

Dear Sir or Madam:

**Re: UNU-CPR FAST Feedback for Australia’s Climate-Related Financial Disclosure Consultation**

1. I am writing in response to the Government of Australia’s request for feedback on key considerations for the design and implementation of its forthcoming climate reporting framework. I write on behalf of the Finance Against Slavery and Trafficking (FAST) initiative, managed by the United Nations University Centre for Policy Research (UNU-CPR). First, this submission introduces FAST. Second, it provides some key points relating to social sustainability for the Australian Government to consider. Third, we offer a few recommendations on how Australia can design its framework to accommodate social sustainability reporting.

**United Nations University Initiative for Finance Against Slavery and Trafficking (‘FAST’)**

2. FAST ([www.fastinitiative.org](http://www.fastinitiative.org)) is a multi-stakeholder initiative that was started in 2018 by UNU-CPR and funded by public and private sector actors. It works to mobilize the financial sector to address modern slavery and human trafficking.

3. FAST commenced with a Financial Sector Commission on Modern Slavery and Human Trafficking. The Commission operated between September 2018 and September 2019. The Commission consisted of 25 leaders from government and the financial, anti-slavery, business, and human rights sectors. The Commission conducted consultations with experts from around the world, representing finance, government, and civil society.

4. In September 2019 the Commission published [\*Unlocking Potential: A Blueprint to Mobilize Finance Against Slavery and Trafficking\*](#) (the ‘FAST Blueprint’). The *Blueprint* provides extensive analysis of the challenges and opportunities for finance to address modern slavery and human trafficking. Its recommendations align with the UN Guiding Principles on Business and Human Rights (UNGPs) and relevant OECD Guidance.

5. The *FAST Blueprint* provides detailed recommendations on steps financial sector actors – both public and private – can take to address slavery and trafficking. These are framed in terms of five FAST Goals, against which the *Blueprint* identifies 30 Actions that should be undertaken to mobilize the financial sector.

6. Given the extensive research and consultation that underpinned the *FAST Blueprint*, this submission draws on the *Blueprint* as a source of insight into challenges and opportunities facing financial sector actors, and emerging practices, when addressing this particular set of human rights harms.

7. FAST is now undertaking a broad range of activities with financial sector actors to implement the *Blueprint*. This includes collaborative action with institutional investors, banks, and financial regulators in several jurisdictions, intended both to implement the *Blueprint* and to help these entities learn what effective action to address modern slavery and human trafficking requires. Additional details on these actions can be found on the FAST website, [www.fastinitiative.org](http://www.fastinitiative.org).

## **Designing a climate disclosure framework with the flexibility to incorporate social sustainability reporting**

8. FAST recommends that the Australian Government design its climate reporting framework to allow for future adaptation that would accommodate social sustainability reporting, including on modern slavery and human trafficking.

9. Modern slavery and human trafficking are the antithesis of sustainable development and an indicator of market failure; they affect all three dimensions of sustainability and their eradication is key to the full implementation of the 2030 Agenda.

10. The 2021 Global Estimates of Modern Slavery and the 2022 Global Report on Trafficking in Persons show that the international community is dangerously close to failing in its efforts to achieve SDG Target 8.7 by 2030 and end all forms of child labour by 2025. It appears that modern slavery and human trafficking are on the rise despite a decrease in reported cases.

11. The Australian Government can help accelerate global action against modern slavery and human trafficking by harnessing the power, influence, and technical capabilities of its finance sector.

12. This requires, among other reforms, increased regulation of the financial sector with respect to modern slavery and human trafficking in global value chains. More specific requirements are needed for financial market participants in how and what they disclose with respect to modern slavery and human trafficking risks in their value chains, and more transparency is also needed on how investments are classified as sustainable, ensuring that investors and their investees address environmental and social issues effectively and in tandem. Quality disclosures by the financial sector rely on quality information from the businesses they insure, the businesses they provide loans to, and those they invest in.

13. Future adaptations are also advised to ensure Australian companies remain competitive for foreign investments and are not burdened with onerous, inconsistent, and costly reporting requirements from multiple jurisdictions. This requires internationally-comparable sustainability reporting standards and internationally-comparable disclosures.

## **Emerging practice in designing climate disclosure frameworks**

14. Amongst the numerous climate reporting frameworks that are either under development or already adopted, the European Union (EU)'s Corporate Sustainability Reporting Directive (CSRD), which entered into force in January 2023, is notable for the breadth of its scope, the significant number of companies covered, and the detailed disclosures required. The CSRD requires not only climate-related disclosures, but also disclosures on fundamental human and labour rights, including information on forced labour and child labour in value chains.

15. As the Australian Government designs its climate reporting framework, and reviews its Commonwealth Modern Slavery Act, it may wish to consider how the EU designed its CSRD to be complementary and cohesive with its Sustainable Finance Disclosures Regulation and the proposed Corporate Sustainability Due Diligence Directive.

16. In closing, please allow me to emphasize that FAST recognizes the leadership of the Australian Government in the global fight against modern slavery and human trafficking. However, there is still more that can be done and supporting the financial sector's efforts by mandating quality social sustainability reporting would be a major step towards correcting the market failure that is represented by modern slavery and human trafficking. We appreciate the opportunity to provide feedback for Australia's Climate-Related Financial Disclosure Consultation and we remain available to support your Government's efforts to address the financial sector's role in modern slavery and human trafficking.

Yours sincerely,

, FAST Government and Multilateral Organizations Lead