



**IAST**  
**APAC**

# Deepening Engagement

# Foreword

Welcome to the 2022-2023 Annual Report for the Investors Against Slavery and Trafficking Asia-Pacific (IAST APAC) initiative. It is a privilege to chair the Steering Group for this coalition, which today represents 42 investors with combined assets of A\$9.4 trillion, as we work towards ending modern slavery.

This is an urgent challenge. The estimated number of people living in modern slavery continues to rise, and now sits at close to 50 million.<sup>1</sup> The latest Global Estimates of Modern Slavery, a collaboration between the International Labour Organization, Walk Free (our Secretariat and Knowledge Partner) and the International Organization for Migration, shows that since 2016, a further estimated 10 million people were subject to forced labour and forced marriage. Many of these victims are based in the Asia-Pacific region, with an estimated 29 million victims of modern slavery, which equates to a prevalence of 6.8 victims per 1,000 people in the region.<sup>2</sup>

Modern slavery is a complex, systemic issue. It thrives when we avert our eyes, ignore or tolerate it. By continuing to cast a spotlight on modern slavery – for governments, companies, investors and the broader community – we can play a part in ending this pernicious practice. As an investor in a world of increased regulatory attention, this issue can create reputational and earnings sustainability risk.

Thank you to all the members of IAST APAC who have contributed to these crucial efforts including our Knowledge Partners, Walk Free and the FAST initiative, and to the companies that have responded to our engagements. This is a global issue, and collaboration is key to addressing it.

**Kate Turner**  
Global Head of Responsible Investment,  
First Sentier Investors  
Chair, IAST APAC  
15 August 2023

1. For the purposes of the Global Estimates, modern slavery includes forced labour, concepts linked to forced labour (debt bondage, slavery and slavery like practices, human trafficking) and forced marriage.  
2. [walkfree.org/global-slavery-index/findings/regional-findings/asia-and-the-pacific](https://walkfree.org/global-slavery-index/findings/regional-findings/asia-and-the-pacific)

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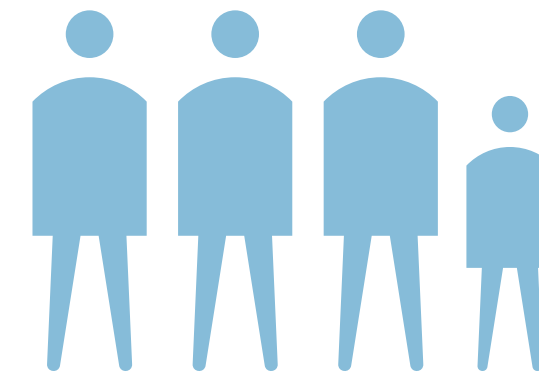
# Snapshot: Modern Slavery in the Asia-Pacific Region



**29.3 million**  
Estimated victims of  
modern slavery in the  
Asia-Pacific region



**54%**  
Proportion of modern  
slavery victims who  
are women and girls



**1 in 4**  
Proportion of modern  
slavery victims  
who are children



**Labour**  
The majority of all  
modern slavery cases  
are forced labour



# Governance and Membership

The Investors Against Slavery and Trafficking Asia Pacific (IAST APAC) initiative is an investor-led, multistakeholder project. IAST APAC comprises 42 investors with AU\$9.4 trillion in Assets Under Management (AUM) (at 15 August 2023), together with the Australian Council of Superannuation Investors (ACSI), Walk Free and the Finance Against Slavery and Trafficking (FAST) initiative. Walk Free and FAST support IAST APAC as knowledge partners with financial sector and modern slavery subject-matter expertise. Walk Free is the IAST APAC Secretariat.

In the twelve months leading up to June 2023, five new members joined the initiative: Russell Investments, Equip, BNP Paribas Asset Management, Melior Investment Management, and Macquarie Investment Management Global Limited. We welcomed our first New Zealand-based member, Mint Asset Management early in July 2023.

## Founding Members



## SteerCo Members



**Kate Turner**

Global Head of Responsible Investment, First Sentier Investors  
IAST APAC Chair



**Liza McDonald**

Head of Responsible Investment, Aware Super  
IAST APAC Co-Chair Workstream 1 Policy Advocacy



**Clare Baldwin**

Senior Director, ESG & Stewardship, AustralianSuper  
IAST APAC Co-Chair Workstream 2 Company Engagement



**Gabriel Wilson-Otto**

Head of Sustainable Investing Strategy, Fidelity International  
IAST APAC Co-Chair Workstream 2 Company Engagement



**Måns Carlsson**

Head of ESG, Ausbil Investment Management Limited  
IAST APAC Co-Chair Workstream 1 Policy Advocacy



**Ed John**

Executive Manager, Governance & Engagement, ACSI



**Serena Grant**

Head of Business Engagement, Walk Free



**Maha Khan**

Financial Sector Lead, FAST

## Knowledge Partners



## Secretariat



**Matthew Coghlan**

Financial Sector Engagement Manager, Walk Free

# Introduction

Asia and the Pacific is home to 56 per cent of the world’s population and an estimated 29.3 million people living in modern slavery (59 per cent of the global total).<sup>3</sup> Although the region is highly diverse in terms of geography, ethnicity, culture, religion and wealth, modern slavery occurs in every country.

Modern slavery risks can be challenging to identify due to a lack of visibility into complex and fragmented supply chains. This is further compounded by the sheer scale of trade: UNESCAP forecast Asia and the Pacific to account for 39 per cent of global nominal exports and for merchandise trade in the region to total US\$ 19.0 trillion in 2022.<sup>4</sup>

Companies operating or investing in the region – including Australia – are particularly exposed to modern slavery because of the region’s prominent role in the global economy.

In addition to the human cost of modern slavery, legal risk for investors is also building momentum with disclosure laws for modern slavery and

due diligence laws for human rights being introduced or strengthened. IAST APAC is strongly focused on industry collaboration and sharing knowledge and tools to address modern slavery risk.

In the period covered by this Annual Report (1 July 2022 – 30 June 2023), the IAST APAC initiative has continued to make progress on engaging with companies and broader stakeholders. We have increased members’ knowledge of modern slavery by running workshops and knowledge sharing events.

We have contributed to policy development in this area, by making a detailed submission to the Modern

Slavery Act (MSA) Review in Australia, led by Professor John McMillan. IAST APAC also directly engaged Professor McMillan, explaining the rationale behind our recommendations, which included supporting the introduction of penalties for non-compliance and the establishment of a Federal Anti-Slavery Commissioner.

We are witnessing modest but positive progress among the companies in our engagement program, with a noticeable shift from ‘finding’ to ‘fixing’ modern slavery risks in their operations and supply chains. This

Annual Report includes case studies of two companies that are making good progress on finding, fixing, and preventing modern slavery. We believe it is crucial to highlight where best practice is being implemented, to show other organisations how they can move forward with their own modern slavery prevention efforts.

3. [walkfree.org/global-slavery-index/findings/regional-findings/asia-and-the-pacific](https://www.walkfree.org/global-slavery-index/findings/regional-findings/asia-and-the-pacific)  
4. [unescap.org/kp/2022/trade-trends-goods-and-services-asia-pacific-20222023](https://www.unescap.org/kp/2022/trade-trends-goods-and-services-asia-pacific-20222023)



# Workstream 1

## Policy Advocacy



# Workstream 1: Policy Advocacy

By working together within several workstreams, policy advocacy and company engagement, we have continued to leverage the power of collaboration. We have also made the best use of our members' skills and capabilities, with the aim of effecting positive change.

Workstream 1: Policy Advocacy (Policy Advocacy Workstream) was initially created to gather support for an investor statement on modern slavery.<sup>5</sup> This statement was created by IAST APAC in 2020, outlining investor expectations on companies regarding their human rights risk management and a general call-out to companies to go beyond compliance with the Australian MSA. This investor statement was co-signed by many IAST APAC members, distributed to all ASX200 companies, and led to various corporate engagements in relation to that.

Please see last year's annual report for further information in relation to this.

The Policy Advocacy Workstream will continue to assess and identify opportunities for investor statements in the future.

Subsequently, the Policy Advocacy Workstream has evolved into other focus areas, particularly policy advocacy. It has set up new subgroups for members to work together on specific tasks.

5. [cdn.iastapac.org/content/uploads/2022/02/17014755/IAST-APAC-Investor-Letter-Updated-signatories-November-2021.pdf](https://cdn.iastapac.org/content/uploads/2022/02/17014755/IAST-APAC-Investor-Letter-Updated-signatories-November-2021.pdf)



# Workstream 1: Policy Advocacy con't

## Subgroups

### Modern Slavery Act review

In 2022, the Australian Government commenced the statutory review of the MSA. The MSA, when it was enacted, had an in-built statutory review after three years in operation. Public consultation was at the centre of this review. Therefore, there was an opportunity for IAST APAC and its members to provide feedback on the MSA and propose future changes to it.

The statutory review was announced in March 2022, along with terms of reference and an issues paper outlining the scope of the review. In particular, the review sought feedback on how well the MSA had worked in the first years.

In the prior financial year, IAST APAC held a knowledge event with stakeholders to understand different opinions on the MSA. Several changes were proposed. This, combined with members' own analysis and collaboration with other investor groups, formed the basis for IAST APAC's submission in late 2022.<sup>6</sup> IAST APAC also engaged directly with the person in charge of the statutory review, Professor McMillan. Key recommendations in our submission included:

- Establishing an Independent Anti-slavery Commissioner at the Federal level;
- Introducing penalties and fines for non-compliance with reporting requirements; and,
- Introducing an ongoing obligation on reporting entities to conduct due diligence and report findings.

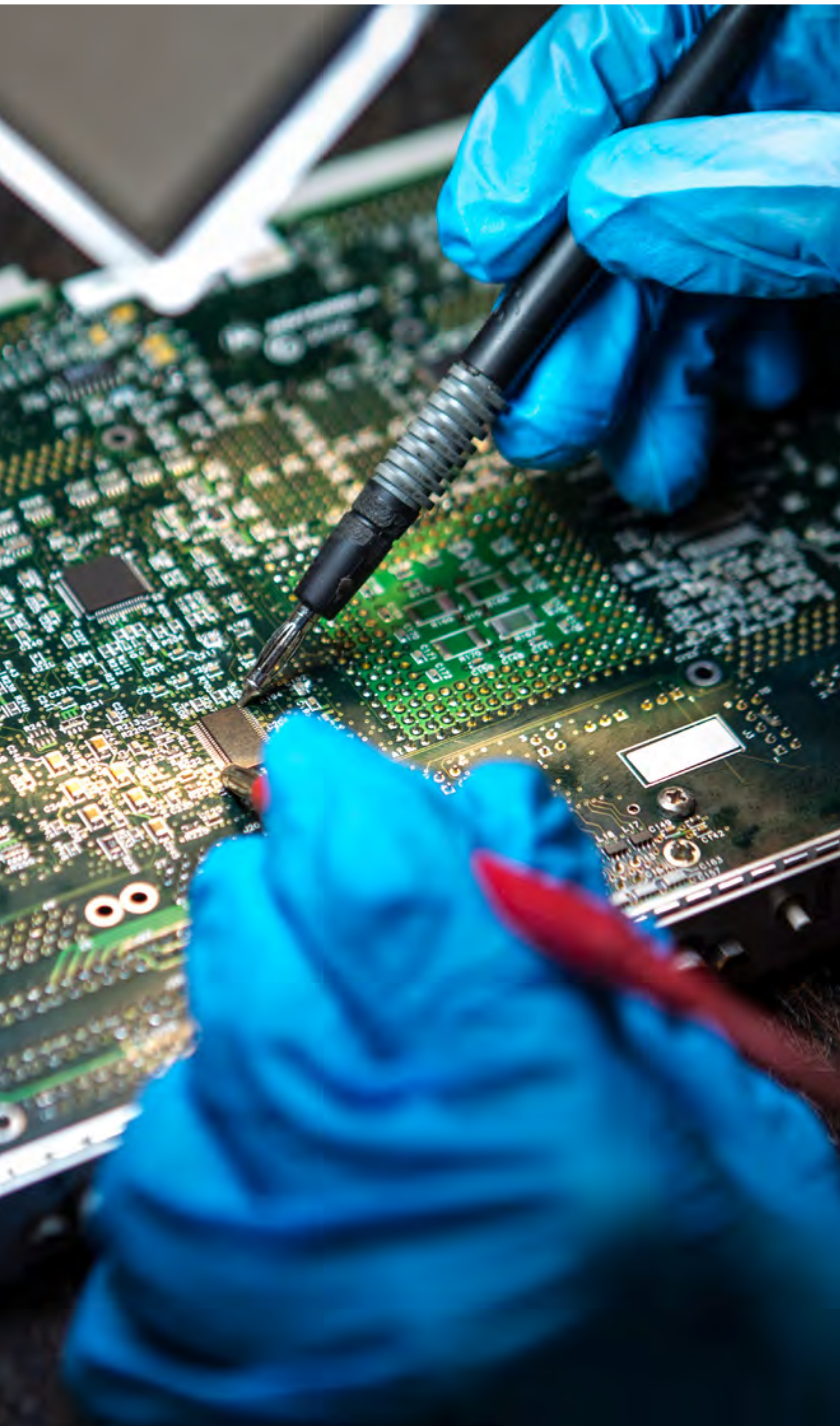
In May 2023, the Australian Federal Budget included the proposal to establish an Independent Anti-Slavery Commissioner, which was something that IAST APAC's submission supported. Separately, the recommendations from the statutory review of the MSA were announced a few weeks later by the group led by Professor McMillan.

The report from that review included 30 recommendations, some of which were supported by IAST APAC's submission. The review received 136 submissions. It also saw responses to online questionnaires and surveys and held 38 consultation meetings with 285 organisations as well as 65 meetings with government officers in Australia and abroad. While to date, consultations did not provide hard evidence that the Modern Slavery Act in its early period has caused impactful change, it did however, present a

view that business overall is taking the MSA and the reporting obligations seriously. The review highlighted that changes and innovations were occurring across businesses in two ways. Internally via training, supply chain mapping and auditing. And via multi-industry and stakeholder collaboration.

At the time of writing, it has not been determined which of the recommendations will be adopted by the Australian Government. IAST APAC will offer further consultation with the Australian Government in relation to specific recommendations made. As a result, it is envisaged that IAST APAC's policy engagement will continue into the next financial year.

A copy of the IAST APAC submission to the MSA review can also be found in Appendix 2.



6. [cdn.iastapac.org/content/uploads/2022/12/08063008/IAST-APAC-Australian-Modern-Slavery-Act-Review-submission-November-2022.pdf](https://cdn.iastapac.org/content/uploads/2022/12/08063008/IAST-APAC-Australian-Modern-Slavery-Act-Review-submission-November-2022.pdf)

# Workstream 1: Policy Advocacy con't

## ESG data metrics

The Policy Advocacy Workstream also convened the ESG Data subgroup to address data gaps in modern slavery reporting and to develop quantifiable metrics that move towards tracking outcomes. As part of the process to understand gaps in current metrics and develop a core list of metrics in relation to modern slavery, the subgroup heard from data providers, standard setters and academics below. Further work will take place on this in the next financial year.

### **Landscape of ESG Data on Modern Slavery (December 2022)**

This event brought together five ESG rating agencies and data providers to understand (a) the modern slavery data that is available, (b) how this data can help investors assess if a company is addressing modern slavery risk effectively, (c) the data providers' modern slavery indicators and data they collect, and (d) how they present it to investors. The event also discussed the challenges and remaining gaps for investors to effectively assess modern slavery risks.

### **Global Reporting Initiative (GRI)**

**(March 2023)** The GRI's representative in ASEAN presented the GRI framework. She also talked about the approach to human rights reporting, and its standards on forced labour and child labour. This allowed her to inform the subgroup of how standard setters are identifying issues and how draft indicators for modern slavery are being approached.

### **Labour in Global Supply Chains: Metrics to Assess Labour Conditions in Global Supply Chains (April 2023)**

The Global Labor Institute (GLI) at the Cornell University School of Industrial and Labor Relations presented empirical evidence on outcomes-based metrics – that is, effects of policies on workers — that can help investors assess companies' performance to improve working conditions.

## Information Sharing

Information and knowledge sharing is a core part of all IAST APAC's activities, including its policy advocacy and company engagement work.

This happens through knowledge events, informal sharing of key risks and best practice, and through a monthly email to IAST members. The Co-chairs of the Policy Advocacy Workstream send monthly e-mails to members. IAST APAC's Knowledge Partners act as an excellent source of information which is shared among members. This includes sharing legal developments that are of interest to members such as new transparency in supply chain, human rights due diligence and forced labour import ban laws. This e-mail also shares general news items; events, tools and resources for investors (including training tools) and, when deemed relevant, opportunities for investors to collaborate; for example, by co-signing policy engagements and investor statements. Members are encouraged to submit ideas directly to the Co-chairs of the workstream. IAST APAC plays the role of a conduit for members who wish to take up the policy advocacy opportunities either individually or jointly with other individual investors.



# Workstream 2

## Company Engagement

# Workstream 2: Company Engagement



Workstream 2: Company Engagement was established in January 2021 to support and enable investors to work collaboratively towards a common goal of mitigating modern slavery risks in investee companies across the Asia-Pacific region.

The Company Engagement Workstream involves collaborative engagement with focus companies to address modern slavery risks in their operations and supply chains. As part of this work, investors are invited to nominate themselves as either a lead or support investor. Each investor group is allocated a focus company and all investors play an active role in engaging directly with the focus company. The approach takes inspiration from the 'Find It, Fix It, Prevent It' investor initiative being run by CCLA Investment Managers in the UK.<sup>7</sup>

This involves direct investor engagement to teach companies how they can identify risks within their operations and supply chains.

It also focuses on preventing labour exploitation from occurring. Due to the complexity of issues related to modern slavery in the supply chain, it is anticipated that this will be a multi-year initiative.

During the 2022-2023 financial year, we engaged with 22 focus companies across consumer discretionary, consumer staples, technology, and healthcare sectors as part of the workstream. Companies are listed on the following exchanges: Australia, Hong Kong, Japan, the Philippines, Singapore, South Korea, Taiwan and Vietnam.

7. [ccla.co.uk/sustainability/driving-change/modern-slavery](https://ccla.co.uk/sustainability/driving-change/modern-slavery)

FY22-23

# Company Engagement Process

# FY22-23 Company Engagement Process

Engagement with focus companies is underway with lead investors and support investors progressing working together to develop engagement plans under the 'Find it, Fix it, Prevent it' framework. Refer to Table 1 for an example of the process for developing an engagement plan.

## Table 1: Engagement framework

Investor groups have developed engagement plans for focus companies including setting specific objectives and key milestones. Outlined below are the steps taken to develop the engagement framework.

Investor group develops focus company engagement plan under the 'Find It, Fix It, Prevent It' framework – lead investor drafts and support investors review it;

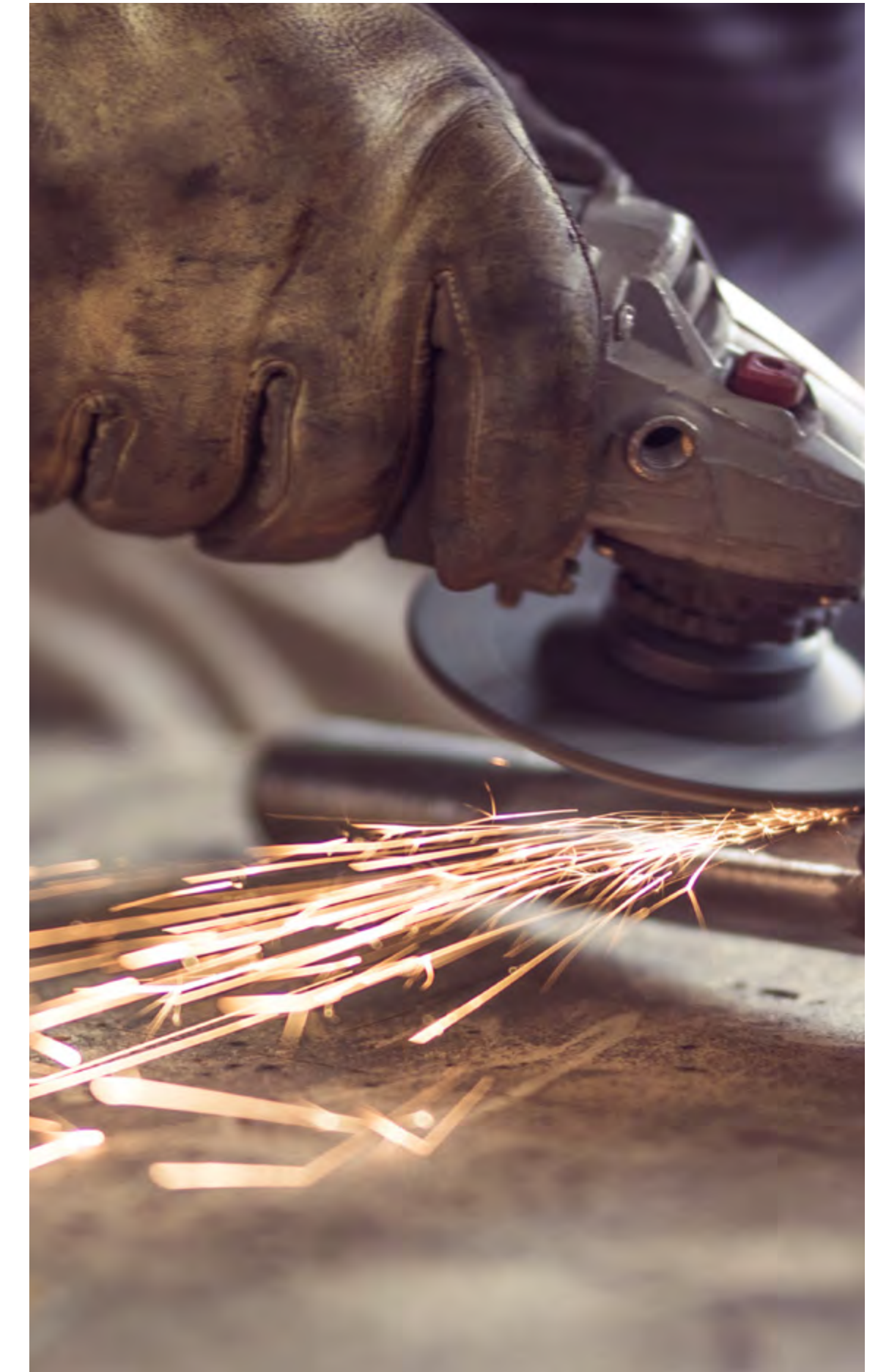
- Investor group contacts focus company and requests first meeting;
- Engagement commences with company – generally one to four direct engagements per year;
- Investor group conducts risk assessment post-engagement with company; and,
- Investor group reports on engagement half-yearly

## Approach to Engagement

Focus companies vary in their understanding and management of modern slavery risks in the supply chain. As a result, each plan is tailored to the unique challenges associated with the profile of the focus company such as industry, company size, geographic location and complexity of suppliers. Lead and support investors are responsible for evaluating the focus company's exposure, management strategies and disclosure practices to develop the engagement plan.

This evaluation underpins engagement plans, which are then further refined in consultation with the focus company.

The IAST APAC investors have been fostering relationships with focus companies since 2021. As a result, many have moved beyond the preliminary stage of engagement, and are now tracking progress against milestones. This enables investors to effectively monitor the progress being made.



# FY22-23 Company Engagement Process con't

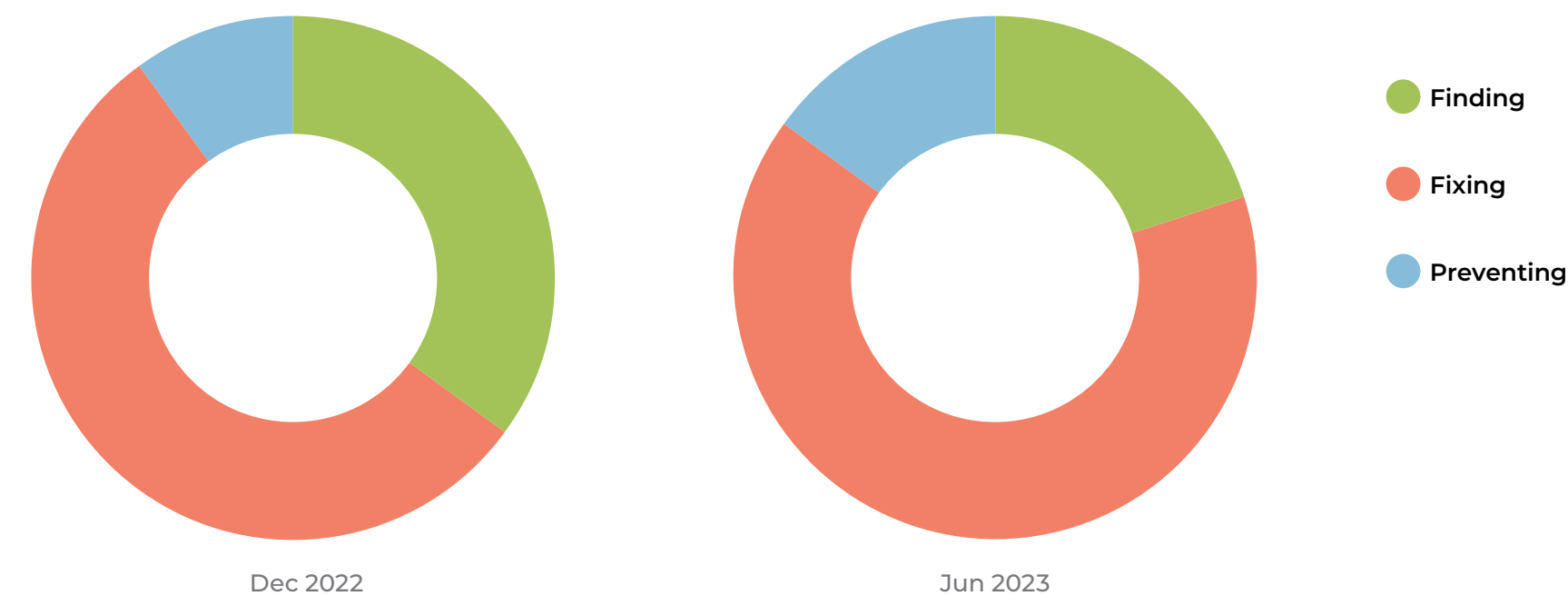
## Progress Report

IAST APAC monitors the progress of the engagements with focus companies by tracking the objectives in the Engagement Plans. This assessment takes place twice a year and the results are summarised in the annual report.

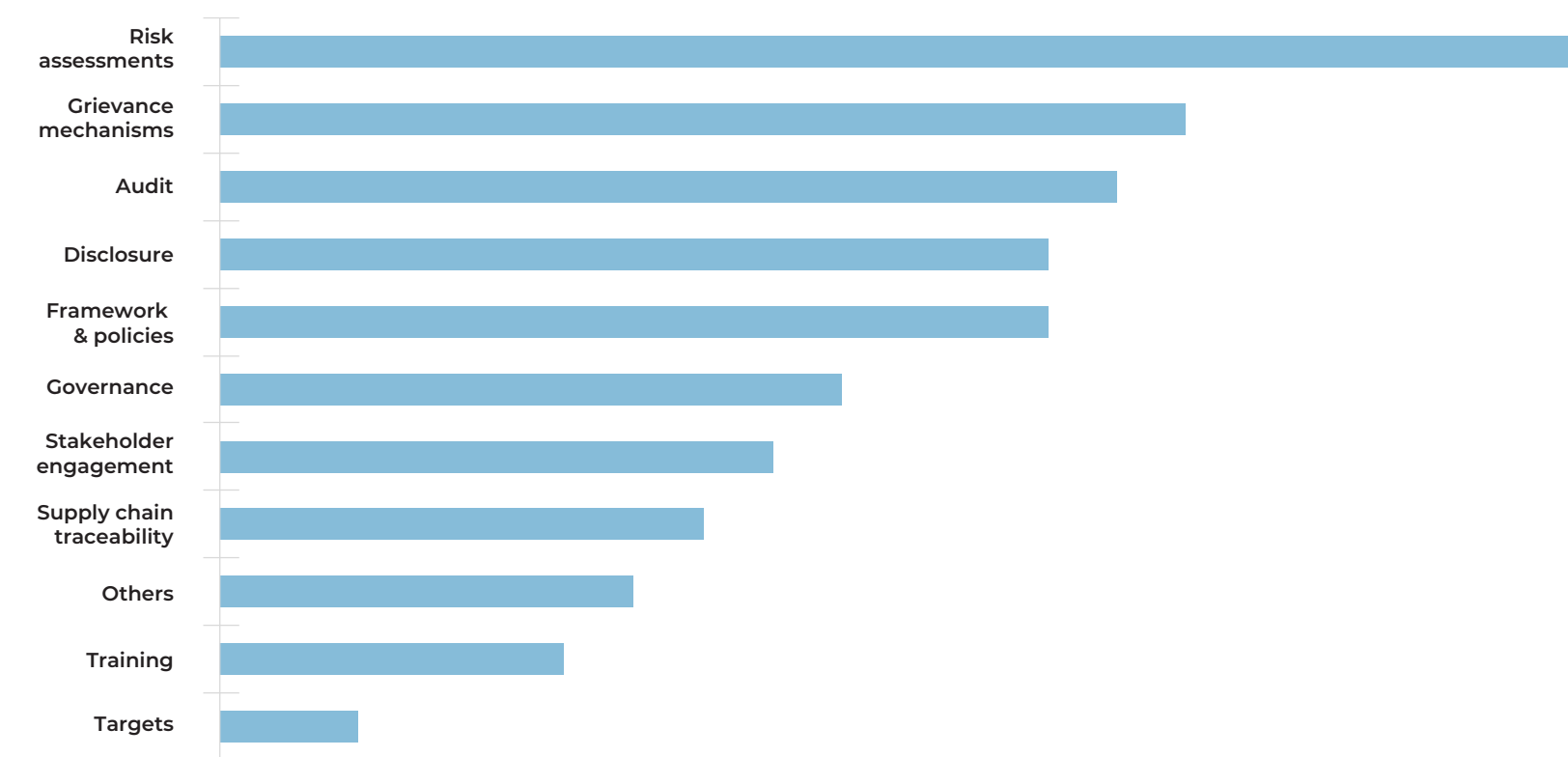
During the 2023 financial year, IAST APAC members reported modest progress amongst target companies with the biggest change being a shift in the focus of engagement objectives from 'Finding' to 'Fixing', as highlighted in the chart to the left. As one would expect from the stage of engagements and objectives, the key areas of focus include:

- Risk assessments;
- Introducing grievance mechanisms;
- Performing audits;
- Enhancing disclosure; and,
- Introducing frameworks and policies targeting modern slavery.

Engagement objective for focus companies (Find it, Fix it, Prevent it)



Engagement objectives by topic

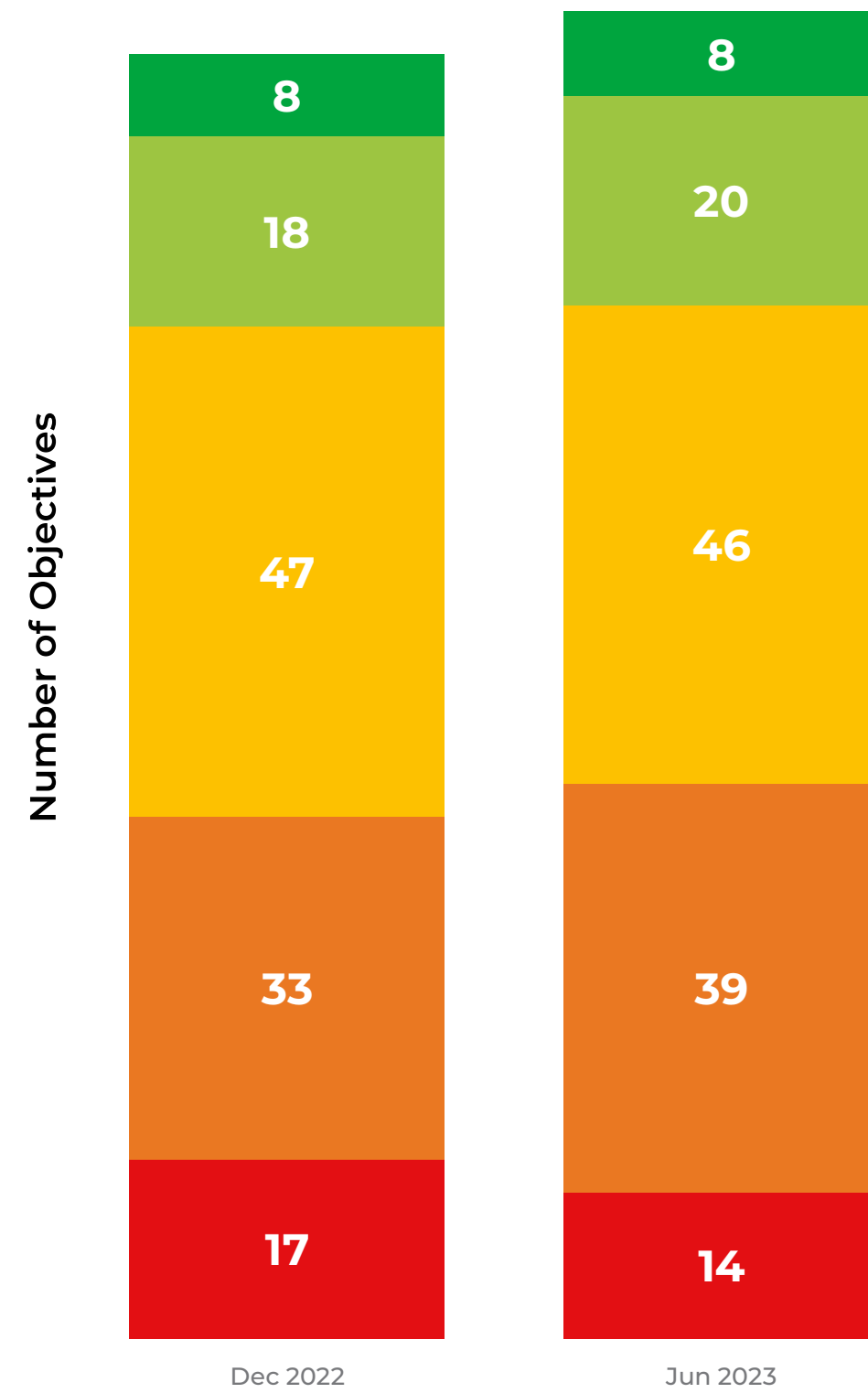


Digging deeper into an analysis of progress against the objectives, it is encouraging to see a slight increase in the progress of individual milestones at target companies. Note that the data set can be impacted by new objectives being targeted by investors, however this still demonstrates progress towards addressing more advanced issues.

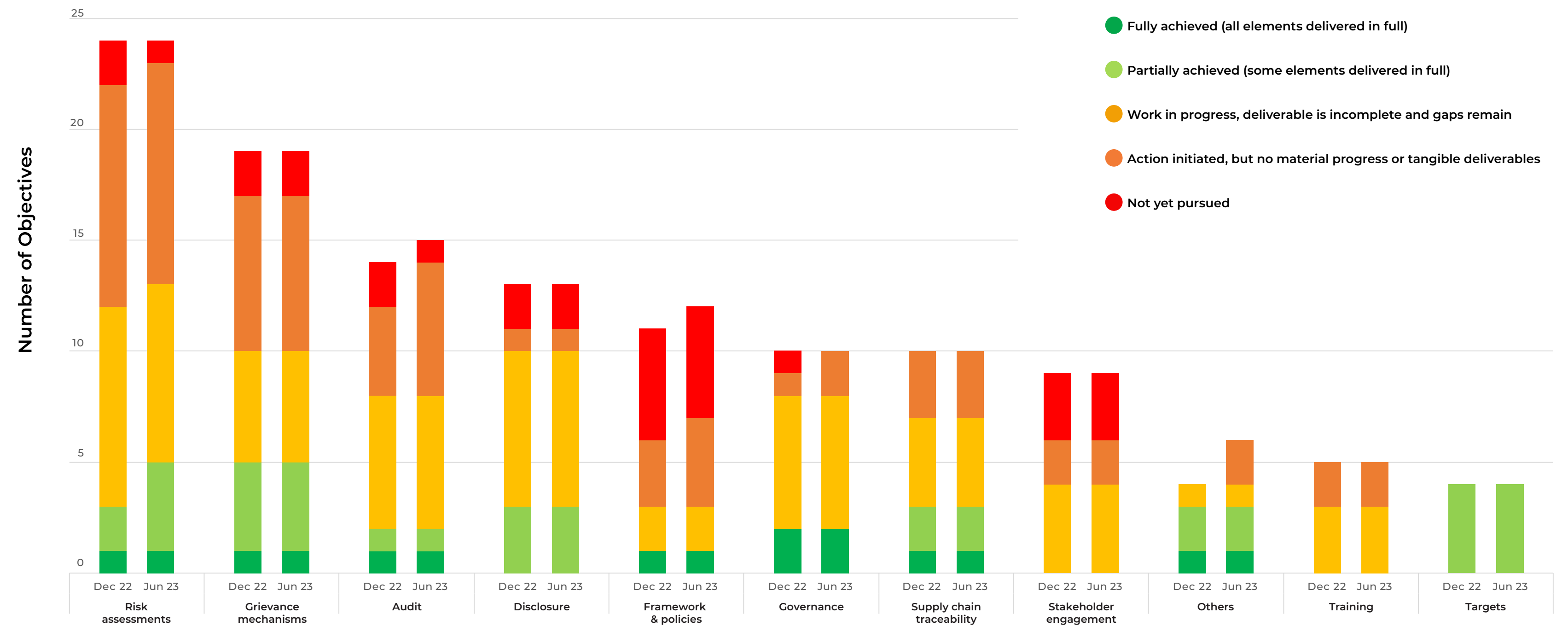
It is encouraging to see the direction of travel as well as tangible success, with about five per cent of objectives being fully adopted by target companies.

Keep in mind there is an inherent level of subjectivity in classification of engagement topics, and lines between different categories can be unclear. The breakdown above shows a high-level snapshot of the progress and frequency of different areas targeted in engagements by IAST APAC members.

# Engagement Objectives



Objective Level Progress



Engagement topics and progress

- Fully achieved (all elements delivered in full)
- Partially achieved (some elements delivered in full)
- Work in progress, deliverable is incomplete and gaps remain
- Action initiated, but no material progress or tangible deliverables
- Not yet pursued



# Seniority of Company Representatives met 2022 - 2023

The seniority of engagements in the 2023 financial year continues to highlight a broad range of engagements with stakeholders at target companies. The key change was a slight shift from C-Suite meetings to broader management level discussions and marginally more board level meetings.

Investors groups took proactive steps to establish multiple touch points with the target companies. Through face-to-face meetings, teleconferences, emails and phone discussions, these groups have built trust and continued to work with focus companies.



# FY22-23 Company Engagement Process con't



## Investor Masterclass

To further support investor groups and based on member feedback, the Company Engagement Workstream developed a specialised masterclass series tailored for investors. The initial masterclass, held in May 2023, focused on cultivating effective engagement skills. The session equipped participants with a common knowledge base, laying the foundation for collaborative interactions.

The masterclass covered essential topics, including the skills for collaboration with investors and effective engagement strategies with focus companies. It also emphasised the importance of planning engagements and agreeing on engagement objectives. Participants explored how investor groups can enhance their collective approach to engagement. Additionally, the masterclass considered the types of information and key metrics that could shape investor groups' engagement objectives and conduct of meetings.

In recognition of the success and demand for this type of learning experience, a second masterclass will be conducted in the next financial year. This session will delve into more advanced subjects, including how to deal with stalled engagements. It will also explore the unique perspectives of Asian business structures, corporate cultures and ESG considerations including modern slavery awareness and response.

Acknowledging the importance of peer-to-peer learning, the Secretariat facilitated knowledge-sharing sessions among investor groups on specialised topics such as engaging with Asian companies and exploring opportunities with renewable energy companies.

By fostering ongoing collaboration and providing tailored learning opportunities, the investor groups and the workstream are dedicated to continuous improvement to address the risk.

# FY22-23 Company Engagement Process con't

## Challenges for Investor Engagements

### Materiality

Some investor groups experienced challenges engaging with companies and consequently found it difficult to move beyond the exploratory stages. This was primarily due to companies assessing modern slavery as not material for their company and supply chains. Where this was the case, internal progress to address the issue and respond to the investor initiative was slow to progress.

### Complex supply chain

Some companies recognised the importance of the issue but were unable to make progress addressing it due to the complexity of their supply chains and the vast number of suppliers involved. Certain companies faced systemic issues as they were operating in markets where they had limited options when seeking alternative suppliers.

### Limited resources

An ongoing hurdle for companies was the scarcity of internal resources dedicated to addressing the risk. This hindered efforts to make meaningful

progress. Furthermore, changes in company leadership, external legal actions or timing issues with the release of the company's Modern Slavery Statement impeded progress.

## Advancing Engagements in FY24

### Moving beyond tier 1

One important area to be addressed in modern slavery statements is the need to go beyond tier one of the supply chain. To ensure a comprehensive assessment of risk has been conducted, companies need to identify and monitor high-risk tiers 2, 3 and 4 within their supply chains.

### Providing examples of best practice

Numerous companies were receptive and engaged when shown examples of best practice from their peers or other industries. The emphasis on regulatory actions worldwide has reinforced the need for companies to align their practices and report transparently.

## Examples of Good Practice

### Supplier partnerships and labour hire

In some cases, companies established

partnerships with key suppliers, investing in internal audits to rectify poor working conditions and address instances of excessive work hours. Additionally, some companies have transitioned from indirect to direct labour hire, thereby reducing reliance on third party intermediaries. Notably, implementation of a third-party supplier questionnaire has proven effective at some sites.

### Dedicating resources

Companies that have employed dedicated Corporate Social Responsibility or Sustainability specialists or allocated responsibility for modern slavery in procurement manager roles have demonstrated improvements in addressing risks and fostering responsible practices.

## Investor and Company Examples: Best Practice and Challenges

### Leverage Techniques

Investor collaboration continues to be an effective tool for advancing discussions and fostering trust between investor groups and focus companies. In many cases, engaging decision makers such as C-suite members during the engagement meetings was impactful as it elevated the issue which was cascaded throughout the organisation.

### Exploring Difference Channels and Tailoring to Local Markets

Utilising diverse channels for engagement, while customising strategies to suit local markets can lead to more effective engagement.



# FY22-23 Company Engagement Process con't

## Looking Ahead – Focus Areas for Consideration during Company Engagements

### Due Diligence

Going forward, engagement will seek to encourage companies to integrate international human rights and labour standards and practices into supplier selection and ongoing supplier audits. This will include a focus on ensuring audits extend beyond the first tier of the supply chain.

### Monitoring the Supply Chain

Promote efforts to identify and assess human rights and modern slavery practices beyond tier one and develop detailed action plans to prevent and address incidents of human rights and modern slavery.

### Consistent Practices

Advocate for training management, procurement teams and all employees who are in high-risk areas of the organisation. Establish consistent sustainable procurement practices across all business units and geographic locations.

### Remediation

Foster the development of remediation plans and independent grievance mechanisms aimed at improving the lives of victims and survivors experiencing modern slavery.

### Increased Transparency

Encourage companies to enhance reporting and disclosure of risks using standardised metrics to measure effectiveness of programs over time.

### Collaboration and Leverage

Facilitate cross-sector and geographic collaborations in high-risk areas to elevate labour standards and eliminate modern slavery practices collectively.

A continued focus on integrating best practice and proactive engagement will improve outcomes for addressing modern slavery in supply chains and reduce investment risk.



# Case Studies

# Case Study 1 – Woolworths



**In 2021 Woolworths Modern Slavery Statement identified cases of withheld passports and foreign migrant workers having paid recruitment fees in their home countries as well as being required to pay a deposit to their employer. Both cases were in Malaysia.**

Woolworths provided details on their corrective actions and carried out training at sites in Malaysia to address forced labour risk. In its Modern Slavery Statement the following year (2022), Woolworths built on several forced labour indicators identified in Malaysia, and confirmed the first instance of modern slavery identified in its supply chain. To our knowledge, this was the first ASX-listed company to do so, which is a testament to Woolworths processes.

In that same statement, Woolworths also revealed it had agreed with the supplier that approximately \$750,000 had to be returned to an estimated 226 migrant workers. Also, Woolworths used the learnings and incorporated them into a Responsible Recruitment Addendum to their existing Responsible Sourcing Standards. This set out supplier requirements, guidance, and

remediation controls for migrant workers in higher risk geographies, with a roll-out to take place in FY23.

IAST APAC welcomes and congratulates Woolworths in finding actual cases of modern slavery in its supply chain and hopes this serves as an incentive for other companies to follow its lead. IAST APAC discussed with the company the findings, how the case was first identified and how Woolworths decided to act in terms of remediation.

IAST APAC has engaged with Woolworths since the inception of the investor initiative. This engagement has focused on encouraging the company to adopt best practice in various areas of responsible sourcing – for example, technology solutions for traceability in practice. We have also discussed the use of a wide suite of tools for risk identification, over and above

traditional factory audits and involving other stakeholders for grievance mechanisms. The goal of these engagements is to assist Woolworths to achieve its stated objectives for responsible sourcing activities.

Given Woolworths relative maturity on responsible sourcing from the outset, this has been a beneficial experience for IAST APAC's members. It has given them an understanding how the actions taken by Woolworths – including its risk-based approach and subsequent follow-up actions as well as transparency – can be used to encourage other companies to adopt such measures. As Woolworths responsible sourcing continues to mature, we will encourage extension of risk identification beyond tier 1 on a risk-based basis and continued partnership with external stakeholders where appropriate.

# Case Study 2 – An Asian Consumer Goods Company



**The focus company is a participant in the consumer discretionary sector with a complex supply chain in Asia. It operates in a sector and geography with high modern slavery risks.**

In our initial engagement, it was clear the company was committed to improving performance on labour rights and had recently added a senior headcount to enhance consideration of ESG issues in the supply chain. However, the company was still in the early stages of adopting appropriate governance structures and operational frameworks and practices.

This provided a constructive backdrop for our engagements with the company, where members of IAST APAC highlighted specific objectives including: board level responsibility and oversight; enhanced mapping of suppliers beyond tier 1; formalising expectations for suppliers including guidelines for remediation of any issues identified; introducing or enhancing channels and processes for whistle-blowers (including within their supply chain); and, increased disclosure to stakeholders regarding processes and outcomes.

Significantly, the company has:

- Established a board level sustainability committee;
- Introduced a formal set of guidelines and expectations for suppliers;
- Extended supply chain mapping and audits into selected tier 3 suppliers;
- Introduced and publicly disclosed a formal supply chain risk assessment approach that includes consideration of modern slavery issues; and,
- Provided high-level information on remediation of identified issues.

The company's commitment to enhancing transparency and improving its operations and supply chain are commendable. We look forward to continuing to partner with the company on its progression towards further enhancing the granularity of its risk assessment and remediation disclosure and establishing more specific criteria for supply chain partners.

# Knowledge Events



# Knowledge Events

## As Knowledge Partners of the IAST APAC initiative, Walk Free and FAST implement knowledge events for investors.

These events are designed to support initiative collaboration in general, and policy advocacy and company engagement workstreams specifically. Walk Free and FAST aim to deliver five knowledge events per year. Members can also suggest additional knowledge events to increase their awareness of key issues that will help them to work together, develop policy or engage with companies, which Walk Free and FAST might also assist to design and run. In the last financial year, the initiative's Knowledge Partners delivered the following knowledge events:

### **Introduction to Worker's Voice Approaches (August 2022)**

This knowledge event was requested by several members and involved presentations from key stakeholders developing and using worker voice tools. Be Slavery Free explained the importance of such tools from the

civil society perspective and shared information about its tool. Ask Your Team, a new New Zealand-based workers voice tool, also presented and a company shared with us how they are using worker voice tools.

### **2021 Global Estimates on Modern Slavery (September 2022)**

In this webinar, key global and regional results from the 2021 Global Estimates were presented and discussed. The Global Estimates revealed there are 49.6 million people living in situations of modern slavery on any given day, either forced to work against their will or in a marriage that they were forced into. Forced labour accounts for 27.6 million of those in modern slavery.

### **Forced Labour and Responsible Financing in High-Risk Sectors (October 2022)**

This event highlighted research from FAST, Earth Shattering,<sup>8</sup> on the nexus of forced labour and natural resources

of gold and cocoa in Ghana, and how investors can help to identify, address, and mitigate risks. The discussion brought together private sector experts and the ILO to provide practical examples in due diligence and outline what steps investors can take to finance these high-risk sectors responsibly.

### **Worker-Driven Social Responsibility (WSR)**

A worker-centred approach to human rights due diligence (April 2023): WSR is a way to improve human rights outcomes, while also overcoming the documented failures of traditional social audits and certification schemes used in human rights due diligence. In April 2023, the Coalition of Immokalee Workers shared how WSR started with addressing forced labour and human trafficking in the tomato fields of Florida and expanded to additional crops across the United

States and beyond (Bangladesh Accord). The event also featured an investor supporting the WSR model, Domini Impact Investments, and a corporate participating buyer of a WSR initiative on how they identified and promoted the program as an effective solution to address forced labour and human trafficking risks in their supply chains.

# Knowledge Events con't

## **Ausbil Asset Management Bangladesh ESG field trip (April 2023)**

Ausbil shared its fieldtrip to Bangladesh with members. The field trip involved meeting companies, auditors, associations, NGOs and workers. It aimed to understand what has changed since the last field trip, what new risks and opportunities have arisen, and what good practices have been introduced. Some key takeaways included: safety has improved but other risks remain and unionization rates remain low; the brand companies are still in positions of power and demand lower prices and short turnarounds; and, minimum wage is increasing but still below living wage.

## **Global Slavery Index (June 2023)**

The latest Walk Free Global Slavery Index (GSI)<sup>9</sup> was launched in May 2023 and its major findings were shared with investors at this session. The GSI reveals the number of people living in modern slavery has grown since 2018 against a backdrop of increasing and more complex conflicts, widespread environmental degradation, climate-induced migration, a global rollback

of women’s rights, and the economic and social impacts of the COVID-19 pandemic. The report highlights the role played by G20 nations in fueling forced labour within global supply chains, including state-imposed forced labour. The G20 accounts for over half of all people living in modern slavery and imports US\$468 billion of at-risk products annually. An IAST member joined the presentations to reflect on how GSI data can be used effectively by investors to identify country, industry and thematic risks in their holdings and portfolios.

In the next financial year, Walk Free and FAST<sup>10</sup> plan to host knowledge events on Asian supply chain risks, promising practices on investors’ drivers and leverage to address modern slavery; survivor-informed engagement; the role of stock exchanges and guidance for companies to reduce modern slavery risks; and financial inclusion for workers.



8. [unu.edu/cpr/project/earth-shattering-financial-engagement-nexus-modern-slavery-and-natural-resources-africa](https://unu.edu/cpr/project/earth-shattering-financial-engagement-nexus-modern-slavery-and-natural-resources-africa)  
 9. [walkfree.org/global-slavery-index](https://walkfree.org/global-slavery-index)  
 10. Pending donor commitments to FAST for 2024 and beyond

# Appendix

# Appendix 1: IAST APAC Membership

Currently, IAST APAC comprises 42 investors with A\$9.4 trillion in AUM

## A

abrdrn  
Acadian  
ACSI  
AllianceBernstein  
American Century Investments  
Ausbil Investment Management  
Australian Ethical Investment  
Australian Retirement Trust  
AustralianSuper  
Aware Super

## B

BNP Paribas Asset Management  
BT Financial Group

## C

CBUS Super  
Challenger Limited  
Colonial First State  
Commonwealth Superannuation Corporation

## D

Duxton Capital (Australia) Pty Ltd

## E

Ethical Partners Funds Management  
Equip

## F

Fidelity International  
First Sentier Investors

## G

GMO

## H

HESTA

## I

IFM Investors

## M

Macquarie Investment Management  
Global Limited  
Maple-Brown Abbott  
Melior Investment Management  
Mercer Investments  
MFS Investment Management  
Mint Asset Management  
MUFG Asset Management

## P

Paradice Investment Management Pty  
Ltd  
Perennial Value Management  
Platypus Asset Management

## R

Resona Asset Management  
Retail Employees Superannuation Trust  
Russell Investments

## S

Schroders  
Spheria Asset Management  
Stewart Investors

## T

Triple Eight Capital Pty Ltd

## U

U Ethical

## V

VFMC



# Appendix 2: IAST APAC Submission

## IAST APAC submission to the Australian Modern Slavery Act 2018 (Cth) three-year review

The Investors Against Slavery and Trafficking Asia Pacific (IAST APAC) initiative is an investor-led, multi-stakeholder project. It was established in 2020 to engage with investee companies in the AsiaPacific region to promote effective action in finding, fixing and preventing modern slavery in investee operations and supply chains. We believe that investors can achieve greater impact working collaboratively and drawing on various sources of knowledge and expertise to assess and address modern slavery risk in operations and supply chains.

The IAST APAC initiative comprises 37 investors representing A\$7.8 trillion in Assets Under Management (AUM). It is overseen by a Steering Committee (SteerCo) made up of First Sentier Investors (the Convener) and the following founding members:

Aware Super, AustralianSuper, Fidelity International, Ausbil Investment Management, the Australian Council of Superannuation Investors (ACSI), Walk Free (as Knowledge Partner and Secretariat) and the Finance Against Slavery and Trafficking (FAST) initiative (as Knowledge Partner). Our membership is diverse, consisting of asset owners and managers from Australia, Hong Kong, Japan and Singapore. Two of our members are government-owned. Many of our members are reporting entities under the Australian Modern Slavery Act (Cth) (Act) and submit modern slavery statements, while several of them have elected to report voluntarily. The initiative engages with 24 companies – fourteen companies are listed on the Australian Securities Exchange (ASX) and ten of them are listed on Asian stock exchanges. The ASX listed companies are reporting entities under the Act.



## Appendix 2: IAST APAC Submission con't

Accordingly, the IAST APAC initiative has significant collective experience complying with the Act and engaging with investees to improve their actions to find, fix and prevent modern slavery, including disclosing their actions through preparing and submitting modern slavery statements in line with the mandatory reporting criteria.

As investors, we encourage investee companies that are required to report under the Act to go above and beyond compliance, which means seeking to improve the effectiveness of their modern slavery risk identification and management (and corresponding reporting) continuously over time. We believe the Act should result not only in quality reporting, but also in genuine change to business practice to respect the human rights of workers and victims; and ultimately, to reduce the incidence of modern slavery cases in operations and supply chains. Moreover, we expect all investees to move expeditiously towards finding, fixing and preventing modern slavery regardless of their place of registration, listing or operation. We

rely on comprehensive and accurate disclosure of social risks such as modern slavery to make well-informed investment decisions.

We welcome the opportunity to comment on the Act's design and administration through the three year review process. We have reviewed the Issues Paper and consulted internally regarding the common responses we would like to share for the review. Our consultation process involved small group discussions to draft and revise our positions, followed by SteerCo approval of our final recommendations. The views expressed in this submission do not necessarily reflect those of each individual or member participating in IAST APAC.

### **Independent Anti-Slavery Commissioner**

We strongly support the establishment of an independent Commonwealth Anti-Slavery Commissioner. The UK Modern Slavery Act 2015 and NSW Modern Slavery Act 2018 provide models for the Federal Government to consider in designing the new role in terms of its

functions, planning and reporting, and independence. Key functions should include providing awareness-raising and training, monitoring the effectiveness of law and policy, conducting research and publishing reports to provide information and recommendations, ensuring victims are aware of remediation pathways and support services, and collaborating with relevant government, non-government and business stakeholders. The Commissioner's scope should be wider than the Act and encompass all national law and policy responses including under the NAP. The role should be truly independent of government to ensure it can hold all stakeholders to account.

### **Lower monetary reporting threshold**

The current monetary reporting threshold of A\$100 million in annual consolidated revenue could be lowered to, for example, A\$50 million, to bring the Australian modern slavery reporting requirement into line with the UK requirement (and potentially other jurisdictions like Canada and New Zealand). However, any lowering of the threshold must be supported by

further funding to allow government to manage the additional burden of reviewing and publishing more modern slavery statements. Lowering the threshold should not come at the cost of reducing ongoing improvement by existing reporting entities in statement compliance and quality, as well as the effectiveness of their actions in preventing or remediating modern slavery. We recognise that new reporting entities with revenue between A\$50-100 million might not have the knowledge or capacity to comply with the Act quickly. Consequently, we suggest that the reporting requirement be phased in over the course of one or two years to give them the opportunity to understand the requirement and allocate the resources.

### **A due diligence obligation**

IAST APAC believes the Act should now incorporate a stronger obligation on reporting entities from high-risk sectors to conduct ongoing due diligence in accordance with the UNGPs and OECD Guidelines for MNEs, than the current reference to it in the mandatory reporting criterion regarding taking

## Appendix 2: IAST APAC Submission con't

action in response to risk assessment. Entities should be required to show they are identifying potential and actual impact, taking meaningful action to respond to it, and monitoring their action effectively. The due diligence required should be proportional to various factors, in particular entity size. As an alternative to a due diligence requirement being included in the Act, we recommend its inclusion in the revised guidance. If a stronger due diligence obligation is incorporated, penalties should be tied to it (taking into account if the due diligence required is proportional).

### **Compliance and enforcement**

We recognise from government and independent reviews of modern slavery statement compliance in the first two reporting cycles that there is a significant amount of non-compliance with the law. Reporting entities are either failing to report or reporting without complying with some of the legislative requirements. We encourage the government to start using the compliance measures available in the

law to address the non-compliance issue. We recommend that the government also introduce new, tougher enforcement tools such as fines or exclusions. These tools should attach to the reporting requirements. If a stronger due diligence obligation is incorporated, penalties should be tied to it too (taking into account if the due diligence required is proportional). In addition, the government should explore introducing incentives to improve reporting quality and take meaningful action such as using best practice examples or lists. We believe enforcement should be used not only for compliance, but to encourage practice change in a 'race to the top' to prevent and remediate modern slavery cases.

### **Further three-year review**

The current three-year review of the Act has given us timely pause to discuss and explain what could work better in the design and administration of the law. We believe it has been a useful process at this juncture, and we recommend a further three-year review be added to track progress and make

improvements. We suggest the next review include a specific mandate to consider if Australia should introduce a standalone mandatory human rights due diligence (mHRDD) law to bring us into line with European developments. Many investors and companies - that are reporting entities under the Act - will be complying with new European mHRDD laws by then. Australia was at the forefront of legislative responses requiring corporate responsibility to respect human rights when it passed the Act in 2018, but we fear it is in danger of falling behind the global trend of adopting broader due diligence frameworks covering all international human rights standards. Some of these standards are also crucial in preventing modern slavery occurring; for instance, labour and human rights relating to freedom of association, collective bargaining and the minimum wage, and migrant workers and their families.



**Disclaimer**

Investors Against Slavery and Trafficking Asia Pacific (IAST APAC) is an investor-led multi-stakeholder initiative convened to promote effective action among companies in the Asia-Pacific region to find, fix and prevent modern slavery, labour exploitation and human trafficking in their value chains. Membership to IAST APAC is open to any asset owner or asset manager with an office in the Asia Pacific region. This document has been prepared for general information purposes only. The views expressed in this document are the views of IAST APAC and do not necessarily reflect the views of individuals or members associated with IAST APAC. Such views are subject to change without notice and may substantially differ from the views of individuals or members associated with IAST APAC. To the extent permitted by law, no liability is accepted by IAST APAC nor any members of IAST APAC for any loss or damage as a result of any reliance on this material. This material contains, or is based upon, information that IAST APAC believes to be accurate and reliable, however neither IAST APAC nor any individuals or members associated with IAST APAC offer any warranty that it contains no factual errors.

**Important Information**

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