

# HUMAN RIGHTS WORKING GROUP



## Review: RIAA Member Human Rights Working Group 2017-2020

Final version: 20 December 2020

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### 1. Background

- This document provides a summary of the activities, outputs, and outcomes from RIAA's Member HRWG for the period December 2017 – December 2020.
- It is part of the biennial review as required by the *RIAA Member Human Rights Working Group Terms of Reference*<sup>1</sup>.
- It supports the annual reporting requirements for the RIAA Board consistent with the *RIAA Working Groups – Overview*<sup>2</sup>.

<sup>1</sup> Dated November 16, 2017 and updated December 14, 2017

<sup>2</sup> Created May 1, 2020 and revised November 13, 2020

## 2. Summary

RIAA's Human Rights Working Group (HRWG) has a high level of alignment with RIAA's strategic objectives, strong participation by many active members, a workplan that is characterised by a high level of ambition and achievement and driven by HRWG members, and strong performance against its TORS as demonstrated by its outputs and outcomes in 2017-2020. A December 2020 poll (anonymous) found 87% of HRWG members (total: 39 voted) are Satisfied (54%) or Very Satisfied (33%) with the extent to which the HRWG is meeting their needs.

## 3. Participation

<b>Meetings and coordination</b>		
No. of meetings	12	Includes special interest presentations by guest speakers (see Appendix 2 for full list)
Average no. of attendees	35	
Total no. of active members	70	As of December 2020. Regularly attend meetings.
Total no. of member organisations represented in meetings	60	As of December 2020.
No. of subgroups	7	Modern Slavery Act; Workforce Disclosure Initiative; NGO Collaboration; Climate Change and Human Rights; Modern Slavery Due Diligence Questionnaire; Corporate Engagement; First Nations Peoples' rights

### Comment

The HRWG is characterised by **STRONG** participation by a large number of active members. This is reflected in the number of subgroups, which are member-led and result-oriented. Membership has continued to grow over the reporting period.

## 4. Performance against TORs

The following table maps the activities, outputs and outcomes of the HRWG over the reporting period, against the HRWG objectives. See Appendix 1 for the full HRWG TORs.

### *Fulfilling*

### **HRWG Objectives**

**1. Build members' understanding and capabilities** for assessing and respecting human rights and mitigating human risks in investment;

**2. Facilitate the sharing of leading practice knowledge and resources** pertaining to human rights and investment decision-making and engagement; and

### *How?*

### **Activities and Outputs**

- ☐ Workforce Disclosure Initiative questionnaire for listed companies
- ☐ Request for Information (Modern Slavery Due Diligence Questionnaire) designed by asset owners for asset managers (equities and bonds) (2019)
- ☐ [Investor Toolkit – Human rights with focus on supply chains \(Aug 2018\)](#)
- ☐ Award-winning collaboration with Australian Council of Superannuation Investors (ACSI): [ACSI-RIAA Modern Slavery Reporting Guide for Investors \(Nov 2019\)](#)
- ☐ Membership is growing – more than 70 in 2020.
- ☐ Quarterly meetings with average 35 member attendees (out of total 70 membership base).
- ☐ Quarterly and annual Stockwatch report by HRWG member (ISS-ESG) to share information and facilitate discussion on controversies and shareholder resolutions.
- ☐ Human rights Knowledge Hub established (later transferred to external site, Altioem) Quarterly special interest topic sessions with guest speakers
- ☐ New subgroup work stream established (First Nations Peoples' rights)
- ☐ Inception of civil society-NGO Investor Collaboration (2018-2020)

### *So what?*

### **Outcomes**

- ☐ Establishing “what good looks like” for investors in relation to modern slavery
- ☐ Improved workforce reporting and data consistency by large listed Australian companies
- ☐ Efficient and effective data inputs to assist AO's meet obligations under MS reporting requirement
- ☐ Improved investor literacy for engaging on matters of human rights with listed companies.
- ☐ Member and industry ability strengthened through high uptake of MS investor resources (see 3. Annual Workplan Progress for more info)
- ☐ Increased industry collaboration, especially on MS
- ☐ Increased knowledge sharing on human rights issues

**3. Design and deliver significant human rights research, implementation and advocacy opportunities** as relevant, through collaborating with other RIAA working groups and industry forums.

- ☐ HRWG member (Måns Carlsson) on the Expert Advisory Committee to influence regulations and finalise Guidance
- ☐ Production of Modern Slavery reporting guide commended by the Australian Border Force
- ☐ Collaboration with Financial Services Council ESG Working Group: Modern Slavery Due Diligence Questionnaire
- ☐ [Investor statement on human rights](#)
- ☐ Research collaboration with the Australian Human Rights Commission and KPMG on climate change, human rights and investors (due 2021).
- ☐ Final MS regulations tweaked to accommodate complexities and nuances of investor as MS reporters
- ☐ Raise awareness on the link between climate change and human rights, and the risks, opportunities and obligations for investors.

## 5. Meeting members' needs

To assess the extent to which the HRWG is meeting members' needs, and can continue to do so in future, RIAA held:

- Online member survey (24 questions) (Nov-Dec 2020) (total: 9 respondents)
- Online member poll (anonymous) during HRWG meeting (Dec 2020) (total: 39 voted)
- Breakout discussions during HRWG meeting (Dec 2020) (total: 40 participants)

Highlights from the online member poll (anonymous) are:

**87% of HRWG members (total: 39 voted) are Satisfied (54%) or Very Satisfied (33%) with the extent to which the HRWG is meeting their needs.**

**Out of 9 key initiatives from the HRWG, all had at least some members who found each useful and valuable for their organisation. The highest ranked initiatives are:**

- **ACSI-RIAA Modern Slavery Reporting Guide for Investors (Nov 2019) – (72%)**
- **Modern Slavery Due Diligence Questionnaire – (69%)**
- **Investor Toolkit – Human rights with focus on supply chains (Aug 2018) - (59%)**
- **Quarterly and annual Stockwatch report – (41%)**

**What is the HRWG doing best to meet your/your organisation's needs? The highest ranked answers:**

- **International and Australian developments** – share knowledge and understanding on international developments on human rights and investment – **(69%)**
- **Collaboration** - how to enhance human rights outcomes through member and broader in industry collaboration – **(59%)**
- **Engagement** - how to engage investee companies on human rights performance – **(51%)**
- **Integration** - how to consider human rights in investment decision making processes – **(28%)**

Overall, the results from the full online member survey did not deviate significantly. Some remarks include:

- The most common remark on the value of the HRWG is “knowledge sharing”.
- Regarding which themes the HRWG should focus on, the survey response rate was not statistically significant, though two key themes for the HRWG in 2020/20201 – modern slavery and First Nations Peoples – were ranked among the highest.
- On the MS Reporting Guide for Investors: “[G]reat document to support organisation wide modern slavery implementation (not just on investments)”
- On the Investor Toolkit: “It has been important in forming our response to the Modern Slavery Act and tackling this material social risk.”
- On the Modern Slavery Due Diligence Questionnaire: “Standardisation of questionnaires is time saving for us asset managers.”

The returned feedback from the breakout groups was minimal (2 groups shared written comments) and it was not significantly different from the above. A general comment was that breakout groups were a welcome change to the meeting modality.

See Appendices 3 and 4 for survey results and polls.

### Comment

The HRWG is characterised by **MED-HIGH** level of member satisfaction in terms of meeting their needs.

## Appendix 1 – HRWG Terms of Reference

# RIAA Member Human Rights Working Group

## Terms of Reference

### 1. Context

Human rights are becoming an important investment risk to be managed as multilateral agencies, governments, and NGOs focus attention on the role of business in preventing and mitigating adverse human rights impacts from their operations, products and services and supply chains.

In the last five years, the role of government and expectations of business to “respect, protect and remedy” adverse human rights impacts has become clear. The establishment of the UN Guiding Principles on Business and Human Rights, mandatory reporting on modern slavery in California, UK and more recently proposed legislation in Australia has raised the bar significantly for business.

Notwithstanding this increasing awareness, the assessment of human rights risks in investment decision-making is in its early stages in Australia<sup>3</sup>. Human rights are sometimes assessed as part of “social” impacts, however their identification and management go to the core of sound governance, given that human rights impacts present themselves with and between interactions with employees, suppliers, customers, host communities, among other stakeholder groups.

### 2. Member needs

Given the growing importance of human rights in protecting value and discharging certain RIAA members’ fiduciary duties, as well as the universal commitment for business to respect human rights, RIAA has a role to support its members in the following areas:

1. International and Australian developments – share knowledge and understanding on international developments on human rights and investment;
2. Governance – how best to include human rights in ESG policies and procedures;
3. Prioritisation – how to identify and prioritise responses to human rights risks and opportunities in different sectors and supply chains;
4. Integration – how to consider human rights in investment decision making processes;
5. Engagement – how to engage investee companies on human rights performance;
6. Measurement – how to understand what’s worth measuring and how to do this meaningfully;
7. Reporting – how to report human rights outcomes in a relevant and accessible manner;
8. Collaboration – how to enhance human rights outcomes through member and broader in industry collaboration; and
9. Consultation – to provide a coherent member voice on matters of public policy.

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<sup>3</sup> EY and Australian Human Rights Commission - Human rights in investment: The value of considering human rights in ESG due diligence (April 2017), pg. 21.

### 3. Working Group Objectives

To deliver to members' needs, the HRWG has been established with the following objectives:

1. **Build members' understanding and capabilities** for assessing and respecting human rights and mitigating human risks in investment;
2. **Facilitate the sharing of leading practice knowledge and resources** pertaining to human rights and investment decision-making and engagement; and
3. **Design and deliver significant human rights research, implementation and advocacy opportunities** as relevant, through collaborating with other RIAA working groups and industry forums.

### 4. Working Group Modus Operandi

The HRWG operates on the following principles:

- a. Will be convened by a nominated RIAA member, who will work with RIAA to establish the HRWG membership, detailed scope of work, agenda and convening of regular meetings;
- b. The HRWG will have a fixed term of two years, after which its need will be reviewed by RIAA;
- c. The HRWG will have limited financial support from RIAA and will rely mainly on in-kind contributions from members;
- d. The HRWG, subject to RIAA approval, will be able to collaborate with other industry initiatives and where appropriate, initiate its own industry activities in support of its objective;
- e. The HRWG's scope of work will not overlap with other RIAA working groups and collaborate closely with these and other relevant industry groups e.g. Global Compact Network Australia; Principles for Responsible Investment; Australian Human Rights Commission etc.;
- f. The outcomes from the HRWG work will be shared with members via RIAA events, Annual Conference etc.; and
- g. Any policy recommendations, outcomes from research etc. that may emanate will be subject to existing RIAA executive delegations.

Date: November 16, 2017

Updated: December 14, 2107

Delegation: Simon O'Connor, CEO

## **Appendix 2 – List of special interest topics and speakers 2017-2020**

### **2018**

Gershon Nimbalker, Baptist World Aid – *Ethical Fashion Report*

Oxfam – *What She Makes* (presentation on human rights in garment industry)

UTS and UNSW webinar – *Wage theft*

Richard Boele, KPMG – *Supply chain data platforms*

Professor David Kinley, University of NSW - *Necessary Evil: How to Fix Finance by Saving Human Rights* was published in 2018 by Oxford University Press

### **2019**

ESG providers (MSCI, Sustainalytics) – *ESG research methodology and human rights*

Victoria Anderson, Australian National Contact Point - *OECD Guidelines for Multinational Enterprises (an international standard on responsible business conduct)*

Mans Carlsson, Ausbil Presentation on ACSI-RIAA Modern Slavery reporting guide

### **2020**

Rob Jolly, Financial Sector Commission on Modern Slavery and Human Trafficking

Ed Santow, Human Rights Commissioner – *Consultation – technology and human rights*

Jennifer Burn and Yvette Selim, Anti-slavery Australia - *online MS learning module*

Simon Carter and Ruben Langbroek, Sustainable Digitalisation Project

Kate Turner, Investors Against Slavery and Trafficking



## Appendix 3 – Online member poll (anonymous) results

### Poll 1: HRWG member review

Poll closed

39 voted

#### 1. Which of the following HRWG initiatives have you found relevant and useful for you/your organisation? (Multiple Choice)

HRWG Investor Toolkit - Human rights with focus on supply chains (Aug 2018) (23/39) 59%



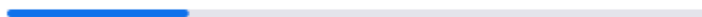
ACSI-RIAA Modern Slavery Reporting Guide for Investors (Nov 2019) (28/39) 72%



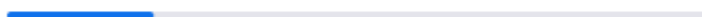
Modern Slavery Due Diligence Questionnaire (2019) (27/39) 69%



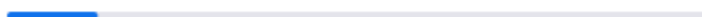
HRWG Investor statement on human rights (10/39) 26%



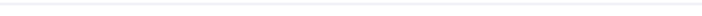
Workforce Disclosure Initiative with Shareaction (8/39) 21%



Civil-society NGO collaboration roundtable (5/39) 13%



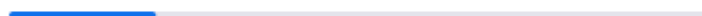
Knowledge Hub (4/39) 10%



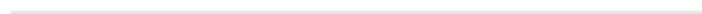
Stock Watch (16/39) 41%



Special Interest events (8/39) 21%



Other (feel free to post in Chat) (0/39) 0%



**2. What is the HRWG doing best in terms of meeting your/your organisation's needs? Select up to three(Multiple Choice)**

1. International and Australian developments – share knowledge and understanding on international developments on human rights and investment

(27/39) 69%
2. Governance - how best to include human rights in ESG policies and procedures

(6/39) 15%
3. Prioritisation – how to identify and prioritise responses to human rights risks and opportunities in different sectors and supply chains

(7/39) 18%
4. Integration - how to consider human rights in investment decision making processes

(11/39) 28%
5. Engagement - how to engage investee companies on human rights performance

(20/39) 51%
6. Measurement – how to understand what's worth measuring and how to do this meaningfully

(6/39) 15%
7. Reporting - how to report human rights outcomes in a relevant and accessible manner

(5/39) 13%
8. Collaboration - how to enhance human rights outcomes through member and broader in industry

(23/39) 59%
9. Consultation - to provide a coherent member voice on matters of public policy

(7/39) 18%
- Other (feel free to post in Chat or message separately)

(0/39) 0%

**3. What is your/your organisations overall level of satisfaction with the HRWG meeting your needs?**



## **Appendix 4 – Summary of online member survey results**

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