

English only

THE PUBLIC/PRIVATE PARTNERSHIP IN THE FIGHT AGAINST HUMAN TRAFFICKING

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PANEL 3 – PRIVATE SECTOR INITIATIVES ADDRESSING THB

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Introduction

- CS/CC – RIFC group.
- Main practice involves advising companies and financial institutions and individuals within them on how to comply with law and regulation relating to financial crime and money laundering and how to handle investigations in these areas by enforcement authorities.
- Extensive experience of regulatory and criminal investigations, including many involving alleged active money laundering and failures to have in place appropriate systems and controls to prevent use of financial system for purposes of criminal activity.
- CC – heavily involved with Stop the Traffik, and specifically with initiatives aimed at engagement with the financial sector.
- During time available to me, I plan to describe some of the initiatives STT has put in place and how they fit in with steps banks and others are taking to address THB. Will do so by talking about interaction between THB initiatives and other more developed legal and regulatory frameworks (principally those relating to AML) and will then look at some of the particular commercial advantages associated with having a robust awareness and clear programme in place re THB. Will then finally touch on some of the initiatives STT is involved in to engage with corporates and financial institutions.

Interaction with legal and regulatory frameworks

- Important starting point – companies' legal and regulatory obligations do not exist in a vacuum.
- Key example – anti-money laundering frameworks in the UK – amongst the most heavily regulated jurisdictions globally from an AML perspective. Banks and others in the regulated sector invest billions of £/\$/R in compliance with legal and regulatory obligations. The ultimate reason these frameworks exist is to detect and tackle underlying (predicate) criminal activity.
- It really assists banks, especially those with presence in retail sector, to give some context about reasons why they are expected to perform due diligence on their customers, monitor transactions and spot unusual patterns of activity.

- Focus on THB has assisted in a number of banks with increasing consciousness amongst junior staff, who are the eyes and ears of the institution, about AML obligations.

Commercial advantages associated with good practice re THB

- Reputation and brand value – taking action, and being seen to do so, can enhance brand value and company reputation amongst customers, investors, partners, suppliers and employees – reputations take decades to accumulate and hours to lose.
- Strong investor relations – shareholders are more active and febrile than ever – extremely important to be seen to be doing the right thing and protecting their investment by taking a clear stance on ethical issues such as THB – this has been brought into sharp relief in the UK with the passage of the Modern Slavery Act – perhaps too early to tell if requirement to include statements about compliance with supply chain requirements in annual reports has yet borne any fruit, but we expect year 2 of the regime to be a crucial one – expect some manifestations of discontent through shareholder action.
- Compliance with emerging regulation – knowing what is on the horizon and being involved in shaping and proactively taking steps to prepare bring real commercial advantages. Have seen plenty of examples of those who have done this well and thought of angles re Modern Slavery Act and other regulation (e.g. individual accountability regimes for banks in UK) and those who have not. Early preparation provides an opportunity to identify and deal with risks and to make a virtue of steps taken to achieve compliance.
- Community engagement – investing in the various communities in which companies operate is a real long term investment. We see this brought to life for e.g. retail banking clients, where understanding what is "normal" behaviour in a community helps significantly with AML due diligence and monitoring obligations. Same applies equally to THB (indeed indicators of AML are in most cases equally indicators of predicate THB).
- Workforce engagement – idea of strong human capital – investment in stable and motivated workforce pays dividends. It is expensive and disruptive to have to replace staff.
- Supply chain resilience – predicting and pre-emptively addressing risks enables businesses to avoid some difficulties altogether and to address those which do arise with as little disruption as possible.

STT initiatives

- Key concepts for STT – engaging with business community in the same way that other NGOs have traditionally engaged with other communities.
- Careful to avoid militancy – real focus on collaboration and unashamed about fact that compliance with THB requirements makes commercial sense.

- Ultimate objective is to break down silos – this has involved facilitation of conversations between law enforcement and business to help each other understand which areas they find challenging, where the red lines are on issues such as data sharing and addressing problems of data fragmentation.
- Initiatives take time but are bearing fruit – key relationships with IBM (Intelligence Led Prevention Centre and Stop App), numerous banks (beginning to feel confident in coming to STT to compare and contribute data) and Facebook (use of geolocation technology to target messages about trafficking and to encourage provision of information).
- Summary – ultimate objective is to recognise that legal and regulatory frameworks exist for a reason and are not going away. Key message is that corporate and financial institutions should leverage their compliance with obligations to do the right thing, which may also bring substantial commercial advantages for them.