October 2024

FULL REPORT

Reframing child labour due diligence

for businesses and investors in increasingly regulated and resilience challenged supply chains

A learning paper on moving towards more impactful approaches while mitigating material risks to supply chains and investments

Church Investors Group

GLOBAL CHILD FORUM

Fifty Eight

Who is this for?

This paper is primarily targeted at those investing or managing investments in, or undertaking sourcing activities from, supply chains with a high risk of child labour, and concerned both about mitigating their risk while achieving positive impact. It will also be of learning value to those researching, analysing, monitoring, appraising, advising and otherwise supporting these stakeholders under the theme of child labour. While of specific relevance to the critical minerals sector, especially Tantalum, it draws out important principles that will be relevant across many sectors.

Contents

Introduction

For investors, analysts and companies, the complex nature of child labour - and the supply chains that are affected by it - means that significant time and costs are being channelled into human rights due diligence strategies that are not effectively identifying, or meaningfully mitigating, a material risk to resilience and stability of supply chains. Evidence is growing that sustainability risks, including social factors such as child labour, in turn affect investment returns, especially for longer-term investments. As Mandatory Human Rights Due Diligence (MHRDD) or Forced Labour Import Ban requirements increase, so do the risks of supply chains being disrupted due to delayed or cancelled shipments, litigation associated with these regulations, or reputational risk from being associated with child labour. These factors, along with the imperative to protect children, mean it is critical to reconsider current approaches to due diligence to ensure the risks of child labour are eliminated within supply chains.

Re-frame due diligence requirements

Click above to see the previous research and partners

This paper summarises learning from an investor and company roundtable series exploring how due diligence, ESG data and analyst requirements can be re-framed in ways which will lead to faster and more sustainable actions for the elimination of the worst forms of child labour in supply chains - and enable investors and companies to better mitigate risk through engaging in these approaches **while avoiding unintended consequences.**

Over the last year, Global Child Forum, The Church Investors Group and FiftyEight have been hosting roundtables designed to start a deeper conversation to identify the systemic changes that are needed and the role of both companies and investors in driving this change. They used insights from **PACE (Partnership Against Child Exploitation) research into child labour in Tantalum artisanal and small-scale mining**, with a view to identifying learning that could be utilised by a wide range of stakeholders across other sectors or regions affected.

The focus was on identifying how to materially shift away from the current emphasis on assessing the risks of child labour in the supply chain - to re-frame due diligence requirements in ways which encourage the majority of ESG related resources and activities towards collective action which can holistically address the risks to children in commodity source countries.

Context

Millions of children across the world are working today.

Much of this work – helping parents around the home or farm, earning money in school holidays, learning new skills through an internship – is a positive and normal part of growing up.

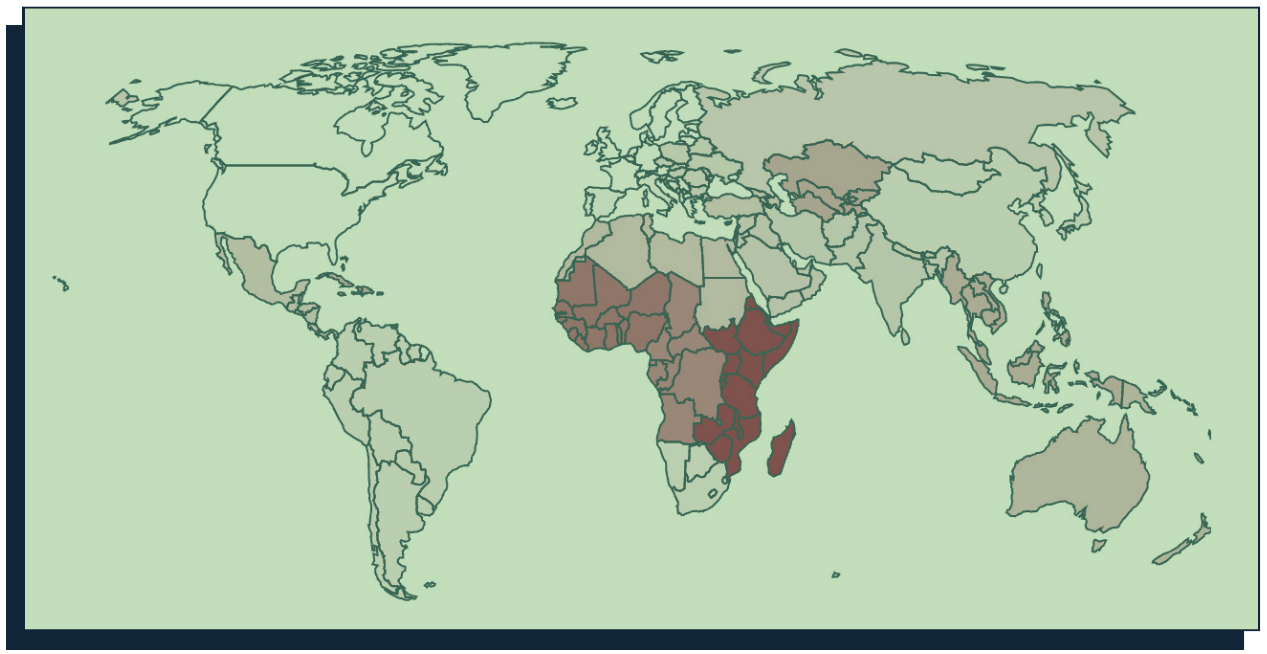
For many children, however, the experience of work is not a positive one. 'Child labour' in this report refers to the ILO definition of the worst forms of child labour[1] - work that is 'exploitative, hazardous and dangerous'. Work that deprives children of their childhood, their potential and their dignity, and is harmful to their physical and mental development.

The number of children in child labour globally is estimated to be at least 160 million and affects multiple supply chains in a wide range of sectors. 79 million are in work that is hazardous or harmful to their health and wellbeing.[2] Child labour is largely a geographical challenge, with deeply intertwined, systemic factors which make it challenging to address. Localities plagued by the worst forms of child labour are often within jurisdiction under fragile state actors (and usually affected by corruption), exhibit some forms of armed conflicts, and population displacement all of which further exacerbate the challenge.

1. See **ILO Conventions on Child Labour, ILO 138 and 182**
2. See **ILO Global Estimates on Child Labour (2020)**

160 million children

estimated globally to be involved or affected by child labour.



79 million children

are in work that is **hazardous** or **harmful** to their health and wellbeing.[3]

Child labour is largely a geographical challenge, with deeply intertwined, systemic factors which make it challenging to address.

3. ILO Global Estimates on Child Labour (2020)

Over the last few years, there has been increasing investment in traceability and due diligence across global supply chains, led by regulatory and other requirements designed to mitigate the risks of child labour for companies and investors. They are often framed from the perspective that 'children should not be working — we need to protect them', but in fact **the measures that have been put in place have largely focused on actions to minimise risk for actors at the top of the supply chain (purchasing companies and investors).** And whilst in many cases they have helped ensure routes to market for communities, and have developed positive community-level engagement models, recent research[4] has shown that these schemes have also led to significant unintended consequences for supply chain dynamics and livelihoods of various actors in local supply chains.

One of the key challenges investors and companies alike face is that significant time and cost is going into activities that have little material impact on reducing or mitigating the risks faced by children and therefore the risks to business.

A 2021 OECD study on the Costs and Value of Due Diligence[5] found that the majority of due diligence investment is spent on risk assessment, training, auditing and management systems - with very little applied at the furthest upstream reaches of the supply chain where children are working. The focus on risk assessment and traceability is driven by a combination of regulations, OECD guidance, and questions that come to companies from investors or analysts i.e. "Please tell us how you assess the risk of child labour, and how do you evidence it."

4. See **PACE (2020) Democratic Republic of Congo: Mineral supply chain mapping and labour market assessment** and **IPIS (2021) Evaluating Due Diligence Programs for Conflict Minerals**
5. **OECD (2021), Costs and Value of Due Diligence in Mineral Supply Chains - OECD Position Paper**

As mandatory due diligence requirements including the EU CSDDD, CSRD and others increase, there is the potential that identifying and assessing risks will take the majority of attention and funding, meaning that interventions and activities which have potential to positively impact outcomes for children will likely be delayed pending insights from risk assessments.

To start to effectively address the issue of worst forms of child labour in supply chains, there is an urgent need to ensure due diligence requirements are framed in ways which encourage the majority of ESG related resources and activities towards collective action which can holistically address the risks to children in commodity source countries. This is in line with the principles of prevention, mitigation and remedy under the UN Guiding Principles for Human Rights. Some of the questions that were explored in the roundtables between companies and investors included:

- How do ESG questions and data requirements need to change to enable investors and companies to engage in or develop more systemic solutions?
- How can we materially shift away from an emphasis on assessing the risks of child labour and focus on action for solutions or remedy to the issues faced by children and their communities?
- What are the data requirements and KPIs that will cultivate regional and cross-industry collaboration to directly address the root causes of child labour?
- What data or information do we need more of to make progress on improving due diligence and limiting unintended consequences?
- How can we get better/faster data and integrate insights from origin communities in commodity supply chain due diligence?

Tantalum is a critical mineral used in semi-conductors as well as other applications in the electronics, aerospace, automotive and medical sectors.

MINI CASE STUDY

Tantalum

Democratic Republic of Congo

(DRC) is the leading producer of tantalum, accounting for over

40%

of global output.[6]

Tantalum has the highest share of

Artisanal and Small-scale Mining

(ASM) compared to other commonly extracted minerals, an estimated

64%

globally.[7]

ASM has strong links to

child labour, hazardous child labour, wide-ranging environmental and social issues.

The combination of these factors presents both a unique challenge and opportunity to identify and implement interventions to address child labour.

6. **U.S. Geological Survey, Mineral Commodity Summaries, January 2024** (Note: DRC figure is conservative as Rwanda has second highest production, but a proportion of this will be smuggled across the border from DRC)
7. **Tantalum supply from artisanal and small-scale mining, 2020** (Most recent figures available)

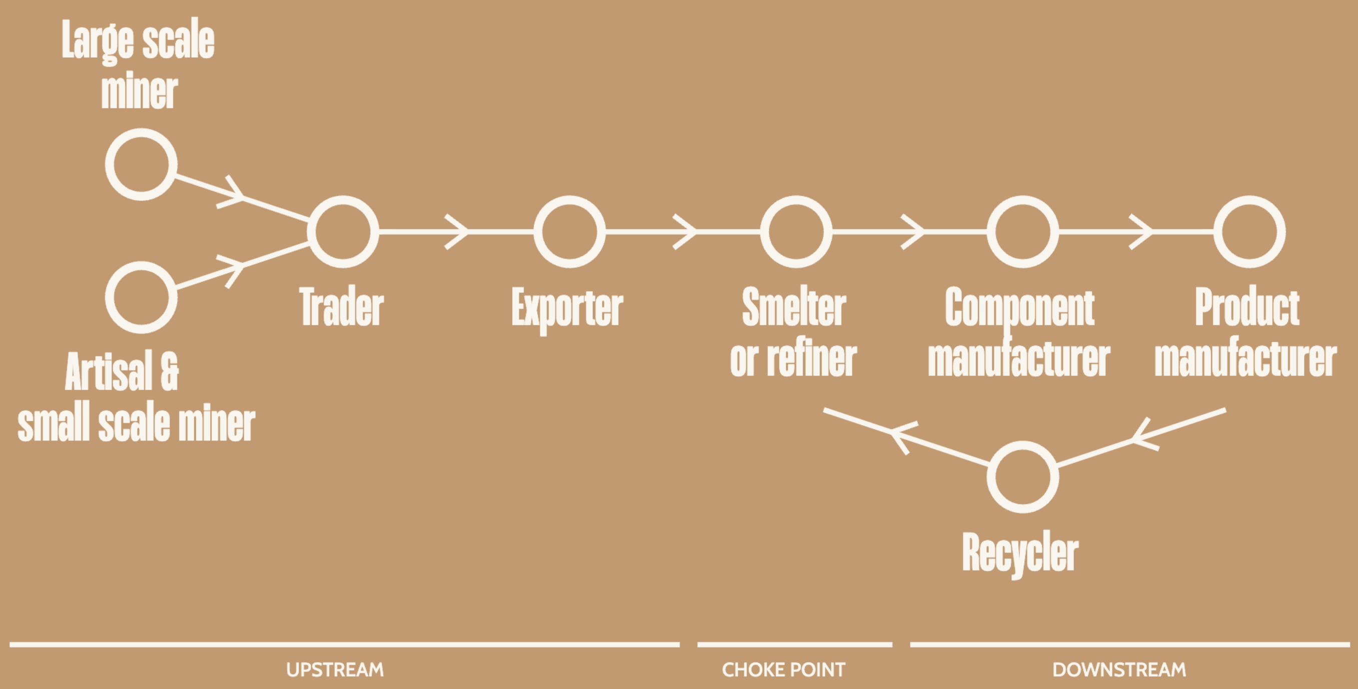
Tantalum in the DRC

DRC has seen a number of unintended consequences from the implementation of due diligence requirements related to conflict minerals, which are further exacerbated by the impact of corruption and ongoing conflict in the region:

A. Incomes of local miners have collapsed due to high participation fees in due diligence and traceability schemes — which get passed upstream and sometimes exceed the total of all other taxes and exacerbates the most prominent root cause of child labour - poverty.

B. Negligible material impact of due diligence schemes on improving livelihoods, or reducing child labour (in some cases implementation of dd is increasing it)

C. Conflict minerals legislation i.e. Dodd-Frank Act has seen armed groups changing modus-operandi to become formal supply chain actors — thus maintaining control and income, whilst remaining invisible to monitoring



Challenge with the supply chain model

Typically, the mineral supply chain is understood as a linearly connected set of actors, looking top-down through the supply chain for due diligence activities and monitoring, with the origin or mine level at the furthest point of the supply chain. For commodity supply chains, there is typically a “choke point” — in the case of Tantalum, this is where the raw commodity is refined or smelted before moving to manufacture and assembly. The choke point is a key point of both focus and challenge in mineral traceability and due diligence. Supply chain visibility, auditing and data is usually significantly reduced beyond this choke point.

While there is some good work happening with industry standard bodies - for example RMI (Responsible Minerals Initiative) and ITSCI (International Tin Supply Chain Initiative) in mineral value chains — there is a salient risk from lack of insight and data to the origin community level.

Possible ways forward

Is it useful to increase awareness and action by assuming all tantalum end-users are exposed to child labour in their supply chain (64% of Tantalum comes from artisanal mining) - reducing the need for individual supply chain tracing or risk assessment?

How can we engage industry outliers i.e. the medical sector which utilises 20% of Tantalum but which is relatively unengaged in most efforts to develop Tantalum due diligence to-date?

Learn more about the Tantalum value chain at valuechains.pace-consortium.org.

Key learnings

“Risk management structures for child labour are not fit for purpose. Investors are locked into the top-down approach to due diligence as we primarily engage with large companies and the leaders of those companies.”

Roundtable 1 Participant

“We need to find a way to address the child labour challenge in a systemic way across all of our portfolio companies.”

Roundtable 2 Participant

There was broad agreement from the participating investors and corporate actors that:

- A **general lack of awareness** of the challenges and nuances of child labour risks and the **unintended consequences** resulting from existing due diligence approaches is hindering faster progress (see Tantalum case study for an example).

- The nature of child labour and the supply chains that are affected by it, means that a **different approach is needed** as broader human rights due diligence strategies are not effectively identifying or meaningfully mitigating it.

- **Risk assessment for child labour is often fragmented** — assessing each company and value chain individually, or specific sectors can be a helpful starting point to understand risk. However, a bottom-up perspective that assesses all affected sectors that utilise the commodity is needed to fully understand the material risks in relation to child labour and particularly to identify interventions with the potential to address and mitigate them.

- Companies and investors should be more transparent and proactive in addressing child labour risks in their supply chains, by **starting with the assumption that child labour most likely exists and focusing more on what is being done** practically to address systemic issues.

- CSRD / CSDDD are increasing requirements for investors and companies, however **there is a risk that this results in more of the same activities** due to time and other pressures, rather than providing space and impetus for more **strategic and systemic interventions.** This may lead to the unintended effect that in spite of all the resources put into activities, the issue (and the risk) remains the same. Costs for due diligence should demonstrate real value and impact.

- **ESG data providers and benchmarks were identified as having a potentially crucial role to play** if they are able to rebalance ratings to better incorporate a focus on child labour. There could be opportunities to incorporate these changes within new developments in the UK and other jurisdictions, such as the new EU Critical Raw Materials Act, **UK FCA ESG Code of Conduct** or FRA stewardship code development.

- There is a general **lack of social data points** that provide insight into nuances of child labour risks and progress made (see latest insight from Global Child Forum benchmark). It remains challenging to transform the information gathered from various stakeholders to data that can be used in due diligence or progress evaluations.

The latest Global Child Forum benchmark of 792 companies across all industries found that of the companies included in the study:

Only 54% report child labour as a material or salient issue[8]

30% of companies report on identifying risks and the majority of these receive their benchmark score by reporting they have **not** identified any risk or actual cases.

20% report on actions related to prevention or remediation (with the majority reporting on compliance activities i.e. age-checks rather than remediation of issues or addressing root causes).

8. N.B. that this includes those that report on human rights or labour rights as a material issue, and then include child labour in the description of it.

Analysts perspective

What we heard through the roundtables is that what analysts really want, but can't find, is data on outcomes. Most of the data that is available regarding child labour is based on company policies, reports or ambitions, or comes from controversies analysis (in other words, once an issue is already significant enough to be in the media). This data is therefore not complete and tends to be biased towards areas or companies with high levels of public attention i.e. is not very useful for comparing companies to each other or for identifying potential regulatory risk for the investment.

Where there is data, methodologies and universes differ significantly between providers, making datasets difficult to read across, i.e. analysts have to make up their own methodology/system for applying the data to their own universe.

Much of the data on the 'S' in ESG (including child labour) is provided by NGOs and governmental organisations. For a variety of reasons, these organisations assess, relatively speaking, far fewer companies than the large global entities investors invest in. This means investors have information gaps (often significant) on their respective universes, making data integration and company comparison difficult.

What this leads to:

- It is difficult to have a complete understanding of what the problem is: what is the data on a high level actually telling you?
- There are potentially significant gaps in data for decision making around a material risk to resilience and stability of supply chains which could be disrupted due to delayed or cancelled shipments, litigation associated with increased regulation, or reputational risk from being associated with child labour.

Key Learnings Continued

- **A lack of engagement in upstream approaches by mid-stream actors** is further hindering due diligence. Company and investor visibility of the early value chain stages in commodity supply chains is usually via these proxies of industry schemes or local NGOs, rather than directly with affected rights holders.

- It is necessary to focus on initiatives and engagements with a specific emphasis on delving deeper into root causes and considering the conditions of communities at the source. A **shift from top-down to bottom-up approach** was suggested as a more appropriate strategy.

- There is a need for more **holistic and collaborative approaches**, involving governments, civil society, and the corporate sector. Emphasis should be placed on initiatives that aim to understand and improve the local context and a **collective theory of change is needed, with faster and better sharing of intelligence and collaborative working between investor sector stakeholders**, to support and measure progress towards this.

- Further discussion should explore what data or KPIs companies and investors should consider when looking at child labour and **how to evaluate progress**. It's important to **move past the number of incidents** within the supply chain and explore what's behind these numbers and what story they tell.

- **New avenues for energy and action around this issue need to be created** — particularly to incorporate a much stronger focus on root causes and the situation for origin communities, and to better include origin communities directly. A significant challenge for companies and investors in moving faster is the lack of nuanced understanding of child labour by the media. This makes it difficult to have meaningful discussions about the realities of child labour because if they become headlines then companies are forced into knee-jerk responses to limit reputational damage. Participants noted that unless the media can help pro-actively shift the public narrative and understanding about child labour since it is a highly emotive issue, it will be extremely challenging to make progress.

These roundtables highlighted that there is there is a significant gap between current models of due diligence, and where we need to be to achieve the Sustainable Development Goals aim of ending child labour in all its forms.[9] There is broad agreement that we are not solving a critical and urgent problem for children, companies and investors alike. Thus, there is a need for better real-time, bottom-up data and insight to understand the true nature and scale of the challenges. This would enable the design of effective interventions to address the challenges, as well as monitoring of the effectiveness of such interventions on children's lives.

9. **SDG 8.7** aims to "secure the prohibition and elimination of the worst forms of child labour ... and by 2025 end child labour in all its forms."

Systemic Child Labour Risk

Systemic child labour is a long-term material risk for all companies and investors, not just those focused on ESG. It affects the resilience of investment returns, especially for longer-term investments. As Mandatory Human Rights Due Diligence (MHRDD) or Forced Labour Import Ban requirements increase, so do the risks of supply chains being disrupted due to delayed or cancelled shipments, litigation associated with these regulations, or reputational risk from being associated with child labour. These factors, along with the imperative to protect children, mean it is critical to reconsider current approaches to due diligence to ensure the risks of child labour are eliminated within supply chains - and identify deeper and faster collaboration to achieve outcomes which no one investor or company can achieve alone.

Next steps for investors

Based on the key learnings above, the authors of this paper recommend the following actions as next steps for investors:

1 **Reverse assumptions on the presence of child labour**
With 160m children in labour, assume that child labour is present in high risk supply chains of investee companies. If you can't find it, you probably need to look harder. Ask investee companies to use independent third party supply chain assessments to verify and confirm this.

2 **Engage more directly with investee companies about child labour**
Companies highlight that investors tend to focus more on environmental topics when engaging with them and that child labour is not often brought up as a topic. Investors need to raise the volume on child labour and fully integrate it into engagement strategies as a specific topic. **This is a critical issue to resolve given the need for rare minerals is increasing as both demand for existing applications and new innovations continues to grow.** There is a very real dilemma between the E and S in ESG relating to rare minerals. The investor community can act like a bridge between upstream and downstream actors given the wide range of companies across portfolios.

3 **Engage with a long-term perspective**
Changes require long-term, systemic change in origin communities, and this requires a more long-term focus from investors too. These changes will require long-term milestones, and not be designed within 3-year engagement cycles to 'eliminate' the issue.

4 **Engagement that focuses on impact as well as risk identification**
In engagements with investee companies and in risk assessments encourage transparency. Rather than focusing on whether those risks have been identified by this particular company, a more impactful approach is to start the discussion around what is being done to address the risk to the stakeholders. Is the company using its resources to reduce the risk long-term? How are they collaborating with others to address root causes at the commodity origin of value chains?

5 **Leverage ESG Data Providers**
Engage with ESG data providers and benchmarks to better incorporate a focus on child labour. This could be linked to new developments such as the EU Critical Raw Materials Act, **UK FCA ESG Code of Conduct** or FRA stewardship code development.

6 **Work with other investors to collectively influence change**
Engage with and support collective initiatives to reduce need for duplication of activities, maximise the impact of engagement with investee companies, analysts, ratings agencies and speed up impact of systemic interventions in origin communities. Also see point 2 in recommendations for companies for more on how this needs to be focused. Identify and share best practice on 'what works to reduce child labour' that can be replicated and built upon i.e effective interventions, funding, corporate social investments in communities etc.

Next steps for companies

Based on the key learnings above, the authors of this paper recommend the following actions as next steps for companies:

1. **Revise Risk Assessments for more efficient due diligence**
Re-evaluate and revise the risk assessment process for child labour. Instead of looking at each company and value chain individually, an approach that covers all affected sectors that utilise the commodity — assuming that child labour is not just a risk but highly likely to exist - would be more effective. This type of commodity risk assessment could be done in collaboration with industry organisations, communities and experts. This is particularly critical as most ESG teams already have limited time and resources, so encouraging collaborative efforts above individual company responses can help address this challenge too.

2. **Promote impact-focused and community-centred approaches**
Explore actions to the benefit of the local community, that involve governments, civil society, and the corporate sector - with local communities playing a central role. Emphasis should be placed on initiatives that aim to understand and improve the local context and incorporate positive metrics for change. A collective theory of change to build systemic shifts in practice and resilience, along with faster data from origin communities is needed to support and measure progress towards this.

Potential ideas for engagement

These are examples of platforms where these issues are on the agenda and potential areas of research where next steps to build on the learning in this paper can be taken further:

Platforms

- **Mining2030**: for which one of the focus areas is child labour
- OECD Responsible Business Conduct team and the **Forum on Responsible Mineral Supply Chains**
- Responsible Minerals Initiative (RMI) **Investor Network**
- The Global Battery Alliance and the **Fund for the Prevention of Child Labour in Mining Communities - A Global Battery Alliance Collaboration**
- The **ILO Child Labour Platform** and Alliance 8.7 network
- Multi-stakeholder initiatives such as ICI Cocoa Initiative, RSPO, etc
- **PRI's Advance programme** (in relation to relevant datapoints. Perhaps there could be opportunities to start a workstream focused on child labour)

Areas for further Research

- Could positive metrics be considered that reward companies who deliberately target the poorest and highest exploitation risk populations to create good jobs or economically inclusive and fair priced sourcing?
- How can learning from across sectors be applied to different industries globally, for example ensuring fair purchasing principles are embedded in procurement practice around lead times, payment times that mitigate unintended consequences (see the Joint Ethical Trading Initiatives Guide to Buying Responsibly)

If you have questions or would like to get involved with future discussions, research and actions building on this learning paper, please contact **information@churchinvestorsgroup.org.uk**

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Annex: Discussion Summaries

The following pages capture some nuance of the specific challenges and opportunities to improving child labour due diligence at a systemic level. The purpose of sharing these is to give more insight into the discussions that have taken place so far and to help accelerate more people being able to engage faster with the change that is required.

Investor-company communication

While investor inquiries regarding child labour specifically remain limited, the topic is covered by a broader set of questions. For example, investors tend to ask about certain policies, governance controls, or due diligence processes without explicitly mentioning child labour. As a result, as one participant noted, "**There might be discrepancies between what an investor asks and what the company hears.**" Moreover, due to limited time and resources, investors focus their inquiries on those companies where the issues are most salient, employing a more risk-based approach. This means that if other issues are rated more highly in materiality assessments, that child labour will not feature as a priority issue for engagement. It was also noted that even where engagement starts with CEOs, that the issue of child labour often gets pushed to supply chain teams so there is not often senior leadership engagement on the topic.

Lack of focus on human rights/child labour in engagements

Participants noted that investor inquiries are influenced by news in the media or tend to be more focused on climate-related issues. Companies say most investor engagement is on the environmental aspects of ESG, where ratings are more heavily weighted - thus, putting social issues, and particularly child labour, on the agenda remains challenging. On the other hand, participants also discussed that certain regulatory requirements and mandatory materiality assessments will continue to draw attention to human rights issues.

Lack of understanding of child labour

A significant challenge for companies and investors alike is the lack of nuanced understanding of the issues by the media which makes it difficult to have meaningful discussions about the realities of child labour because if they become headlines then companies are forced into knee-jerk responses to limit reputational damage. Participants noted that unless the media can help pro-actively shift the public narrative and understanding about child labour, it will be extremely challenging to make progress.

Access to data and role of rankings vs. engagement

ESG data providers and benchmarks were identified as having a potentially crucial role to play if they were able to rebalance ratings to better incorporate a focus on child labour

A point was raised on how this can be achieved and how challenging it is to form the questions to capture the complexity of the issue and ensure they help drive more impactful actions, rather than just more reporting. ESG data providers supply important information needed to meet regulatory requirements. Yet, there are limitations to the data currently available to the investors. While data providers can raise awareness of potential issues, it's the relationships and direct engagements with the investee companies that increase transparency and provide investors with insights into how companies manage risks through their supply chains.

Several participants noted the need for more systemic and collaborative approaches. Single-corporate solutions will not be sufficient, and many stakeholders, including governments, NGOs, local communities, and other actors, must come together. As a result, the process to address the root causes of child labour may be too comprehensive to be covered by standard questionnaires and ESG ratings.

Approaches and actions

Several participants highlighted the challenges companies face when gathering high-quality data regarding the child labour in their supply chains. Due to a large number of suppliers, local conditions, and other factors, it is difficult for a company to make the link between themselves and a specific mine and do a thorough supply chain mapping. Thus, it was suggested that a bottom-up approach might be a more suitable approach than trying to trace and act on specific incidents. Again, participants highlighted the importance of collaborative action to achieve this. For example, corporates can engage in several initiatives aimed at improving on-the-ground conditions in the mining industry which can also help reduce individual investment sector stakeholder costs and maximise limited ESG resources/time through collaboration and innovation. It was considered a company's responsibility to look for other ways of engagement if it could not control the supply chain directly.

Need for a common Theory of Change

Currently, the issue is largely tackled based on specific incidents highlighted in the supply chain. The participants called for a more holistic approach. The participants also questioned what data or KPIs companies and investors should consider when looking at child labour and how to evaluate progress. Currently, the focus tends to be on the number of incidents, yet it's important to move past that and look at what's behind the numbers and what story they tell. Examples can include questions that focus on participation in and impact of industry initiatives or impact the operation and very beginning of supply chains.

How company responses are rated is also important i.e. if companies were asked a question about what collaborative initiatives they were involved in to address child labour and they said they were not involved in any - that this would initially be seen as a good thing to enable follow-up with the company to get them involved in existing initiatives, with further escalation over time only if they chose not to engage.

They discussed how investors can incentivise companies to be more proactive and engage in initiatives that tackle the root causes of child labour. It was argued whether incentivising engagement is a more appropriate strategy than asking questions about potential risks. It was suggested that there is a need to develop a theory of change, collective KPIs and outcome measures at the systems level to capture the intended impact and progress overall, not just at the level of individual companies. Participants noted how there is a critical need to involve commodity origin communities and local value chain actors in this process throughout.

Transparency and focus on (collaborative) actions

Participants suggested that companies should be transparent when addressing child labour risks in their supply chains. Companies and investors were encouraged to acknowledge that there is a problem rather than trying to prove that there is none. Corporates can take a more proactive role by engaging with local stakeholders and initiatives that help understand the local context and by reporting on their outcomes and actions rather than only their policies and commitments. Here again, collaborative action is key to drive change. Some positive examples of initiatives were highlighted, such as the European P artnership for Responsible Minerals (EPRM), and how it brings together companies, civil society, and government. Important inputs to this discussion are also consideration of the realities of endemic corruption and the emerging geopolitical importance of critical minerals and how this might affect any initiatives taken.

Better information sharing of existing risk mapping and initiatives among investors and companies is needed, including from non-traditional sources such as local NGOs, other community organisations i.e. faith communities and particularly from local value chain actors in origin communities

Incentives for transparency vs. fear of backlash

The conversation further highlighted the importance of acknowledging challenges within the company's supply chain and how that may change engagement approaches. With evolving regulations across different regions, companies are increasingly wary of increasing transparency, fearing potential ramifications. In this context, investors emerge as pivotal agents, capable of driving companies towards heightened reporting standards by posing material questions and offering incentives. Crucially, fostering an environment where transparency is encouraged without fear of backlash is essential. Furthermore, devising strategies to incentivize less-experienced industry participants to embrace transparency initiatives is imperative.

Need for a systemic shift

The top-down approach that is currently employed is limited to the extent of the availability of accurate social data (which we don't have today). In order to get reliable and consistent social data we need high levels of corporate transparency (which we also don't currently have). However, our media / cultural expectations / and sometimes even regulation make transparency incredibly difficult for companies. In the current environment, being transparent is likely to damage a company's interests. Therefore, with 1) the knowledge that child labour is almost certainly present in these supply chains and 2) our need for these metals which our societies cannot operate without, we need a total social and cultural mindset shift that rewards and supports, not punishes, companies that look for and identify child labour and try to actively deal with the issues. The media needs to take a positive view, shareholders need to be supportive, customers, governments and regulators need to understand the long-term objectives. Vice versa, we should be calling out companies that don't do this. How do we collectively get here?

It was highlighted through the discussions that both companies and investors know they can't progress alone as no one organisation has sufficient influence or power. It is also clear that the problem needs to be understood and ultimately framed by a wider set of actors — investors; local governments; corporations; INGOs; governments of companies at the top of the supply chain; local NGOs; industry bodies; and particularly affected rights holders and actors at all stages of the local value chain — to identify particular pain points and roles in shaping next steps.