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Investor Coalition Urges ISSB to Prioritize Human Capital and Human Rights

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An investor coalition with more than \$1 trillion in assets under management, led by UK-based NGO ShareAction, **published a letter** to the International Sustainability Standards Board (ISSB) urging it to create new and interrelated standards on human and worker rights. The coalition is demanding more thorough human capital and rights disclosures to facilitate better informed investment decisions. **Other signatories included** asset managers focused on sustainable investing, including Impax Asset Management, Sycomore Asset Management, EQ Investors, La Française Group, the Church of England Pensions Board and Tribe Impact Investment.

The ISSB issues an updated work plan every two years outlining its priorities. In May, after conducting research into the needs of investors, the ISSB **issued a call for feedback** on four potential areas of focus, three potential research projects on sustainability-related risks and opportunities, and a fourth project related to integration in financial reporting, **as we discussed earlier this year**. The proposed research projects would explore biodiversity, ecosystems and ecosystem services; human capital; and human rights.

The ShareAction-led investor coalition submitted feedback during the 90-day comment period, ending September 1, stressing that the second and third proposed areas of focus, human capital and human rights, should be the ISSB's greatest priority in the upcoming two-year work plan, and should be considered together. The letter asserts that ISSB's consideration of human capital and human rights separately does not realistically capture market norms, since businesses and investors alike already consider these areas jointly. According to the letter, conducting research separately into the issues of human and worker rights would further confuse a crowded and overlapping social disclosure framework for investors and businesses and would compromise the caliber of any resulting standards.

The ISSB now enters its deliberation period, reviewing all feedback submitted by stakeholders, and will issue a two-year work plan focusing on the research areas that reflect stakeholder preferences, with the ISSB's responses due to be published in December 2023.

Taking the Temperature: It is not surprising that ISSB is proposing research topics that focus on broader sustainability issues. In our reporting, **we have regularly observed** that issues beyond those directly tied to climate change are increasingly becoming a focus of sustainability initiatives. Nature and biodiversity continue to remain in the spotlight, particularly following the adoption of the **Kunming-Montreal Global Biodiversity Framework at COP15**. So, too, are human rights issues, in terms of environmental equity and justice and issues related to human capital and labor.

By way of example, **as we reported**, earlier this year the UK's Financial Conduct Authority (FCA) published a discussion paper titled "Finance for positive sustainable change: governance, incentives and competence in regulated firms." The FCA made clear that the concept of sustainability goes beyond climate change to "other – often inter-related – sustainability topics, such as human rights, diversity and inclusion, nature and biodiversity." The inclusion of due diligence related to human rights, labor exploitation, slavery and child labor in **recent amendments** to the corporate sustainability due diligence regulation and amending directive adopted by the European Parliament is another example.