

Emmanuel Faber  
Chair of the International Sustainability Standards Board  
IFRS Foundation, Columbus Building  
7 Westferry Circus, Canary Wharf, London,  
E14 4HD, United Kingdom

August 31<sup>st</sup>, 2023

**RE: IFRS's Consultation on Agenda Priorities – Comments from the Secretariat of the Global Unions' Committee for Workers' Capital (CWC)**

Dear Mr. Faber,

On behalf of the Global Unions Committee on Workers' Capital (CWC), we congratulate the IFRS on the launch of its inaugural sustainability standards —the IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and the IFRS S2 on Climate-related Disclosures – and we welcome the opportunity to comment on ISSB's next phase of research and standard-setting. This letter highlights some overarching comments for consideration with respect to the ISSB's request for feedback on its agenda priorities in its next two-year workplan. Detailed responses to the specific questions posed by the ISSB are provided below in the appendix.

The CWC is a global network for dialogue and action on the responsible investment of workers' capital made up of trade union representatives and labour-nominated pension fund trustees that oversee the deferred retirement savings of workers. As the long-term stewards of workers' capital, pension fund investors rely on sustainability-related disclosures to support their activities related to investment decision-making, risk management, and active ownership. The ISSB's work supports pension plans to meet their fiduciary duties to act prudently in the identification and mitigation of risks and opportunities that may impact pension plans' long-term investment performance. The inaugural ISSB standards support investors in addressing sustainability and climate risks. **We now encourage the ISSB to turn its attention towards setting a global standard on social risks, with a central emphasis on workers. Specifically, the CWC encourages the ISSB to begin a new research and standard setting project on social issues that combines its proposed topics of human capital and human rights.**

Human rights and human capital are inextricably linked and there are no easy delineations that separate the two areas. For example, ensuring fair compensation of the workforce and contractors, providing healthy and safe working conditions, promoting diversity and inclusion, retaining workers to ensure workforce stability, and overseeing workforce composition across the value chain can lead to a more productive workplace (human capital management) while also ensuring fundamental human and labour rights are upheld. In considering them separately, the ISSB may risk drawing false distinctions that undermine quality of reporting, or may further fragment the current reporting landscape resulting in confusion in the two areas. Suggestions on how the ISSB could develop a framework that conveys the sustainability-related risks and opportunities related to company workforce are provided below in the appendix and are summarized here:

**Human capital**

In recent years human capital risks have gained increased attention. This is a result of shifts in the global economy, changing workforce dynamics, and the growing recognition that workers across various sectors are essential contributors to society and the economy. Human capital risks are relevant for investors because a company's workforce is a driver of its performance, productivity, and overall success. Human capital can significantly impact a company's financial performance, value creation, reputation, and long-term resilience. Human capital and workforce issues affect all business entities; however, similar to climate risks, factors such as an entity's size,

sector, or geography of operation can impact which elements of human capital are the most material. The current landscape of human capital disclosures is fractured and insufficient to effectively manage systemic risks related to workforce issues. For these reasons, the CWC strongly encourages the ISSB to fill the gap and prioritize a research project that addresses human capital and social issues to lay the groundwork for future standard-setting. Naturally this work aligns with other areas of the ISSB's workplan to research targeted enhancements to climate standards (e.g., the just transition), ensuring interoperability of the ISSB Standards with other sustainability standards (e.g., GRI), and to begin new research in areas such as human rights (e.g. labour rights or working conditions). As noted in the appendix, we encourage the ISSB to study the following subtopics in order of priority: (1) workforce composition and costs; (2) worker voice and social dialogue; (3) occupational health and safety; (4) labour conditions across the value chain; (5) workforce investment into worker well-being; (6) diversity, equity and inclusion; and (7) human rights due diligence.

### **Human rights**

Investor interest in human rights risks has also increased in recent years as a result of the changing regulatory landscape, the availability of information related to adverse impacts caused by companies and growing evidence of the positive correlation between companies that adopt strong human rights practices and long-term financial performance. The PRI's recently established human rights initiative, Advance, is now the world's second largest investor coalition (after CA100+) comprising of 255 investors with over USD 37 trillion in assets under management.

The CWC strongly encourages the ISSB to combine its proposed topics of human capital and human rights, and to concentrate its research in this area to improve corporate disclosures on human rights due diligence processes and outcomes. This should include an assessment of the feasibility of incorporating information from impacted stakeholders (e.g., workers and communities) into issuer reporting to make corporate disclosures more balanced. This would enable investors to better understand how companies are identifying and managing adverse impacts on people, building stakeholder trust, enabling access to remedy, and driving long-term value. Our expectations would be for these standards to be created in alignment with the current shifts in the regulatory environment for businesses to uphold human rights – including fundamental labour rights – under international norms and frameworks such as the *UN Guiding Principles on Business and Human Rights*, the *OECD Guidelines for Multinational Enterprises*, and the *ILO Declaration on Fundamental Principles and Rights at Work*. More details on these expectations are provided below in the appendix.

In conclusion, we encourage the ISSB to develop a single global standard on social issues in its workplan that would simplify human capital and human rights disclosures. This would streamline efforts, and reduce duplication or misleading implications in the distinctions. It would also enable investors to make reasonable comparisons globally and thereby respond to a long-awaited need. We welcome the opportunity to continue to work with you and the Board of Trustees in developing its agenda and strengthening existing standards. If it would be helpful to discuss any of our comments in more detail, please contact Shalini Ramgoolam ([sramgoolam@share.ca](mailto:sramgoolam@share.ca)).

Kind Regards,

Hugues Létourneau  
Associate Director,  
Global Unions' Committee for Workers' Capital

## Appendix

### Question 3—New research and standard-setting projects that could be added to the ISSB’s work plan

- (a) Taking into account the ISSB’s limited capacity for new projects in its new two-year work plan, should the ISSB prioritise a single project in a concentrated effort to make significant progress on that, or should the ISSB work on more than one project and make more incremental progress on each of them?

**More than one project.** Bearing in mind the close integration and interdependencies of the proposed priority topics, the CWC Secretariat recommends the ISSB focus upon a combined project of a social reporting standard, covering human capital and human rights.

- (b) If more than one project, which projects should be prioritized and what is the relative level of priority from highest to lowest priority? You may select from the four proposed projects in Appendix A or suggest another project (or projects). Please explain your response.

#### Human capital

It is important to clarify decision-useful metrics related to human capital for reporting entities and investors to use. A well-managed workforce is likely to be more efficient, innovative, and better able to execute the company’s strategies, including any transition plans to address climate risk. Workforce participation directly impacts an entity’s financial results, brand value, regulatory compliance, risk profile and long-term sustainability. Important factors to consider when evaluating performance on human capital include: workforce composition, occupational health and safety, labour conditions in the value chain, diversity, equity and inclusion, workforce voice and social dialogue.

Human capital factors affect all business entities, while the specific key issues may vary by sector or geography of operation. Today, investors have recognized this growing importance, with coalitions such as the Human Capital Management Coalition, with members from 36 institutional investors representing over \$9 trillion in assets, and the Workforce Disclosure Initiative with 60 investor signatories making up over USD\$10 trillion in assets under management. However, a consistent approach to corporate reporting on human capital is lacking to meet investor needs. The ISSB is well-placed to fill the gap in the market and assert internationally-recognized standards on corporate disclosures related to the workforce.

There is significant overlap between human capital and human rights topics, making the topics best addressed in conjunction. For example, ensuring fair compensation of the workforce and contractors, providing healthy and safe working conditions, promoting diversity and inclusion, retaining workers to ensure workforce stability, and overseeing workforce composition across the value chain can lead to a more productive workplace (human capital management) while also ensuring fundamental human and labour rights are upheld. Company actions to promote diversity and inclusion within the workforce not only contribute to a rich talent pool (human capital) but also align with principles of non-discrimination and equality (human rights). Finally, addressing human rights risks in the value chain, such as preventing forced labor, engaging suppliers, and ensuring proper channels for workers to voice complaints about working conditions, is an extension of respecting human rights but also minimizes operational disruptions to maintain consistent product availability.

## Human rights

The CWC Secretariat encourages the ISSB to concentrate its research to improve corporate disclosures on human rights due diligence processes and outcomes, in conjunction with human capital as outlined above. Investor interest in human rights risks has increased in recent years as a result of the changing regulatory landscape, the availability of information related to adverse impacts caused by companies, and a growing recognition of the positive correlation between companies with strong human rights practices and long-term financial performance. For example, the PRI's recently established human rights initiative, Advance, is now the world's second largest investor coalition after CA100+ with over 255 investors endorsing the initiative representing \$37 trillion in assets under management.

It is important to identify human rights metrics that investors can use to uphold their responsibilities under international norms and frameworks. Nonetheless, in the current landscape of fragmented reporting frameworks, an entity may report under more than one framework but it may selectively omit information that could reveal adverse human rights impacts. To tackle this, our expectations would be for the ISSB's reporting standards use compelling indicators that align with the spirit of international norms and frameworks such as the [UN Guiding Principles on Business and Human Rights](#), [the OECD Guidelines for Multinational Enterprises](#), and the [ILO Declaration on Fundamental Principles and Rights at Work](#).

In addition, a useful project would be for the ISSB to assess the importance of incorporating information from impacted stakeholders (e.g., workers) into issuer reporting to make reporting more balanced. This would enable investors to better understand how companies are identifying and managing adverse impacts on people, building stakeholder trust, enabling access to remedy, and driving long-term value. It would also help investors assess how effective the company is in addressing human rights risks in its workforce, across its value chain, with the communities in which it operates in, and in relation to the end-users of their products/ services.

Lastly, as noted above, there is significant overlap between human rights and human capital topics. Since there are no easy delineations that separate the two areas, by considering them separately, the ISSB may risk drawing false distinctions that undermine quality of reporting, or may further fragment the current reporting landscape resulting in confusion on the two areas.

## Question 5—New research and standard-setting projects that could be added to the ISSB's work plan: Human Capital

- (a) Of the subtopics identified in paragraph A22 which relate to human capital management, to which would you give the highest priority? Please select as many as applicable. Please explain your choices and the relative level of priority with particular reference to the information needs of investors. You may also suggest subtopics that have not been specified.

## Workforce composition and costs

Understanding a company's workforce composition is the first step to understanding its approach to human capital. This information helps assess an organization's human resource management model by unpacking the volume of workers delivering core services on behalf of the company, including workers who may not be captured by the official employee headcount figure. Excessive use of temporary, contract, or gig workers increases the risk of creating a two-tier workforce with resulting repercussions

on staff morale, treatment of workers and turnover. Furthermore, a consideration of pay-levels across the organization is an important factor to consider when unpacking workforce costs.

The CWC recommends the ISSB encourage corporate disclosures on this topic as it relates to the following topics:

- What is the structure of the company's workforce to accomplish its strategy, disaggregated by country, and employment type (ie. full-time, part-time, permanent, contract, temporary employees, and independent contractors)?
- What are the company's turnover rates, and its related strategies or target sets?
- What is the company's compensation strategy in relation to meeting living wage levels (in its direct workforce and in its value chain); and how does the median worker pay relate to the CEO's compensation?

### **Employee engagement**

Understanding the relationship between workers and their employers is a key aspect of human capital because it can impact productivity, talent retention, workplace satisfaction, and work quality. The CWC recommends that the ISSB expand its scope beyond "employee engagement" which focuses on the emotional connection a worker has towards the success of their company. Under this frame, employee engagement is often viewed as a reactive sounding board for employers on talent management issues. The CWC would like to stress that employee satisfaction scores - based on surveys and taken in isolation - do not demonstrate continuous engagement with the workforce.

Rather, the CWC would highlight the central role of freedom of association and collective bargaining, as enabling factors for effective "worker voice". This relates to the participation and influence that workers have in decisions that affect their workplace. Fulfillment of these rights enable workers to improve their working conditions and protect their other human rights at the workplace which provides a more comprehensive picture of how positive or productive the work environment is. Indeed, good labour relations, built on respect for freedom of association and collective bargaining, has been found to improve other areas of human capital management, and ultimately company performance, in a number of areas including strengthening human rights due diligence across the value chain, improving health and safety performance, increasing levels of training and skills, improving productivity, and realizing improved diversity, equity, and inclusion.

The CWC recommends that the ISSB uses the following metric suggestions on worker voice and social dialogue:

- How does the company integrate workforce participation in the decision-making affairs of the company? [*This data can demonstrate how frequently, on what topics and how integrated workers' voices are across the organization*]
- How does the company engage with trade unions as worker representatives, with the following disclosures, on their approach:
  - Percentage of the workforce covered by collective bargaining agreements by country,
  - Presence of global framework agreements with global trade union federations,
  - Resources spent by the company to dissuade workers from forming trade unions,
  - Summary of issues and resolutions for any work stoppages or workplace protests,
  - Presence of legal proceedings and/or other adjudicative processes related to the company's respect for labour rights including how they were resolved,

- Pending litigation against the company brought forward by workers workforce representatives, or initiated by the company seeking penalties against workers and/or their trade union.
- How does the company provide an operational-level grievance mechanism that provides workers with access to remedy? Can suppliers and supplier workforces file formal grievances? *[Note that collective bargaining agreements are, themselves, dispute resolution mechanisms where workers can raise grievances.]*

### **Worker wellbeing (including mental health and benefits)**

The CWC strongly encourages the ISSB to re-frame this section from “worker wellbeing” to “occupational health and safety”. Work can only be considered “decent work” if it is safe and healthy. Importantly, the ILO Declaration on Fundamental Principles and Rights at Work includes the right to a safe and healthy workplace as a fundamental labour right (since 2022). Occupational accidents, diseases, and unmitigated health risks can lead to devastating impacts on workers, communities, and entire economies.

Strong company performance on health and safety issues relies on systems and support for workers to identify, assess, and control hazards in the workplace - this can include physical or mental health hazards. To measure this appropriately, the CWC recommends that the ISSB consider the following metrics for corporate disclosures:

- Reporting of leading indicators (e.g.: near misses and unsafe conditions reported, safety discussions held, H&S audits, safety focused improvement events)?
- What are the types of injuries and rates of injury, occupational diseases, lost days, absenteeism, and total number of work-related fatalities by region and gender?
- What is the percentage of the total workforce represented in formal joint-management-worker health and safety committees?

### **Labour conditions in the value chain**

When evaluating a company’s approach to its human capital, the consideration of labour conditions in its value chain is important. The CWC commends the ISSB for expanding its scope beyond supply chains to include the full scope of business relationships in the value chain including manufacturing, transport and the provision of services. Best practice in effectively monitoring workforce issues across the value chain should include an analysis focused on key geographies which pose the greatest risk to people based on the scale, scope and irremediable character of human rights harm. Examples of labour condition risks that may arise in the value chain include: child labour, forced labour, migrant worker exploitation, unsafe working conditions, wage exploitation, excessive working hours, inadequate living conditions, discrimination or harassment, limited freedom of association, and informal labour arrangements through subcontracting.

The CWC recommends that the ISSB consider the following metrics for corporate disclosures:

- Does the company have an explicit recognition of its responsibility to avoid or mitigate adverse human rights impacts in its value chain?
- How does the company conduct due diligence with all entities with which it has a business relationship with during the pre-qualification stages as well as on an ongoing basis? *[This is to ensure that the company is taking proactive measures to identify, prevent, mitigate and remedy adverse human rights impacts for workers, particularly in high risk countries in its value chain.]*

- How has the company conducted human rights due diligence in relation to freedom of association and collective bargaining, as enabling rights, on its value chain?
- How has the company mapped, assessed and disclosed its business relationship across the value chain?
- How has the company assessed how its purchasing and sourcing practices affect suppliers' ability to meet human rights standards?
- Does the company pay a living wage across its total value chain and how is the calculated or verified?

### **Workforce investment**

Beyond occupational health and safety – which should be considered separately – an understanding of how a company is investing in their workers' well-being through training and development opportunities, participation in social security programs, and pension fund contributions for employees can provide insights on how the organization is maintaining fair workforce compensation. Organizations that invest in their workforce create an attractive and supportive work environment that helps in attracting top talent, retaining valuable employees, and reducing turnover or recruitment costs. Furthermore, investing in employee development and upskilling can prepare the workforce to adapt to changing market demands and technological advancements which makes it better equipped to drive organizational growth and competitiveness.

For investors to better understand how a reporting entity is investing in its workforce the CWC recommends that the ISSB consider adopting the following metrics:

- How does the company offer programs for skills management and lifelong learning that support continued employability of employees?
- Which categories of workers (full-time, part-time) by permanent/contract/temporary employment type have access to training and development programs?
- Does the company contribute to a company or industry pension fund for its employees?

### **Diversity, equity and inclusion**

Disclosing diversity, equity and inclusion (DEI) metrics, including diversity by seniority, is important to sufficiently understand the company's efforts to access and develop new sources of human capital and any strengths or weaknesses in its ability to do so. The CWC recommends that the ISSB consider adopting the following metrics:

- Does the company have a statement of policy on workplace diversity and how is this monitored in practice?
- Does the company report pay equity metrics which analyzes compensation data to ensure there are no pay gaps, according to seniority, based on gender, race, ethnicity and other protected characteristics? This data can help ensure that workers are earning equal pay for equal work.
- Does the company track diversity of leadership positions and C-suite executives to ensure diverse voices are represented at the highest levels of the organization? *[This data can help identify if there are any barriers preventing certain groups from accessing career growth.]*
- Does the company monitor the number and types of harassment and discrimination complaints? *[This helps identify potential areas of concern and provide information about the effectiveness of the reporting entity's grievance mechanisms.]*

### **The alternative workforce**

The alternative workforce, also known as the contingent workforce or gig economy, refers to a group of workers who are not traditional full-time employees but are engaged on a temporary, part-time, or

freelance basis to perform specific tasks or projects for an organization. This includes freelancers, temporary workers, independent contractors, agency workers, on-demand workers, or part-time workers.

The alternative workforce may provide an ability for companies to cut down workforce costs, but this often can be associated with a corresponding increase in adverse labour rights impact for workers. Indeed, the agencies that tend to provide workers often rely on maximal cost cutting to secure business from a lead firm.

A useful metric to appraise the extent to which a company depends on an alternative workforce to generate revenue is the following:

- How many workers (including full-time, part-time, permanent, contract, temporary employees, and independent contractors) does the company use to accomplish its strategy, disaggregated by country and gender?

(b) Do you believe that sustainability-related risks and opportunities related to human capital are substantially different across different business models, economic activities and other common features that characterise participation in an industry, or geographic locations such that measures to capture performance on such sustainability-related risks and opportunities would need to be tailored to be specific to the industry, sector or geographic location to which they relate?

**No.** There are baseline metrics on how a company is managing its workforce that can apply across business models regardless of geography, industry, size, and economic activities.

(c) In executing this project, the ISSB could leverage and build upon the materials of the ISSB and other standard-setters and framework providers to expedite the project, while taking into consideration the ISSB's focus on meeting the needs of investors. Which of the materials or organisations referenced in paragraph A25 should be prioritised by the ISSB in pursuing its research? Please select as many as applicable.

### **The International Labour Organization (ILO)**

It is recommended that the ISSB align its standards with globally recognized norms developed by the ILO, the only tripartite UN agency. Its norms, frameworks and conventions offer credible inputs in the development of key performance indicators related to human capital and human rights, because they are backed by employee and employer organizations along with governments.

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

As it relates to human capital and human rights, the GRI standards provide a robust and widely accepted framework that intersect closely with globally recognized frameworks, such as the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles for Business and Human Rights, and the International Labour Organization's core labour standards. The GRI's standards were created through a tripartite structure that brings together investors, companies, trade unions, and civil society to develop meaningful and globally accepted metrics on labour practices and other areas of sustainability.

### **The European Financial Reporting Advisory Group (EFRAG)**

With the adoption of the Corporate Sustainability Reporting Directive (CSRD) in January 2023, and the development of the European Sustainability Reporting Standards (ESRS), interoperability between the ISSB and EU standards will be important to achieve high-quality, comparable, and globally accepted



reporting standards across EU member states. We recommend that ISSB review Social Standards ESRS S1 (own workforce) and ESRS S2 (workers in the value chain) as recommended by EFRAG in 2022. These standards were developed in a comprehensive multi-stakeholder process and are particularly relevant to both the human capital management and the human rights topics.

#### **Other—The OECD Guidelines for Multinational Enterprises**

The OECD Guidelines for MNEs (“The Guidelines”) set standards for responsible business conduct across a range of issues, including human rights, labour rights, and the environment. The Guidelines are consistent with international standards such as the UN Guiding Principles on Business and Human Rights, and the OECD Due Diligence Guidance for Responsible Business conduct which provides a strong baseline to develop a global standard on responsible business conduct related to human capital and human rights. Furthermore, the Guidelines advocate for meaningful stakeholder engagement and establish a unique, government-backed, international grievance mechanism to address complaints between companies covered by the Guidelines, and individuals that have been negatively impacted by multinational companies. This credible framework has been backed or adopted by many investor initiatives including the Global Reporting Initiative (GRI) Standards, the Principles for Responsible Investment (PRI), and the EU’s sustainable finance initiatives. The ISSB should prioritize aligning its human capital and human rights research with this authoritative framework.

#### **Other - The International Finance Corporation’s (IFC) Environmental and Social Performance Standards**

The International Finance Corporation, a member of the World Bank Group and one of the world's leading development finance institutions to promote private sector investment in developing countries, has developed a set of Environmental and Social Performance Standards. The performance standards define the responsibilities of companies for managing their environmental and social risks. The ISSB is encouraged to review these standards as part of its human capital-related research. In particular, Performance Standard 2 on labour and working conditions outline key metrics and guidance for any business on sound worker-management relationships that are key to the success of any enterprise. PS2 asks that companies treat their workers fairly, provide safe and healthy working conditions, avoid the use of child or forced labor, and identify risks in their primary supply chain. This is an internationally recognized framework that provides consistent guidance for reporting on sustainability issues across different industries and regions, thereby making it a useful framework for the ISSB to consider.

#### **The SASB Standards and related research and standard-setting projects**

The CWC cautions against the use of SASB’s materiality framework with respect to human capital standards. At present, SASB’s view of labour practices are only identified as a “material issue” in 15.5 percent of its total 77 industries found in the SASB Materiality Map. There are inherent limits in SASB’s current approach to human capital that are not conducive to the development of global baseline indicators on human capital that are clear, consistent or uniform across all industries, and geographies.

### **Question 6—New research and standard-setting projects that could be added to the ISSB’s work plan: Human Rights**

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| <p>(a) Within the topic of human rights, are there particular subtopics or issues that you feel should be prioritized in the ISSB’s research? You can suggest as many subtopics or issues as you deem necessary.</p> |
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All businesses – including institutional investors – have a responsibility to respect human rights under global frameworks such as the UN Guiding Principles on Business and Human Rights (UNGPs), and the OECD Guidelines for Multinational Enterprises (MNEs). Human rights due diligence is a legal requirement in a growing number of jurisdictions. For example, alignment with minimum safeguards in Article 18 of Regulation 2020/852/EU Taxonomy Regulation requires investments or activities labelled as “taxonomy-aligned” to meet a certain threshold that does not violate social norms, including human rights and labour rights. For this reason, the CWC encourages the ISSB to take on a research and standard-setting project on human rights.

A business’s responsibility to respect human rights is based on internationally recognised human rights standards. The extent to which human rights are protected by states varies between jurisdictions; however, where they fall short, businesses are still responsible to operate in accordance with higher international standards. Relevant human rights issues to consider include topics related to:

- Labour rights and conditions
- Child labour and forced labour
- Supply chain management
- Land rights and Indigenous rights
- Community engagement and consultation
- Freedom of expression and privacy
- Environmental impacts
- Access to health and healthcare.

The CWC encourages the ISSB to focus its research and standard-setting project specifically on human rights due diligence related to the workforce. Many of the subtopics raised under question 5, in relation to human capital, also relate to responsible business conduct related to upholding the fundamental labour rights in a company’s direct workforce and in its value chain. Other recommended factors to consider would also include:

- Does the entity have a high-level policy commitment to respect internationally recognised human rights which is monitored at the board level?
- How does the entity identify actual and potential negative outcomes for people arising from its business activities? *[For example, it would be helpful for entities to disclose the total number and percentage of operations that have been subject to human rights reviews or human rights impact assessments, by country.]*
- How does the entity prevent and mitigate the actual and potential negative outcomes identified? *[For example, it would be helpful for the entity to disclose the total number of hours or the percentage of employees trained during the reporting period in human rights policies or procedures relevant to operations.]*
- How does the entity track ongoing management of human rights outcomes?
- How does the entity provide or enable access to remedy?

(b) Do you believe that sustainability-related risks and opportunities related to human rights are substantially different across different business models, economic activities and other common features that characterize participation in an industry, or geographic locations such that measures to capture performance on such sustainability-related risks and opportunities would need to be tailored to be specific to the industry, sector or geographic location to which they relate?

**No.** There are baseline metrics on how a company is applying human rights principles or managing its human rights risks that can apply across businesses. However, similar to climate risks, grounding the information into the business's industry or geography may help investors further appraise the company's approach to human rights. For example, on the topic of labour rights, a company may claim to respect local laws across all geographies but this could discount include geographies where local laws do not meet the thresholds of international norms and frameworks.

(c) In executing this project, the ISSB could leverage and build upon the materials of the ISSB and other standard-setters and framework providers to expedite the project, while taking into consideration the ISSB's focus on meeting the needs of investors. Which of the materials or organisations referenced in paragraph A36 should be prioritised by the ISSB in pursuing its research? Please select as many as applicable.

### **The UN Guiding Principles on Business and Human Rights and the associated UN Guiding Principles Reporting Framework**

The UN Guiding Principles on Business and Human Rights (UNGPs) is internationally recognized as the authoritative framework for addressing business-related human rights issues. It provides a comprehensive framework for companies to identify, prevent, and address human rights impacts throughout their operations and value chains on a broad range of human rights issues including economic, social, labour and cultural rights. It clarifies the role of institutional investors to respect human rights, highlights the importance of providing access to effective remedy for individuals or communities adversely affected by business operations, and prioritizes stakeholder engagement as a fundamental aspect of human rights due diligence. The UNGPs emphasize the need for corporate entities to report on their human rights due diligence efforts in order to promote transparency and accountability. This credible framework has been backed or adopted by investor initiatives including the Global Reporting Initiative (GRI) Standards, the Principles for Responsible Investment (PRI), and the EU's sustainable finance initiatives. The ISSB should prioritize aligning its human rights research with this authoritative framework.

### **The International Labour Organization (ILO)**

It is recommended that the ISSB align its standards with globally recognized norms developed by the ILO, the only tripartite UN agency. Its norms, frameworks and conventions offer credible inputs in the development of key performance indicators related to human capital and human rights, because they are backed by employee and employer organizations along with governments.

### **Other - The OECD Guidelines for Multinational Enterprises**

The OECD Guidelines for MNEs ("The Guidelines") set standards for responsible business conduct across a range of issues, including human rights, labour rights, and the environment. The Guidelines are consistent with international standards such as the UN Guiding Principles on Business and Human Rights, and the OECD Due Diligence Guidance for Responsible Business conduct which provides a strong baseline to develop a global standard on responsible business conduct related to human capital and human rights. Furthermore, the Guidelines advocate for meaningful stakeholder engagement and establish a unique, government-backed, international grievance mechanism to address complaints between companies covered by the Guidelines, and individuals that have been negatively impacted by multinational companies. This framework has been backed or adopted by many investor initiatives including the Global Reporting Initiative (GRI) Standards, the Principles for Responsible Investment (PRI), and the EU's sustainable finance initiatives. The ISSB should prioritize aligning its human rights research with this authoritative framework.

**The European Financial Reporting Advisory Group (EFRAG)**

With the adoption of the Corporate Sustainability Reporting Directive (CSRD) in January 2023, and the development of the European Sustainability Reporting Standards (ESRS), interoperability between the ISSB and EU standards will be important to achieve high-quality, comparable, and globally accepted reporting standards across EU Member states. We recommend that ISSB assess Social Standards ESRS S1 (own workforce) and ESRS S2 (workers in the value chain) as recommended by EFRAG in 2022. These standards were developed in a comprehensive multi-stakeholder process and are particularly relevant to both the human capital management and the human rights topics.

**Other - The Global Reporting Initiative (GRI)**

The GRI standards provide a robust and widely accepted framework that intersect closely with globally recognized frameworks, such as the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles for Business and Human Rights, and the International Labour Organization's core labour standards. The GRI's standards were created through a tripartite structure that brings together investors, companies, trade unions, and civil society to develop meaningful and globally accepted metrics on human rights and other areas of sustainability.