

To Brooke van Velden, Minister of Workplace Relations and Safety,

We, the undersigned investors representing funds under management of \$295 billion, together with two peak bodies IAST APAC and RIAA, call on the New Zealand Government to enact robust modern slavery legislation that includes due diligence requirements.

Modern Slavery statistics show this practice continues to grow. Statistics also show legislation enacted around the world to date has not been effective in addressing this issue. We support the step the New Zealand Government has taken towards Modern Slavery legislation but must stress that the inclusion of a due diligence requirement is of utmost importance.

A due diligence requirement imposes a duty on entities to take effective action to identify and assess risks, then track performance in addressing them. We expect the due diligence requirement to align with the United Nations Guiding Principles (UNGPs), and OECD Guidelines for Multi-National Enterprises.

We believe New Zealand's Modern Slavery legislation should result not only in quality reporting, but also in genuine change to business practice. Change must include respect for the human rights of workers and victims, as well as a reduction in the incidence of modern slavery cases in operations and supply chains. Investors also rely on comprehensive and accurate disclosures of risks to make well-informed investment decisions. Neither of these things can be achieved without the inclusion of a due diligence requirement in New Zealand's legislation.

The Australian Government recently conducted a statutory review of the Modern Slavery Act 2018 (Cth). Australia's law is described as a transparency reporting law; it requires submission of a statement explaining how entities are addressing modern slavery risks in their domestic and global operations and supply chains. Transparency reporting is distinct to reporting that imposes an obligation to implement a due diligence system, to ensure human rights abuses are not occurring in operations and supply chains. The review concluded transparency mechanisms are, at best, of limited value. At worst, they are inherently flawed. The most significant recommendation made from the review was the implementation of a due diligence system. The New Zealand Government is in an advantageous position of being able to learn from the Australian experience and create more rigorous and effective legislation.

Germany, France, Norway, and Switzerland have already implemented, or are in the process of introducing, laws centred around due diligence, in alignment with the standards mentioned above (UNGPs and OECD Guidelines). Failing to align New Zealand's laws with international standards will put existing agreements and future trade negotiations at risk. As investors, we already expect companies to carry out due diligence in their modern slavery assessments. It makes sense to introduce legislation that supports these two trends.

The consultation MBIE undertook in 2022 shows overwhelming support for Modern Slavery legislation that includes due diligence requirements. This reflects a growing recognition that ethical and responsible practices are essential for sustainable success, especially on the global stage.

Minister, we would welcome the opportunity to engage further on the above.

We, the undersigned, call on the New Zealand Government to heed the voices of New Zealand investors. We urge you to thoroughly examine the proposed legislation and enact new, robust modern slavery legislation that includes due diligence requirements. It is a necessity for the sustainable, prosperous function of business and investments in New Zealand.

Investors



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Peak bodies



The IAST APAC (Investors Against Slavery and Trafficking Asia Pacific) initiative is an investor-led, multi-stakeholder collaborative established to engage companies in the Asia-Pacific region to promote effective action in finding, fixing, and preventing modern slavery in operations and supply chains. The initiative includes 45 investors representing AU\$11.9 trillion in Assets Under Management.

The Responsible Investment Association Australasia (RIAA) champions responsible investing and a sustainable financial system in Australia and New Zealand. RIAA is dedicated to ensuring capital is aligned with achieving a healthy society, environment, and economy. With over 500 members representing US\$29 trillion in assets under management, RIAA is the largest and most active network of people and organisations engaged in responsible, ethical and impact investing across Australia and New Zealand.

Disclaimer: the views expressed in this letter do not necessarily reflect those of each member participating in the peak bodies.