



31 August 2023

International Sustainability Standards Board
International Financial Reporting Standards Foundation
Columbus Building, 7 Westferry Circus, Canary Wharf
London E14 4HD, UK

Dear Sir or Madam,

IAST APAC comments on Request for Information *Consultation on Agenda Priorities*

The IAST APAC (Investors Against Slavery and Trafficking Asia Pacific) initiative is an investor-led, multi-stakeholder collaborative established to engage companies in the Asia-Pacific region to promote effective action in finding, fixing and preventing modern slavery in operations and supply chains. The initiative includes over 40 investors representing AU\$9.4 trillion in Assets Under Management, together with the Australian Council of Superannuation Investors (ACSI), Walk Free and the Finance Against Slavery and Trafficking (FAST) initiative at the United Nations University Center for Policy Research.

As a coalition of investors, we welcome the opportunity to be consulted on the ISSB's development of its sustainability-related financial disclosure agenda for the next two years and note that human rights is one of three proposed research projects on sustainability-related risks and opportunities. This letter was written and approved by the IAST APAC Steering Committee. The views expressed in this letter do not necessarily reflect those of each individual or member participating in IAST APAC.

As outlined in IAST-APAC's investor statement on modern slavery, human trafficking and labour exploitation issues,¹ we see modern slavery, human trafficking and labour exploitation as something that goes beyond business ethics. Business models and value chains that rely on underpaid workers, weak regulation or illegal activities such as forced labour and other forms of modern slavery drive unsustainable earnings. Companies are exposed to significant legal, compliance, operational and brand risk, which can be costly and time-consuming to address.

The latest edition of Walk Free's Global Slavery Index shows that an estimated 50 million people were living in modern slavery on any given day in 2021, which represents an increase of 10 million people since 2016, partly driven by the COVID-19 pandemic and climate change.² The Global Slavery Index also highlights that while certain industries are more prone to modern slavery risk, the issue exists in every industry across global supply chains.

¹ <https://cdn.iastapac.org/content/uploads/2022/02/17014755/IAST-APAC-Investor-Letter-Updated-signatories-November-2021.pdf>

² <https://www.walkfree.org/global-slavery-index/>

The UN Sustainable Development Goals, which have been endorsed by the Principles for Responsible Investment, aim to eradicate forced labour by 2030³ and we believe markets and regulators are paying growing attention to the risks of modern slavery and broader human rights. For instance, both the United Kingdom and Australia have modern slavery transparency laws that they are strengthening for improved compliance and reporting, the EU is expected to introduce a mandatory human rights due diligence (mHRDD) directive in 2024 which will buttress existing national mHRDD laws in EU countries such as France and Germany, and the US has enacted and is actively enforcing the Uyghur Forced Labor Prevention Act.

As a result of the financial relevance to investors, the magnitude of modern slavery globally and its prominence in global supply chains and the increased trend in regulatory risk, we believe investors will increasingly seek company disclosure on how human rights are managed by companies both in their operations and supply chains.

To that end, we believe the **strategic direction** of the ISSB's activities should focus on developing and implementing suitable social reporting standards that reflect international human rights standards and frameworks. Examples include the ILO Declaration on Fundamental Principles and Rights at Work, the UN Guiding Principles on Business and Human Rights, as well as the OECD Guidelines for Multinational Enterprises.

As mentioned in the foreword of the Request for Information, the ISSB mission is to issue standards that address 'climate first, but not climate only' and we believe there are important links between the transition to a low-carbon economy and human rights, including adverse human rights impacts in the renewables energy sector - most obviously currently in relation to the solar panel industry. Modern slavery and other human rights also intersect with many other issues, such as corruption, the environment, gender inequality, conflict, poverty and more.

Within the **research project** of human rights, suggested and often interrelated areas to be prioritised by ISSB's research include:

- Modern slavery;
- Living wages;
- Freedom of association; and
- Grievance mechanism.

These four areas relate to investment risk, both in relation to brand risk and earnings sustainability. The topics also tie in, directly or indirectly, with the UN Sustainable Development Goals.

IAST APAC has recently developed core reporting metrics on modern slavery to disseminate to data providers and other interested stakeholders. We hope that these metrics will be adopted, information for them collected, and they will start to fill important gaps in investor understanding of modern slavery risk exposure and performance. We will provide these metrics in a follow up communication to our letter.

IAST APAC welcomes co-operation with ISSB to move forward on developing social factors reporting requirements (following the publication of IFRS S1) and conducting research projects on human rights. We possess substantial collective knowledge and experience in Australian modern slavery law compliance and Asian operations and value chains. Our multistakeholder approach involves Walk

³ <https://www.alliance87.org/>

Free and FAST, two leading global anti-slavery initiatives with extensive financial sector-related government and civil society networks in the Asia-Pacific region.

Yours sincerely,

A handwritten signature in black ink that reads "Liza McDonald". The signature is written in a cursive, flowing style.

Liza McDonald
Head of Responsible Investment, Aware Super
Co-chair, Workstream 1 Policy Advocacy, IAST APAC