and private capital. These mechanisms, elaborated through the business case analysis and strategic pillars, offer a coherent toolkit for realigning investment with prevention and remediation efforts.

The path forward begins with a clear, actionable business case—one that complements traditional financial models with evidence of reputational, operational and market advantages. Such a case can support more informed capital allocation across sectors and geographies, positioning modern slavery and human trafficking prevention as a credible, investable priority. Part III sets out a strategic roadmap and task force mechanism that translate the report's findings into concrete steps, governance structures and implementation tools to guide coordinated global action.

To illustrate the scale of potential private sector contribution, consider a simple scenario: if just 10 percent of the world's largest companies—those with market capitalizations over \$10 billion—each financed ten targeted modern slavery and human trafficking interventions of \$10 million, global investment would rise by \$20 billion annually. This example is illustrative rather than prescriptive, but it underscores a central point: the capital exists, and coordinated engagement by a relatively small share of global firms could materially narrow the investment gap.

The challenge ahead is therefore not one of feasibility, but of urgency, leadership and coordination. Reframing modern slavery and human trafficking as both a financially material risk and a structural, system-level development challenge—and as an opportunity for long-term value creation—creates the conditions for mobilizing the capital, tools and partnerships needed to accelerate progress toward SDG target 8.7. With focused ambition and shared responsibility, the eradication of modern slavery and human trafficking can shift from aspiration to sustained, concrete action.

## Annex I.

# UNDP global survey on sustainable finance to prevent modern slavery and human trafficking. A summary

The UNDP Global Survey on Sustainable Finance to Prevent Modern Slavery and Human Trafficking was conducted between April and July 2025 as part of the UNDP FAST initiative's Global Investment Study. The survey gathered insights from 100 senior financial professionals across Argentina, Australia, India, Malaysia, Nigeria, Singapore and the United Kingdom, including institutional investors, banking professionals, asset and fund managers, and executives responsible for ESG strategy.

### Objective and scope

The survey explores how financial institutions perceive and apply sustainable finance tools to prevent modern slavery and human trafficking. It examines perceived barriers, enabling conditions, preferred financial instruments, and the extent to which modern slavery and human trafficking considerations are integrated into investment decision-making. Those insights inform this study's analysis of investor behaviour, policy enablers and the development of modern slavery and human trafficking-aligned financial instruments.

### Survey design and methods

The instrument combined Likert-scale questions, scenario-based trade-off exercises, and open-ended items to capture both quantitative and qualitative perspectives.

- Likert-scale items measured attitudes on the effectiveness of instruments such as thematic bonds, performance-based loans, digital finance tools and supply chain due diligence requirements;
- Scenario-based questions simulated realistic investment dilemmas (e.g., financial return versus ESG-aligned lower return), allowing respondents to reveal behavioural preferences while mitigating social desirability bias;
- Open-ended questions elicited unstructured insights on mechanisms, incentives and institutional challenges.

Responses were analysed using frequency tabulations for structured items and thematic coding for open-ended responses, identifying recurrent patterns related to risk management, incentives, institutional constraints and awareness gaps.

### Respondent profile

Participants were purposively selected to ensure seniority and relevance to decision-making. All respondents provided informed consent and participated anonymously. The survey adheres to international ethical standards, with safe data handling and secure storage compliant with global data protection norms.

## Key traits and insights

Across quantitative and qualitative responses, financial professionals:

- Expressed strong willingness to integrate modern slavery and human trafficking risk mitigation into investment strategies;
- Indicated readiness to accept modestly lower financial returns in exchange for measurable social outcomes;
- Highlighted blended finance, thematic bonds and public-private partnerships as scalable mechanisms;
- Emphasized the need for tax incentives, government-backed guarantees, regulatory clarity and stronger ESG taxonomies;
- Stressed that institutional awareness, reliable data and clear impact metrics are prerequisites for capital mobilization;
- Revealed that prevention, supply chain transparency and due diligence integration are seen as core elements of long-term value protection.

These findings support the policy priorities outlined in parts I and II and the strategic roadmap presented in part III of the report.

## Limitations

The purposive sample, while rich in expertise, is not statistically representative; findings should therefore be interpreted as indicative of prevailing perspectives rather than predictive of broader market behaviour. As with any self-reported data, responses may be subject to social desirability bias, though the use of scenario-based questions helped mitigate this risk. Notwithstanding these limitations, the survey offers meaningful insights into the motivations, barriers and strategic considerations shaping sustainable finance approaches to the prevention of modern slavery and human trafficking.

## Full methodology and results

A detailed account of the survey methodology, respondent demographics, instrument design and full results is provided in the accompanying *Survey Methodology Note*, published online as a companion to this report. The present report incorporates all analytically relevant insights.

## Annex II.

# Why these estimates represent a first-order approximation

The investment estimates presented in this report should be interpreted as a *first-order approximation*. Three factors account for this:

- **Absence of centralized spending data:** There is no unified, disaggregated global database tracking national or multilateral spending on modern slavery and human trafficking. Estimates rely on partial public disclosures, modelled projections and conservative assumptions;
- **Partial intervention coverage:** The ILO framework costed only *privately imposed forced labour*. It does not include the substantial resources required to address State-imposed forced labour, forced marriage, or child labour. As a result, the total investment requirement for achieving the full ambition of SDG target 8.7 is significantly higher than the figure presented;
- **Assumptions about future spending trends:** Forecasts for public and philanthropic spending assume linear or near-linear growth from 2024 levels. These projections do not incorporate potential surges, shocks, or shifts in donor priorities, which may alter spending trajectories.

## Forecasting methods for official development assistance, domestic budgets and philanthropy

**Official development assistance.** Forecasts for 2025–2030 were derived using two complementary methods:

1. Calculating the historical average ODA-to-GNI ratio from 2020 to 2024 and applying it to projected global GNI;<sup>93</sup>
2. A linear regression model with global GNI as the explanatory variable to forecast ODA levels.

Final ODA projections reflect the average of these two methods to enhance robustness.

**National government budgets (non-ODA):** National spending estimates use 2024 expenditure (approximately \$275 million for major donor governments: Australia, Canada, the European Union, Norway, the United Kingdom, and the United States) as the baseline. Future non-ODA spending is projected by escalating this baseline using global GDP growth rates, reflecting general fiscal trends rather than programme-specific commitments.

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93. World GNI data is from the World Development Indicators (WDI) database, with forward projections based on World GDP growth rates by the International Monetary Fund (IMF) for 2025-2030.

**Philanthropic contributions:** Philanthropic spending in 2024 ranged from \$40 to \$60 million, based on disclosures from organizations such as the Freedom Fund, Walk Free, and Humanity United. For forecasting, the lower bound (\$40 million) was used as a conservative estimate (see annex IV).

**Justification for excluding private sector contributions:** Private sector spending was excluded due to lack of disaggregated, reliable data specific to modern slavery and human trafficking prevention, remediation or supply chain interventions. Corporate disclosures tend to be qualitative, fragmented, or embedded within broader ESG frameworks, preventing credible quantification. Including private sector spending without verifiable data would risk overstatement and misattribution.

## Annex III.

# Selected national public expenditure inputs

### National government spending for selected countries and institutions

#### Purpose and scope

This annex summarizes selected publicly identifiable national and European Union-level public expenditure relevant to modern slavery and human trafficking. It is intended to inform the domestic public expenditure component of the investment-gap estimate, while illustrating the fragmented and non-comparable nature of available spending data.

The annex is not a comprehensive global accounting of government spending. It includes only selected jurisdictions for which relevant budget lines or programme allocations could be identified from public sources. The examples should therefore be read as indicative inputs, not as a ranking of national commitments or a full assessment of public expenditure.

*Note: Unless otherwise stated, figures exclude ODA, private sector spending, state or local government expenditure, and broader justice, labour, migration or social protection budgets where modern slavery and human trafficking expenditure is not itemized. Multi-year commitments are annualized where possible for comparability. Currency conversions, where used, are indicative and based on the report's stated exchange-rate assumptions.*

#### Summary of selected public expenditure inputs

Jurisdiction / institution	Main identifiable expenditure areas	Coverage period	Interpretation note
Australia	Victim support, Anti-Slavery Commissioner, federal supply-chain audit and forced marriage support/prevention	Multi-year allocations; annualized where possible	Useful for identifying federal domestic budget lines, but forced marriage programme amounts are included only where separately itemized in public sources.
United States	Federal victim services, prevention, and Health and Human Services anti-trafficking programmes	Fiscal year 2024	Strongest identifiable domestic public expenditure example among selected jurisdictions; excludes state and local spending and foreign assistance.
United Kingdom	Modern Slavery Victim Care Contract and selected domestic enforcement/support structures	2023-2024 where available	MSVCC is the clearest budget line; several related domestic initiatives are not itemized annually.
Canada	National Strategy to Combat Human Trafficking, victim support and hotline-related commitments	2023-2024, with some forward-looking commitments	Federal visibility is partial; additional related funding is embedded in broader public safety, justice and gender-based violence programmes.
Norway	Victim assistance services and related survivor referral/support mechanisms	2023-2024 where available	Domestic non-ODA spending is primarily identifiable through victim-assistance allocations; ODA-related modern slavery spending is excluded.
European Union	EU-level anti-trafficking allocations under AMIF/ISF, dedicated strategy implementation and related instruments	2021-2024 and 2024 calls	EU-level only; excludes Member State domestic budgets and ODA.

## Australia: selected federal non-ODA allocations

Australia provides several identifiable federal budget lines relevant to modern slavery and human trafficking, including victim support, institutional oversight, supply-chain scrutiny and forced marriage prevention and response. Multi-year commitments are annualized where possible.

Programme / category	Identifiable allocation	Period	Description	Source note
Support for Trafficked People Program (STPP)	AUD 24.3 million over four years; approximately AUD 6.1 million per year	2023-2027	Extension and enhancement of support for victims and survivors, including additional referral pathways and longer support periods.	Australian Red Cross; Department of Social Services ministerial releases
Commonwealth Anti-Slavery Commissioner	AUD 8 million over four years; approximately AUD 2 million per year	2023-2027	Establishment and operations of Australia's first Commonwealth Anti-Slavery Commissioner.	Attorney-General / public budget references; Norton Rose Fulbright summary
Audit of Commonwealth supply chains and procurement	AUD 2.5 million over two years; approximately AUD 1.25 million per year	2024-2026	Audit of government procurement and supply chains to address modern slavery risks.	2024-2025 budget / Modern Slavery Statement references
Forced Marriage Specialist Support Program	Amount not separately itemized in reviewed public sources; excluded from quantitative aggregation unless separately confirmed.	From 2024-2025	Specialist national support for people at risk of, or who have experienced, forced marriage.	Department of Social Services / Attorney-General media releases
Speak Now forced marriage prevention project	AUD 2.2 million one-off extension	2024-2025	Education and prevention initiative delivered through Anti-Slavery Australia.	Community grants / programme source

**Interpretation:** Australia is useful for showing that modern slavery-related public expenditure is spread across victim services, institutional oversight, procurement reform and forced marriage programming. Amounts should not be aggregated without checking whether annualized commitments overlap or represent separate budget lines.

### References

Australian Red Cross, Support for Trafficked People Program; Department of Social Services ministerial releases on trafficking victim support and forced marriage programming; Attorney-General / Commonwealth Anti-Slavery Commissioner budget references; Australian Government Modern Slavery Statement 2024-25.

## United States: selected federal non-ODA allocations

United States federal public expenditure provides one of the clearest examples of identifiable domestic anti-trafficking budget lines. The figures below exclude foreign assistance, state and local expenditure, and broader justice or labour budgets not itemized for anti-trafficking purposes.

Programme / category	Identifiable allocation	Period	Description	Source note
Office for Victims of Crime (OVC): human trafficking victim services	US\$98 million	FY2024	Competitive grants to develop, expand and strengthen services for victims of human trafficking.	Office for Victims of Crime / federal funding references
Domestic Trafficking Victims Fund transfer	US\$3 million	FY2024	Additional transfer to support domestic victim services.	Office for Victims of Crime / federal funding references
Subtotal: OVC victim services	US\$101 million	FY2024	Combined OVC victim services funding and Domestic Trafficking Victims Fund transfer.	Derived subtotal
OVC: Preventing Trafficking of Girls	US\$4 million	FY2024	Prevention programming targeting girls vulnerable to sex trafficking.	Office for Victims of Crime / federal funding references
Office on Trafficking in Persons (OTIP), Department of Health and Human Services	Approximately US\$31 million	FY2024/ FY2025 budget references	Prevention, victim assistance, provider training and procurement/ supply-chain efforts.	Administration for Children and Families budget references

**Interpretation:** These lines provide a conservative federal domestic baseline. They should not be interpreted as total United States anti-trafficking expenditure, because state, local and other federal programme spending may not be captured.

### References

Office for Victims of Crime, FY2024 human trafficking funding opportunities and grants; Administration for Children and Families, Office on Trafficking in Persons budget and reports; United States Department of State federal funding references.

## United Kingdom: selected domestic non-ODA allocations

Public sources provide partial visibility over United Kingdom domestic non-ODA spending on modern slavery and human trafficking. The Modern Slavery Victim Care Contract is the clearest published multi-year domestic allocation; several related enforcement, child-protection and prevention activities are not itemized annually in public sources.

Programme / category	Identifiable allocation	Period	Description	Source note
Modern Slavery Victim Care Contract (MSVCC)	GBP 379 million over five years; approximately GBP 75.8 million per year	2020-2025	Specialist support for adult victims in England and Wales, including accommodation, advocacy and tailored recovery assistance.	UK Parliament / Home Office programme references; FCDO DevTracker
Police Modern Slavery and Organised Immigration Crime Unit	Annual amount not specified; cumulative GBP 17.8 million since 2016 identified in source material	Ongoing	National police unit focused on investigations and safeguarding.	UK Parliament / UN-Women UK submission / relevant policy evidence sources
Modern Slavery Fund	Annual domestic allocation not specified; source material notes GBP 40.4 million spent 2016-2023, mostly overseas	2016-2023	Home Office fund covering domestic and international programmes; domestic portion not separately identifiable.	Modern Slavery Policy and Evidence Centre / Home Office references
Independent Child Trafficking Guardian service	Not specified	2023-2024	Specialist support for trafficked children; coverage expanded in 2023-2024.	Independent Anti-Slavery Commissioner / Home Office references
Other domestic strategy, prevention and prosecution initiatives	Not specified	2023-2024	Relevant activities exist but are not consistently itemized as annual modern slavery and human trafficking expenditure.	Policy and parliamentary references

**Interpretation:** The United Kingdom example demonstrates the importance of separating identifiable victim-support contracts from wider enforcement, prevention and policy activity, much of which is embedded in broader institutional budgets.

### References

UK Parliament / Home Affairs Committee material on modern slavery; Home Office / FCDO DevTracker information on the Modern Slavery Victim Care Contract; Independent Anti-Slavery Commissioner Strategic Plan 2024-2026; Modern Slavery Policy and Evidence Centre references.

## Canada: selected federal non-ODA allocations

Canada’s federal anti-trafficking expenditure is partially visible through the National Strategy to Combat Human Trafficking, victim-support funding and hotline-related commitments. Several related public safety, justice and gender-based violence programmes may contribute to anti-trafficking objectives but are not consistently disaggregated in public sources.

Programme / category	Identifiable allocation	Period	Description	Source note
National Strategy to Combat Human Trafficking	CAD 57.22 million over 2019-2024; approximately CAD 10.28 million per year	2019-2024 / annualized	Federal anti-trafficking strategy covering prevention, protection, prosecution and partnerships.	Public Safety Canada / Government of Canada references
Canadian Human Trafficking Hotline	Additional CAD 12.5 million through 2028 announced in source material	2024-2028 commitment; Forward-looking commitment; included only for the years covered by the commitment where relevant to the model.	Hotline operated by the Canadian Centre to End Human Trafficking.	Government of Canada news release / Public Safety Canada references
Justice Canada Victims Fund: human trafficking stream	CAD 1,900,972 per year	2023 and 2024 in source material	Support for trafficking victims and groups at high risk of exploitation.	United States Department of State TIP Report: Canada / Justice Canada references
Public Safety Canada: Contribution Program to Combat Serious and Organized Crime	Not specified	Ongoing	Contributions can include anti-trafficking initiatives, research and police services.	Public Safety Canada funding programmes
Other federal programmes, including violence against women and girls initiatives	Not specified	Ongoing	Related programming may address trafficking vulnerabilities but is not separately identifiable as modern slavery and human trafficking expenditure.	Government of Canada programme references

**Interpretation:** Canada should be treated as a partial federal snapshot. The hotline commitment should be handled carefully in the investment-gap model if it was announced after the base year or covers a future multi-year period.

### References

Public Safety Canada, Actions to Combat Human Trafficking; Government of Canada news releases on hotline funding; Justice Canada Victims Fund information; United States Department of State 2024 Trafficking in Persons Report: Canada.

## Norway: selected domestic non-ODA allocations

Available public sources indicate that Norway’s identifiable domestic non-ODA spending is primarily channelled through victim assistance and related referral/support mechanisms. Modern slavery-related ODA is excluded from this annex to maintain consistency with the domestic public expenditure baseline.

Programme / category	Identifiable allocation	Period	Description	Source note
Victim assistance services / anti-trafficking efforts	Approximately NOK 37.5 million annually in 2023-2024, as reported in reviewed public source material.	2023-2024	Funding for services assisting victims of human trafficking, including safe housing, legal, healthcare and vocational support.	United States Department of State TIP Reports; Norwegian coordination / ROSA references
ROSA national helpline and competency centre	Included in above where publicly itemized	Ongoing	Coordinates safe housing, legal aid, healthcare, vocational training and voluntary returns for victims.	ROSA annual/ public information
Adora vocational school/work-experience project	Grant-funded pilot; separate annual amount not specified	2023-2024	Vocational training and work placements for trafficking survivors, funded through justice-sector grant mechanisms.	ROSA / public programme references
Other Norwegian Government spending	Not specified domestically; ODA excluded	Ongoing	Additional modern slavery-related expenditure is primarily channelled through ODA and is outside this annex’s scope.	Norad / development cooperation references

**Interpretation:** Norway should be presented as an indicative domestic victim-services example, not as a comprehensive accounting.

### References

United States Department of State Trafficking in Persons Reports: Norway; ROSA Annual Report / public information; Norad development cooperation references for ODA exclusion.

## European Union: selected EU-level non-ODA allocations

The European Union figures below reflect EU-level budget lines and calls related to anti-trafficking activity. They exclude Member State domestic spending and ODA. Because several EU allocations are multi-year or call-based, they should not be treated as directly comparable to annual national budget lines.

Programme / category	Identifiable allocation	Period	Description	Source note
AMIF/ISF anti-trafficking funding	EUR 25 million aggregate	2021-2024	Asylum, Migration and Integration Fund and Internal Security Fund support for anti-trafficking projects across EU Member States.	European Commission Fifth Report on Trafficking in Human Beings in the EU
AMIF call: assistance and integration for victims	EUR 6 million	2024 call	Projects to assist, support and integrate third-country national victims.	European Commission calls for proposals / funding-call references
EU Anti-Trafficking Strategy implementation	EUR 13 million dedicated budget	2021-2025 strategy period	Funding to implement the EU Strategy on Combatting Trafficking in Human Beings, including prevention, victim services and law-enforcement coordination.	European Commission / Council of the European Union references
Technical Support Instrument: child victims	Amount not separately specified	2023-2024	Co-funded projects to improve support for child victims.	European Commission / Council of Europe project references

Interpretation: EU-level allocations are valuable for demonstrating regional public expenditure, but they should be kept separate from Member State domestic spending and from ODA. Multi-year programme totals should be annualized only where the model requires it and where doing so would not distort the funding profile.

### References

European Commission, Fifth Report on progress made in the fight against trafficking in human beings; European Commission calls for proposals under AMIF; EU Strategy on Combatting Trafficking in Human Beings 2021-2025; Council of Europe / EU project references.

## Use in the investment-gap methodology

For the investment-gap estimate, the national public expenditure baseline should be treated as a conservative approximation derived from selected public sources. The selected country and EU-level figures help establish that identifiable domestic public expenditure remains limited relative to the scale of the investment requirement, while also showing that available data are fragmented across victim services, enforcement, prevention, supply-chain governance and institutional oversight.

Where multi-year commitments are used, the model should annualize them only for the years covered by the commitment and should avoid double-counting when a programme is part of a broader strategy or fund. Where amounts are not itemized, the annex should note their existence but exclude them from quantitative aggregation.

**Limitations:** The table presents selected publicly available expenditure data used as inputs for the investment-gap estimate. Figures are not directly comparable across jurisdictions due to differences in reporting periods, budget classifications, programme scope, exchange-rate assumptions and treatment of domestic versus international expenditure.

## Annex IV.

# Selected philanthropic funding inputs

### Purpose and scope

This annex summarizes selected publicly available philanthropic and non-governmental funding inputs used to inform the investment-gap estimate for modern slavery and human trafficking. It focuses on support that can be reasonably identified from financial statements, impact reports, grantmaking disclosures and institutional information. The figures are indicative and non-exhaustive, and should not be interpreted as a comprehensive global accounting of philanthropic spending in this field.

### Definition and treatment

For the purposes of this estimate, philanthropic funding includes private foundation grants, individual and corporate donations, charitable income and other non-governmental contributions directed toward anti-slavery and anti-trafficking activities. It excludes ODA, government grants, public appropriations and private-sector operational expenditure on due diligence, compliance or supply-chain management. Where organizations receive mixed public and private income, identifiable government funding is excluded where public data allow.

### Use in the investment-gap estimate

The inputs below provide an indicative baseline for the philanthropic component of projected current spending. Because public disclosure is uneven, the estimate uses conservative ranges rather than precise annual totals. This approach avoids overstating current flows while recognizing that some private giving is not publicly reported.

Philanthropic actor or input	Indicative 2024 amount	Treatment in estimate	Source / note
Anti-Slavery International (United Kingdom)	Approx. £4.68 million (about US\$5.9 million)	Included as identifiable non-governmental income, with identified government grant income excluded.	Based on audited 2024 accounts: total income of £5.01 million and identified government grant income of £333,619. Figures are approximate and converted for estimation purposes.
Freedom Fund	US\$20-30 million (estimate)	Included as a conservative estimated range for philanthropic and private foundation funding.	The 2024-2025 Impact Report documents active global programming and frontline partner funding, but does not publish a single 2024 philanthropic disbursement total. Estimate reflects historical scale and available public evidence.
Walk Free / Minderoo Foundation, Oak Foundation, Laudes Foundation, Stardust Fund and similar philanthropic actors	US\$10-20 million (estimate)	Included as an aggregate estimate for major philanthropic actors where comparable 2024 anti-slavery disbursement totals are not publicly available.	These actors are known to fund or participate in anti-slavery efforts, but public reporting does not provide a single comparable 2024 figure for this purpose.
United Nations Voluntary Trust Fund on Contemporary Forms of Slavery - private philanthropic component only	Minimal private philanthropic amount identified	Not treated as a major private philanthropic input unless private contributions are separately identifiable.	The Fund receives voluntary contributions from governments, private entities and individuals; available information indicates that recent annual grants have been largely supported by Member State contributions.

Philanthropic actor or input	Indicative 2024 amount	Treatment in estimate	Source / note
Other non-governmental organizations, private donors, trusts and corporate philanthropy	US\$5-10 million (estimate)	Included as a conservative residual estimate.	Captures smaller foundations, individual donors, corporate philanthropy and NGO-level fundraising not otherwise visible in comparable global datasets.
Estimated philanthropic funding input for 2024	US\$40-60 million	Used as an indicative, non-governmental, non-ODA philanthropic input in the investment-gap estimate.	Based on available public data, historical giving patterns and conservative assumptions. The true total may be higher due to undisclosed grants or private giving.

*Note: Figures are rounded and are not directly comparable across organizations because reporting periods, currencies, definitions of charitable income and treatment of restricted versus unrestricted funding differ. The table is intended to inform a first-order estimate, not to provide a complete donor mapping.*

## Interpretation

The available evidence suggests that identifiable philanthropic funding for modern slavery and human trafficking in 2024 was likely in the range of US\$40-60 million. This range should be read as a conservative estimate of visible non-governmental flows. It does not include public expenditure, ODA, government grants or private-sector spending on compliance and due diligence. It also does not capture all undisclosed private grants, individual giving or restricted funding that may be embedded within broader human rights, labour rights, migration, gender equality, child protection or survivor-services portfolios.

The implication for the investment-gap analysis is that philanthropy remains important but limited in scale. Philanthropic capital can catalyse innovation, survivor-led approaches, frontline services, research and advocacy, but it cannot substitute for sustained public investment or scaled financial-sector engagement. The small scale of identifiable philanthropic flows reinforces the report’s finding that current spending remains far below the level required to build credible prevention, enforcement, remediation and accountability systems.

## Limitations

- There is no centralized global database that tracks philanthropic funding for modern slavery and human trafficking.
- Many organizations report income by broad programme or institutional categories, making it difficult to isolate anti-slavery funding.
- Some reported charitable income includes mixed public and private sources; government contributions are excluded where identifiable, but not all sources can be separated cleanly.
- Several major philanthropic actors do not publish annual issue-specific disbursement totals for modern slavery and human trafficking.
- The estimate is therefore indicative and conservative; it is suitable for contextualizing scale, but not for ranking funders or assessing the full philanthropic ecosystem.

## Selected references

- Anti-Slavery International. Annual Report and Financial Statements for the Year Ended 31 March 2024.
- The Freedom Fund. Impact Report 2024-2025.
- The Freedom Fund. Investors and Supporters.
- OHCHR. United Nations Voluntary Trust Fund on Contemporary Forms of Slavery.
- OHCHR. How to contribute to the Fund.
- Stardust Fund. Global Anti-Slavery Fund.

## Annex V.

# Selected case studies on financial exposure linked to modern slavery and human rights risks

The following case studies are illustrative examples of how allegations, regulatory action and human-rights-related supply-chain concerns can be associated with financial, operational, reputational or market-access consequences. They are not intended to establish legal liability or to attribute financial impacts solely to modern slavery and human trafficking risks, as market outcomes may reflect multiple factors.

### Case Study 1: United States Import Ban on FGV Holdings Berhad

#### Context

FGV Holdings Berhad, one of Malaysia's largest palm-oil producers, supplies a significant share of global demand for products such as food, cosmetics and biodiesel. The sector has long faced scrutiny for environmental and labour rights concerns.

#### What happened

In September 2020, United States Customs and Border Protection issued a withhold release order against FGV and its subsidiaries following a year-long investigation that identified multiple forced labour indicators, including abuse of vulnerability, deception, restriction of movement and withholding of wages. Concerns were also raised regarding potential forced child labour. As a result, all palm oil produced by or traceable to FGV was detained at United States ports of entry, effectively banning its import.<sup>[1][2][3]</sup>

#### Impacts on FGV

- **Market value:** FGV's share price fell nearly 10 percent immediately after the withhold release order announcement, reflecting heightened investor concern about the company's prospects and reputational exposure.<sup>[4]</sup>
- **Business operations:** Although direct exports to the United States represent only around 3 percent of Malaysia's total palm-oil trade, analysts warned that the United States action could trigger similar restrictions from other markets or major buyers, increasing commercial risk.<sup>[4]</sup>
- **Reputational risk:** The withhold release order intensified scrutiny from international purchasers and regulators, raising the possibility of expanded restrictions in regions such as Europe and India.<sup>[4]</sup>

#### Corrective actions

FGV undertook a series of remediation efforts, including engaging independent auditors, upgrading worker housing and living conditions, reimbursing recruitment fees to migrant workers, and strengthening screening of recruitment agencies. Based on these actions, the company submitted a petition to United States Customs and Border Protection in June 2024 requesting modification of the withhold release order.<sup>[5][6]</sup>

#### Key takeaway

The United States import ban illustrates how labour rights violations can generate significant operational and reputational risks for multinational agribusinesses. While immediate financial losses were limited, the threat of broader market exclusion posed material risks to FGV's long-term growth and international standing.

#### References

- [1] <https://www.cbp.gov/newsroom/national-media-release/cbp-issues-detention-order-palm-oil-produced-forced-labor-malaysia>.
- [2] <https://www.aljazeera.com/economy/2020/10/1/us-bans-palm-oil-imports-from-malaysian-producer-fgv>.
- [3] <https://www.internationaltradeandcomplianceupdate.com/2020/09/30/us-cbp-issues-detention-order-on-palm-oil-produced-with-forced-labor-in-malaysia>.
- [4] <https://theedgemalaysia.com/article/us-ban-fgv-palm-oil-may-trigger-ripple-effect>.
- [5] <https://www.bernama.com/en/news.php?id=2282927>.
- [6] <https://www.asia-palmoil.com/post/fgv-submits-petition-to-us-customs-and-border-protection-for-modification-of-palm-oil-import-ban>.

## Case Study 2: H&M and the Xinjiang Cotton Controversy (March 2021)

### Context

H&M, the world's second-largest fashion retailer, has positioned itself as a leader in ethical sourcing. Mounting concerns over reports of forced labour involving Uyghur minorities in China's Xinjiang region—which produces roughly 20 percent of the world's cotton—led H&M to announce in September 2020 that it would no longer source cotton from the region. The decision aligned with guidance from the Better Cotton Initiative and cited “deep concerns” regarding forced labour allegations.

### What happened

In March 2021, H&M's earlier statement resurfaced on Chinese social media amid rising geopolitical tensions following coordinated sanctions by Canada, the European Union, the United Kingdom, and the United States against Chinese officials linked to human rights abuses. Chinese State media and the Communist Youth League criticized H&M for “spreading lies” and “hurting Chinese interests”, triggering a widespread State-influenced boycott.

Consequences included:

- Delisting of H&M products from major Chinese e-commerce platforms (Tmall, JD.com, Pinduoduo) and removal of mapping apps—erasing the brand's online presence in China;
- Termination of celebrity endorsements, amplifying public backlash;
- Temporary closure of physical stores in major cities, alongside the removal of H&M's geolocation pins;
- Mass online mobilization, with hashtags such as “I support Xinjiang cotton” dominating Chinese social media.

### Impacts on H&M

- **Share price:** H&M's stock fell 3.38 percent overnight on 25 March 2021 as the boycott gained momentum.<sup>[1]</sup>
- **Sales and market share:** China was H&M's fourth-largest market, accounting for ~5 percent of global sales in 2020. Following the boycott, H&M's sales in China fell by 23 percent year-on-year in the second quarter 2021, even as global sales rebounded post-pandemic.<sup>[2]</sup> By late 2021, quarterly sales in China had slumped 41 percent, and China dropped out of H&M's top ten markets.<sup>[3]</sup>
- **Store closures:** H&M closed between 60 and 140 stores across China, including its flagship Shanghai location, marking a substantial contraction of its retail presence.<sup>[3]</sup>
- **Digital and reputational damage:** H&M's official online store and app were removed from major Chinese platforms, and its Weibo presence was deleted. Even after partial reinstatement, consumer sentiment remained negative, with persistent boycotts calls.<sup>[3]</sup>
- **Broader business impact:** The episode demonstrated the vulnerability of global brands to State-driven consumer movements in China and highlighted the risks of taking public positions on politically sensitive human rights issues.

### Key takeaway

The H&M Xinjiang controversy illustrates the significant financial, operational and reputational risks multinational companies may face when addressing human rights concerns in politically sensitive markets. Despite aligning with international expectations for ethical sourcing, H&M experienced sharp declines in sales, market presence and brand reputation in China. The case underscores the complex trade-offs global brands confront when navigating ESG expectations and geopolitical dynamics.

### References

- [1] <https://00tyr-jour.hkbu.edu.hk/2021/03/26/chinese-sport-wears-jump-after-anti-xinjiang-cotton-joint-statement>.  
 [2] <https://www.bbc.com/news/business-57691415>.  
 [3] <https://www.bloomberg.com/graphics/2022-china-canceled-hm>.

## Case Study 3: Nike and forced labour allegations in China (March 2020)

### Context

Nike, one of the world’s largest sportswear companies, has long been scrutinized for labour practices across its global supply chain. In March 2020, the Australian Strategic Policy Institute released the report *Uyghurs for Sale*, alleging that Nike and other global brands were directly or indirectly linked to forced labour of Uyghur minorities in China’s Xinjiang region and other provinces.<sup>[1][2]</sup> The report identified Nike supplier Qingdao Taekwang Shoes Co., Ltd., as employing Uyghur workers under coercive conditions.

### What happened

The Australian Strategic Policy Institute estimated that at least 80,000 Uyghurs had been transferred from Xinjiang to factories across China as part of State-sponsored labour transfer programmes, including facilities supplying Nike.<sup>[1][2]</sup> Reported conditions included surveillance, restricted movement and political indoctrination. Nike stated that it did not source products from Xinjiang and had confirmed that its contract suppliers were not using textiles or yarn from the region.<sup>[2][3]</sup> Nike also claimed that Qingdao Taekwang had ceased hiring new workers from Xinjiang in 2019 and had returned remaining workers home.<sup>[2][3]</sup> However, human rights organizations and subsequent complaints challenged the sufficiency and credibility of Nike’s due diligence, citing conflicting evidence and a lack of independent verification.<sup>[2][4]</sup>

### Impacts on Nike

- **Share price:** Nike’s stock fell approximately 2.3 percent on 2 March 2020, a decline attributed by analysts to reputational concerns and anticipated regulatory scrutiny following the Australian Strategic Policy Institute report.
- **Reputational and regulatory impact:** Allegations triggered extensive negative media coverage and criticism from civil society organizations. In July 2023, the Canadian Ombudsperson for Responsible Enterprise launched an investigation into Nike Canada’s supply chain links to forced Uyghur labour after complaints by 28 organizations.<sup>[2][4][5]</sup> Complaints alleged that there were inadequate due diligence and insufficient safeguards to ensure supply chain integrity.
- **Investor and shareholder pressure:** Shareholder activists and institutional investors expressed significant concerns about Nike’s transparency and labour risk management.<sup>[6]</sup> Nike’s KnowTheChain 2021 score was 62/100, with low performance in purchasing practices and worker voice, highlighting persistent gaps in supply chain oversight.<sup>[6]</sup>

### Key takeaway

Forced labour allegations generated immediate financial impacts for Nike, including a share price decline, reputational damage and increased regulatory and investor scrutiny. Nike’s response—asserting no direct sourcing from Xinjiang and emphasizing supplier commitments—was criticized as inadequate and lacking independent verification. The case highlights the heightened risk global brands face in high-risk environments and the importance of robust, independently verified due diligence to prevent and address labour abuses.

### References

- [1] <https://www.business-humanrights.org/en/latest-news/china-83-major-brands-implicated-in-report-on-forced-labour-of-ethnic-minorities-from-xinjiang-assigned-to-factories-across-provinces-includes-company-responses>.
- [2] [https://core-ombuds.canada.ca/core\\_ombuds-ocre\\_ombuds/activities-nike-canada-corp-activities.aspx?lang=eng](https://core-ombuds.canada.ca/core_ombuds-ocre_ombuds/activities-nike-canada-corp-activities.aspx?lang=eng).
- [3] <https://www.business-humanrights.org/en/latest-news/nike-says-china-based-supplier-stopped-hiring-employees-from-northwest-amid-forced-labour-allegations-but-critics-say-further-proof-is-needed>.
- [4] <https://www.dezeen.com/2023/07/13/canadian-ethics-ombudsperson-investigates-nikes-alleged-use-of-uyghur-forced-labour>.
- [5] <https://www.bbc.com/news/world-us-canada-66171702>.
- [6] <https://www.just-style.com/news/investors-gravely-concerned-by-nikes-silence-on-supply-chain-risks>.

## Annex VI.

# Investment gap estimation: summary of key figures

This annex summarizes the key figures used to estimate the investment gap for addressing modern slavery and human trafficking over 2025-2030. The estimates combine investment requirements derived from the ILO cost model with projected spending from three sources: official development assistance, domestic public expenditure outside ODA and philanthropic funding. The figures are indicative, order-of-magnitude estimates rather than precise forecasts.

### Global investment gap, 2025-2030

Year	Estimated annual investment gap
2025	28.45
2026	33.94
2027	47.43
2028	54.02
2029	33.41
2030	19.60
<b>Average annual gap</b>	<b>approximately 36</b>

*Billions of constant 2022 dollars. Figures are rounded.*

The model indicates an average annual investment gap of approximately US\$36 billion over 2025-2030. The gap is highest in 2028, reflecting the phased implementation profile of the underlying ILO investment trajectory, and then narrows toward 2030, assuming sustained and coordinated investment.

### Regional distribution of the estimated annual gap

Region	2025	2026	2027	2028	2029	2030	Total
Asia and the Pacific	10.6	12.6	17.6	20.1	12.4	7.3	<b>80.6</b>
Europe and Central Asia	7.0	8.4	11.7	13.4	8.3	4.9	<b>53.7</b>
Americas	5.7	6.8	9.5	10.8	6.7	3.9	<b>43.5</b>
Africa	3.6	4.3	6.1	6.9	4.3	2.5	<b>27.8</b>
Arab States	1.5	1.8	2.5	2.8	1.7	1.0	<b>11.3</b>

*Billions of constant 2022 dollars. Figures are rounded; totals may not sum precisely.*

The largest cumulative estimated gap is in Asia and the Pacific, followed by Europe and Central Asia and the Americas. This reflects the regional distribution of forced labour, the structure of labour-intensive supply chains and the scale of prevention, enforcement and survivor-support systems required.

**Methodological note.** Estimated investment requirements are derived from the ILO cost model for eliminating privately imposed forced labour. Projected current spending is based on identifiable ODA, selected national public expenditure and philanthropic flows. Private sector expenditure is excluded because no reliable, disaggregated global dataset currently tracks private sector spending on modern slavery and human trafficking prevention, remediation, due diligence or supply-chain accountability. The estimates should therefore be read as a conservative first-order approximation of the scale of underinvestment.





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