Part A

Integrating Child Rights across the ASX: A UNICEF Investor Tool Benchmarking Report

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> **"Children are among the most marginalised and vulnerable members of society and can be disproportionately, severely, and permanently impacted by business activities, operations, and relationships"**
>
> - UN Secretary-General on Business and Human Rights, John Ruggie.

ACKNOWLEDGEMENTS

We acknowledge and pay our respects to the Traditional Custodians of what we now call Sydney, the Gadigal people of the Eora Nation. We pay our respects to Elders past, present and emerging. We recognise that we need to listen and learn from the wisdom of the oldest living culture in the world, who have taken care of this land for centuries and continue to do so.

This publication results from a collaboration between UNICEF Australia and Ethical Partners Funds Management.

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ABOUT ETHICAL PARTNERS FUNDS MANAGEMENT

Ethical Partners Funds Management is a boutique Australian fund manager that is fully owned by its staff and founders. Ethical Partners have a dual focus on performance and investing ethically and invest using an approach that directly manages risk and identifies opportunities, provides the ability to invest in line with clients' values, actively addresses the impact of our investments and engages and advocates for change. Ethical Partners believe that a genuine and integrated approach to assessing a company's management of ESG is fundamental to assessing both investment risks and the investment opportunities that are presented by the changing world in which we live. ESG is the responsibility of every member of the Ethical Partners investment team and is integrated into every investment decision. Ethical Partners' active engagement and wider advocacy program is also integral to our approach to responsible investment.

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ABOUT UNICEF AUSTRALIA

UNICEF, the United Nations Children's Fund, is the world's largest children's charity working to protect the rights of children, globally and here in Australia. Established in 1946 in the aftermath of World War II, we now operate in more than 190 countries and territories. Run entirely on voluntary donations, UNICEF works to improve the lives of every child, no matter who they are or where they live. UNICEF Australia was formed in 1966 to support this mission. From sending emergency supplies to children during conflict, natural disasters, or humanitarian crises, to long-term survival and development programs, UNICEF Australia works to protect children, no matter what.

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Freedo

FORWARD BY UNICEF AUSTRALIA

Safeguarding Children: A new frontier for responsible investing and business.

Children and young people are important stakeholders to the private sector. Every company interacts with children in some way: as consumers, as employers of their parents and caregivers, and through the way in which business operations affect a child's society and environment.

Today, 5.5 million children under the age of 18 call Australia home and globally children represent a third of the world's population. Yet, when it comes to safeguarding children within the business sector - and understanding the diverse ways in which business operations affects their safety, health, development and wellbeing there is still a long way to go.

Interest in ESG (environmental, social and governance) standards has grown in recent years and many companies are driving significant positive reform, increasingly those that are leaders across ESG metrics are also performing at the top of their markets. The private sector has also shown a strong commitment to corporate due diligence obligations. But research shows that children are too often overlooked in corporate policies, due diligence and reporting, beyond a focus on child labour.

In late 2021, Ethical Partners in collaboration with UNICEF Australia, undertook a benchmarking exercise of the ASX 200 to examine the way businesses impact children. Utilising UNICEF's global standards tool 'Investor Guidance on Integrating Children's Rights into Investment Decision Making,' 214 organisations were benchmarked. This has shown that less than 1% of ASX companies have a specific commitment to respecting children's rights further than child labour and more worryingly only 2% identify children as a stakeholder group and engage directly with them.

What this represents is an extraordinary opportunity for Australia's leading organisations to increase their focus on safeguarding children. There is an opportunity to drive positive change and to expand their ESG commitments to a world leading standard, through a more explicit focus on children and their rights. This opportunity comes at a critical juncture for children everywhere. Years of global progress in the reduction of extreme poverty and achievement of the Sustainable Development Goals has been pushed into a sharp reverse by a combination of the Covid-19 pandemic, climate change and increasing debt. Here in Australia, children are facing a lifetime-defining disruption, with the pandemic and ongoing disasters including bushfires and flooding impacting well-being across the entire spectrum of childhood.

As the world's largest children's organisation, working in over 190 countries to promote the rights and wellbeing of all children, UNICEF calls on businesses and investors to engage with the child rights agenda, look holistically at how their operations and decisions intersect with the lives of every child and seize the opportunity to become responsible leaders for children's rights.

This report not only provides an insight into how the AX200 organisations are preforming, but also focuses on key areas in which leaders and investors can take meaningful action. It highlights the importance of integrating child rights approaches into business strategies as well as guiding investors to access information about children's rights in portfolio companies.

Together we have a defining opportunity do more to protect children from harm and enable them to thrive and I encourage every business leader and investor to seize and prioritise this opportunity.

Tony Stuart
CEO of UNICEF Australia

FORWARD BY ETHICAL PARTNERS FUNDS MANAGEMENT

Why this report?

Ethical Partners has actively considered child rights within our proprietary Ethical Partners Opportunity and Risk analysis (EPORA) investment screening process since 2020. It was very clear to us through this ongoing analysis that ASX company disclosure of their consideration of their impacts on children and their rights, as a specific area of vulnerability and opportunity, was very much in its infancy.

It was for this reason that when Ethical Partners became aware of the UNICEF "Tool for Investors on Integrating Children's' Rights into ESG assessment"[1] in FY 21, we approached UNICEF Australia to ask to partner in undertaking and publishing a detailed benchmarking exercise of the S&P/ASX 200 (+14 portfolio companies from the ASX300).

This benchmarking exercise was undertaken in order to attain a more fulsome picture of the current state of attention to the disclosure of child rights across the Australian listed company landscape, and to outline key gaps in ASX companies' understanding of how they can better address their disclosures, policies and practices in regards to their child rights risks, opportunities, and impacts.

This research was also undertaken in order to stimulate further engagements with ASX companies regarding how they could better consider their disclosures, policies and practices regarding children's rights, in both their own operations and their value chain.

Lastly, Ethical Partners also undertook this research with the hope of deepening the conversation between investors and ASX listed companies about the impact of companies across the ASX on children and their rights, and how these can be better understood, assessed, disclosed and protected.

HOW WAS THE BENCHMARKING DONE?

The initial benchmarking was undertaken in late FY21 by Ethical Partners' sustainability team, using all publicly available listed company disclosures and polices.

The benchmarking was based on the above mentioned 2021 UNICEF Investor Tool, which was produced by UNICEF's Child Rights and Business Unit, with insights and feedback contributed by key ESG stakeholders such as the Investor Alliance for Human Rights, the GRI, the PRI, Sustainalytics, the Global Child Form, and various international asset managers.

Ethical Partners also added several additional indicators, based on our assessment of the Australian context and emerging child rights issues across the ASX.

All 214 companies were subsequently provided with their results and an opportunity to provide additional disclosures or to clarify our findings, to ensure that the results were accurate, but also because our research had discovered that many of the relevant disclosures were internally facing only, and not visible to investors or other external stakeholders.

THE COMPANY ENGAGEMENTS

The sharing of the benchmarking results was also done with the aim of opening an engagement dialogue with the companies, and of stimulating attention to what we believe to be a crucial, yet less understood area of human rights impact for ASX companies.

As such, during this process, Ethical Partners has had 75 subsequent engagements with ASX companies over the last 9 months, on how they are incorporating the protection of child rights into their operations and spheres of impact.

Ethical Partners thanks these companies for the openness, interest, and willingness to understand how they can better consider their practices in relation to child rights, learn more and dig deeper into their benchmarking analysis. We believe that these detailed engagements also created rich conversations for mutual learning, as to how investors can also better assess and advocate for the protection of children's rights across the ASX.

We are very pleased that several of these companies have already indicated that they will consider child rights as a more material issue going forward and improve their policies and practices after these engagements. We have also already seen some improvements in reporting and disclosures by S&P/ASX 200 companies since our benchmarking and company engagements took place.

We were also encouraged to learn more about some leading initiatives that some companies are undertaking in this space, and to encourage greater disclosures on these, and a deeper conversation between companies and investors on accelerating these important conversations and actions.

THE RESULTS

It is very clear that the need for corporate and investor attention to the impacts of business on children and their rights has never been more urgent. The world is still a long way from achieving the Sustainable Development Goals that are fundamental for ensuring that children's rights are protected, and that they are provided with the ability to reach their full potential and thrive. Furthermore, the COVID pandemic has escalated the vulnerability of millions of children across the world, and recent UNICEF reports also clearly underline the serious impact of climate change on children's rights.

Ethical Partners sincerely thanks UNICEF Australia for their time and partnership on this report, as well as Erik Nyman, author of the UNICEF Investor Tool, for his engagement on our benchmarking exercise. We look forward to continuing to share advocacy on this important issue going forward, as we truly believe change best occurs when we have all voices - investors, companies, NGOs, and wider civil society proactively working together on calling for change.

As Nelson Mandela said: "There can be no keener revelation of a society's soul than the way in which it treats its children."

> **Unfortunately, however, the benchmarking results clearly confirmed our initial EPORA findings, that there remains a long way to go for ASX companies, in their disclosure of how they consider, integrate and address child right's risks, opportunities, and impacts across their operational footprints, as this report will show.**

We therefore hope that the release of this report will provide even more impetus for fruitful engagements between Australian investors and companies, on how companies and investors alike can more broadly and deeply consider, assess and disclose the impacts of their business or their portfolios on children.

Ethical Partners firmly believes that it is this collaborative approach to ensuring that the impact of our operations, value chains, and investments on children is front of mind, proactive, integrated, brave and thoughtful that is critical.

Robyn Parkin
Head of Sustainability

Georgina Murray
ESG Portfolio Analyst

Why is the protection of children and their rights a material issue for Australian Businesses and Investors?

Children account for nearly one third of the world's population, yet their voices are often amongst the least heard. Children are often amongst the most marginalised and vulnerable members of society, yet their particular needs and unique risk factors are often overlooked.

Children are also key stakeholders of business, as consumers, dependents of employees, community members, young workers, and future employees, but the impacts of business operations on children is not often fully considered.

As such, children are often disproportionately, severely, and permanently impacted by business activities, policies, products, operations, and relationships.

The risks

It is very clear that the poor management of children's rights impacts can contribute to a range of commercial, legal, operational, and reputational risks for companies. There are numerous examples of companies globally for whom a negative impact on children and their rights has been a material financial and social license issue. A broad, deep, proactive, and targeted approach to addressing the protection of child rights must therefore be an integral factor in a company's business practices and risk management.

The opportunity

It is also clear that proactively addressing the way a business affects the safety, health, development and wellbeing of children is a key element for a company's social license to operate and their forward thinking, long-term future success strategy.

Indeed, recent research by the Global Child Forum[2] has shown that "there is a trend between a company's profitability and higher scores" on their children's rights benchmark, supporting their hypothesis that companies that are better addressing child rights are ''likely to be stronger, more resilient, better managed and therefore more profitable'' and better able to "manage long-term sustainability risks and seize any commercial opportunities that arise". They also found that companies that are better addressing their impact on children have lower staff turnover, an ability to attract a higher quality workforce, are increasingly preferred by consumers and investors, better manage their brand reputation and value, have quality dialogues with stakeholders, improve their business continuity and a more sustainable supply of goods, discover new opportunities and can better support the future workforce of their company as they mature and learn[3].

The responsibility

The responsibility of both companies and investors to protect child rights is also well underpinned by multiple international frameworks and principles, including:

- The UN Guiding Principles on Business and Human Rights[4]
- The 1989 UN Convention on the Rights of the Child[5]
- The OECD Guidelines for Multinational Enterprises.
- The 2012 UN Global Compact, UNICEF and Save the Children's Rights and Business Principles

This year marks the ten-year anniversary of the Children's Rights and Business Principles, which were based on the increasing understanding that "it is impossible to ignore the significant, often widespread impacts that business has on children around the world" and that "business plays an increasingly important role in realizing children's rights.

The Children's Rights and Business Principles are a series of ten recommendations, detailed in the following table that can provide a comprehensive framework for ASX listed companies to begin the process of understanding and addressing their potential impacts on the rights and wellbeing of children.

UNICEF, Global Compact and Save the Children: Children's Rights and Business Principles[6]

The SDG's

As UNICEF has noted[7], "the realization of child rights and of the SDG's are inextricably linked and mutually reinforcing". In fact, while all of the SDG's are broadly relevant to the fulfillment of the rights of children, there are also 44 specific indicators within the SDG goals that directly concern children[8].

As such, as the SDG's are a goal to which many companies and investors have committed, it is clear that the consideration of child rights within their strategy to impact the SDG's should be front and center.

Unfortunately, corporate attention to, and the understanding of corporate impacts on children's rights remains narrow and limited.

In 2019, UNICEF's Australia's Building Better Business for Children report[9] noted that "to date, recognition of the responsibility of business towards children has often focused on preventing or eliminating child labour".

They also noted that there is an urgent need for businesses to more broadly consider the "diversity of ways in which business affects children" through their overall business operations, their products and services, their marketing methods and distribution practices and their interactions with policy makers and communities". This report also identified weaknesses in the regulation of marketing and advertising of unhealthy foods and beverages, inadequate protections against child labor and limited paid parental leave schemes and domestic violence support.

Additionally, the 2021 Global Child Forum & BCG report on The State of Children's Rights and Business[10] found that there was "still a distance to go". They also noted that children were often overlooked as consumer, companies needed to close the gap from child labour policy to actual policy implementation, and that there was an urgent need for companies to better understand the impact of their environmental policies on children.

Other issues identified by the Global Child Forum in 2020[11] [12] as key priorities for business to better address included child safety, children's health and wellbeing, eradicating child sexual exploitation, promoting positive marketing, decent work opportunities, pursuing fair pay and flexible work, reducing toxic chemicals, developing child-aware products and services, resource use, land rights and environmental impacts and natural disasters.

Additionally, investor attention to, and understanding of how to integrate children's rights into their investment analysis also remains limited.

The 2016 G.E.S Investor Guidance for Children's Rights Integration[13] noted that the Children's Rights and Business Principles also apply to investment organisations, which should accordingly review their own operations and policies to ensure that they are in line" with the obligations contained in these principles. The Global Child Forum in 2018[14] has also noted a limited awareness of children's rights amongst investors with the exception of the issue of child labour. They also called for further collaboration between companies, investors, and other organisations on ensuring the advancement of child rights. Sustainalytics & UNICEF also echoed these thoughts in 2019[15], noting that children's rights "continue to be largely overlooked as a business-relevant ESG issue" and are "a potential blind spot in ESG assessments". They also underlined the "critical role" investors have to play in protecting child rights and provided guidance for how investors could better understand the special considerations businesses need to make to uphold children rights, in order to integrate these considerations into their approach to responsible investment and active ownership.

The "UNICEF Tool for Integrating Children's Rights into ESG Assessment" on which this benchmarking is based, further builds on this guidance to provide a practical framework to assist investors to integrate children's rights considerations into company assessments.

The Investor Alliance for Human Rights[16] has also called for investors to "use their leverage to ensure that companies they invest in commit to respecting children's rights", both in their own operations and their business relationships" and have recently released guidance on Child Rights as a salient issue in the ICT sector[17] and the Integration of Child Rights into Human Rights Impact Assessments in conjunction with UNICEF[18].

The Sustainable Stock Exchanges Initiative has also disseminated a UNICEF Investing in children's Rights Education video, whilst noting their expectation of mandatory sustainability reporting by 2030, with such ESG disclosures including "a number of indicators directly related to children's rights"[19].

The Norges Bank Investment Management have also published a comprehensive policy paper within their Responsible Investment Principles, that underlines their expectation that children's rights are integrated fully into their portfolio companies' policies, corporate strategy, risk management and reporting[20], as well as undertaken collaborations with UNICEF on guidance for addressing children's rights in the garment and footwear supply chain[21], and children's food and nutrition.

It remains clear however, that there is an urgent need for investors in general to elevate children's rights as a specific area of focus within our ESG analysis and stewardship.

As note by Sustainalytics and UNICEF, investors can play an potentially immense role in shaping and influencing corporate actions related to child rights, by acknowledging child rights in their responsible investment policies, integrating a specific lens on children and their rights within their ESG screening, by avoiding investing in companies whose business ideas are inherently detrimental to children's rights, investing where able in companies who contribute to the support of child rights through their products, services, policies and practices and by collaborating with peers and addressing child rights through active ownership and shareholder advocacy[22].

Ethical Partners FY21-22 S&P/ASX 200 (+14 ASX 300) Benchmarking: A Snapshot

COMMITMENT TO CHILDREN'S RIGHTS

Less than 1%

of S&P/ASX 200 companies disclose a policy commitment to respecting and protecting children and their rights.

PHILANTHROPY

57%

of S&P/ASX 200 companies disclose that they have a philanthropic commitment that supports child rights-based organizations.

STAKEHOLDER CONSULTATION

Only 2%

of S&P/ASX 200 companies disclose that they specifically identify children as a stakeholder group and engage directly with them.

TRAINING

Only 2%

of S&P/ASX 200 companies disclose how child rights impacts (wider than child labour) are assessed.

MATERIALITY ASSESSMENT

Only 6%

of S&P/ASX 200 companies include any references to children's rights in their materiality assessments.

SUPPORT FOR THE SDGS

No

S&P/ASX 200 company specifically addressed children within their disclosures on how they were integrating their commitments to the SDG's into their corporate strategies.

BOARD OVERSIGHT

Less than 1%

of S&P/ASX 200 companies disclose that they have specific board oversight on protecting children and their rights.

DUE DILIGENCE

Less than 1%

of S&P/ASX 200 companies disclose how they integrate children's rights into their impact assessments.

GRIEVANCE MECHANISM

Only 2%

of S&P/ASX 200 companies have publicly disclosed grievance mechanisms that have specifically considered child labour.

INDIGENOUS RIGHTS

Very few

S&P/ASX 200 companies specifically addressed their impact on Indigenous children or youth.

TRANSPARENCY AND REPORTING

Only 2%

of S&P/ASX 200 companies disclose how child rights impacts (wider than child labour) are assessed.

INITIATIVES AND PARTNERSHIPS

11%

of S&P/ASX 200 companies participate in external initiatives or partnerships on children's rights (further than their philanthropic efforts).

FLEXIBLE WORKING

Only 62%

of S&P/ASX 200 companies disclose that they offer flexible working arrangements.

SUPPLIER ASSESSMENT

One

S&P/ASX 200 company disclose that they are addressing child rights wider than child labour in their supplier assessments.

CHILD LABOUR REMEDIATION

Less than 1%

of S&P/ASX 200 companies disclose that they have a specific remediation policy to address child labour.

SKILLS DEVELOPMENT AND TRAINING

25%

of S&P/ASX 200 companies disclose that they have a focus on training and development of young workers through traineeship/graduate programs.

PARENTAL LEAVE

57%

of S&P/ASX 200 companies disclose adequate parental leave policies.

JOB SECURITY

Only 43%

of S&P/ASX 200 companies disclose that they explicitly guarantee job security for parents returning to work.

CHILDCARE SUPPORT

Only 28%

of S&P/ASX 200 companies disclose that they offer childcare support through subsidies, onsite childcare or referral services.

SUPPLIER COMMITMENT

No

S&P/ASX 200 company disclose that they address child rights broader than child labour in their Supplier Code of Conduct.

CHILD LABOUR COMMITMENT

81%

of S&P/ASX 200 companies disclose a zero-tolerance policy to child labour.

WORKING CONDITIONS FOR YOUNG WORKERS

20%

of S&P/ASX 200 companies disclose that they consider young workers in their WHS policies.

EQUAL OPPORTUNITIES

94%

of S&P/ASX 200 companies disclose that they have diversity and/or inclusion policies to support equal opportunities and non-discrimination.

BREASTFEEDING SUPPORT AT WORK

Only 47%

of S&P/ASX 200 companies disclose that they support breastfeeding at work.

HEALTH AND SAFETY

Only 33%

of S&P/ASX 200 companies disclose that they specifically include the health and safety of pregnant and breastfeeding workers in their policies.

LIVING WAGES

Only 7%

of S&P/ASX 200 companies disclose that they address ‘living wages’.

DOMESTIC VIOLENCE

Only 53%

of S&P/ASX 200 companies disclose that they have policies or support mechanisms for domestic violence.

CHILD ONLINE PROTECTION

Less than 3%

of S&P/ASX 200 companies disclose that they have measures in place to protect children in relation to digital services.

PRODUCT SAFETY

Only 21%

of the 71 S&P/ASX 200 companies for which this indicator is relevant disclose that they have specific mechanisms for children's product safety.

RESPONSIBLE MARKETING COMMITMENT

Only 6%

of S&P/ASX 200 companies disclose that they have a responsible marketing commitment on limiting their marketing to children.

DIGITAL MARKETING

Only 2%

of S&P/ASX 200 companies disclose that they have responsible digital marketing practices in regard to children.

ENVIRONMENTAL ASSESSMENTS

No

S&P/ASX 200 company discloses that they specifically consider the heightened risks to pregnant women and children in their environmental assessments.

CHILD SAFEGUARDING AND PROTECTION

Only 2%

of S&P/ASX companies disclose that they have some sort of child safeguarding mechanism or policy.

DATA PRIVACY

No

S&P/ASX 200 company disclose that they have specific data privacy standards for children.

SECURITY ARRANGEMENTS

Only 16%

of the 55 S&P/ASX 200 companies for whom this indicator is relevant disclose that they ensure that children's rights are protected in security arrangements.

UNHEALTHY FOODS

Only 38%

of the 26 S&P/ASX 200 companies for which this indicator is relevant disclose that they have a focus on healthy food for children.

LAND ACQUISITION AND USE

None

of the 57 S&P/ASX 200 companies for whom this indicator is relevant disclose that they consider children's rights specifically in their Land acquisition and land use policies.

CLIMATE CHANGE

Less than 1%

of S&P/ASX 200 companies disclose that they specifically consider the heightened risks to children or their rights in relation to the risks of climate change.

Key Takeaways from the report:

CHILD RIGHTS COVER A MUCH BROADER RANGE OF POTENTIAL IMPACTS THAN ARE CURRENTLY BEING CONSIDERED:

Our benchmarking research found that child rights was often considered in a very narrow fashion by S&P/ASX listed companies, and often focused only on child labour.

Whilst child labour is indeed a crucial issue for S&P/ASX 200 companies to address, the child rights relevant to ASX listed businesses and their investors encompasses a much wider and broader range of areas than is often considered.

Our benchmarking research therefore found that it is necessary for Australian listed corporates to apply a much broader concept of child rights to their corporate policies and practices.

This includes thinking more deeply about how they can impact all areas of child rights, such as children's health and wellbeing, child safety, environmental protection, the positive marketing, working conditions and skills development for youth, fair pay, parental support, child care and flexible work for parents, the prevention of sexual exploitation, toxic chemicals, child aware products and services, training and skills development, data privacy and digital safeguarding, land acquisition and children's protection and security.

The UNICEF Tool for Investors on Integrating Children's Rights in ESG assessment, and the guidance provided in Part B of this report provide a clear framework for ASX listed companies to think through their potential, actual, positive and negative impacts on children in all these areas.

CHILDREN'S RIGHTS ARE APPLICABLE TO ALL BUSINESSES ACROSS THE ASX.

Another common misunderstanding that we encountered with ASX listed companies was that if their business did not undertake direct activities with children that these benchmarking questions, or the issue of the wider protection of children's rights did not apply to them.

This research clearly showed that a better understanding is required amongst ASX companies that all businesses can address child rights through not only their direct business activities, but also through their:

- Products or services
- Supply chains
- Employees (parents and families)
- Business partners
- Spheres of influence/leverage/lobbying/capacity building
- Community membership
- Impacts on wider global and societal crisis to which children are particularly vulnerable.

In fact, as we have discussed with all the companies we have since engaged with, all companies can address the majority, if not all, of the issues in the benchmarking tool we used, by considering their footprint through the lens of their wider value chain and community footprints.

THERE IS ALSO A VERY CLEAR NEED FOR A MORE SPECIFIC CHILD RIGHTS LENS TO BE APPLIED TO EXISTING HUMAN RIGHTS POLICIES AND PRACTICES.

Whilst there has been a very welcome increase in corporate attention to both human rights in general, as well as to child labour, there is still a real need for a child rights lens to be applied to ASX listed company's human rights policies and practices. This is because children often have unique vulnerabilities and needs that may be overlooked in a generalized approach to human rights policies, due diligence, and protections.

As such, whilst children's rights are integral to, and intertwined with, many of the key ESG topics corporations and investors are already aiming to address, such as human rights, decent work or gender, our research and subsequent engagements with companies has underlined that it is crucial to apply a specific child rights lens to this analysis and stewardship, in order to ensure that none of these unique vulnerabilities or needs of children are overlooked.

Even within corporate modern slavery polices, due diligence and remediation mechanisms, it is also necessary for ASX listed companies to adopt a stronger child rights lens to ensure that these mechanisms, such as grievance mechanisms or remedy policies, are accessible, appropriate and effective for children and vulnerable youth.

This wider child rights lens, and a broader definition of what constitutes a corporates impact on children is also crucial in regard to the company's existing work on human rights impact assessments, training and board oversight.

CHILD RIGHTS IS NOT A STAND-ALONE ISSUE BUT ADDS VALUE TO ALL OTHER SUSTINABILITY INITIATIVES.

Ethical Partners firmly believes that, as such, more proactively and openly addressing the protection of child rights should not be viewed by ASX companies as an additional reporting burden, but should be genuinely embraced as a critical way to ensure that the companies sustainability initiatives are serving their full potential, addressing the most vulnerable and least often heard stakeholders, and creating the biggest positive impact possible.

ASX listed companies can therefore more specifically consider how they can impact and protect the rights of children through their other sustainability initiatives, such as through using a child rights lens on their strategies to impact the SDG's, alignment with the SDG's, in better understanding the alignment with their strategies to protect children and their rights within their strategies on Reconciliation, or in how they are proactively addressing the disproportionate impact of climate change on children within their climate change actions and resilience and transition planning. It is also crucial for companies to think as broadly as possible in running this child rights lens across their operations as well, even into areas like fair taxation, which the Tax Justice Network and the UN have both noted is a clear child rights issue[23].

This systems thinking lens can be very beneficial in bringing together the different "siloes" of work within the company's sustainability strategies, and in focusing the company in proactively searching out ways in which they can be a positive force to impact and protect children and their rights.

RELEVANT DISCLOSURES, IF PRESENT, ARE OFTEN NOT DISCLOSED TO INVESTORS OR THE PUBLIC.

This was particularly notable in terms of many company's policies in relation to how they supported their employees and their families through parental leave and family friendly workplace practices.

This is problematic for investors who are wishing to undertake a deeper analysis of child rights within their ESG analysis and engagements, as this report aims to encourage, and we would therefore strongly encourage ASX listed companies to publicly disclose all their policies and more detailed reporting regarding child rights.

We furthermore believe that better disclosure by ASX listed companies would also be beneficial for them, in helping build employee attraction and retention, customer attraction, brand credibility and trust, and wider community support.

MANY ASX LISTED COMPANIES CONSIDER CHILD RIGHTS THROUGH THE LENS OF PHILANTHROPY OR COMMUNITY PARTNERSHIPS, AS OPPOSED TO THROUGH THEIR CORE OPERATIONS.

Whilst we congratulate and applaud the generous nature of Australian corporates in their support of children's rights philanthropic and community initiatives, it is also clear that ASX listed companies should also consider a deeper and more proactive framing of their impacts on children's rights.

This research clearly confirmed previous research by child rights experts such as the Global Child Forum that have encouraged corporates to go beyond charity alone in how they are addressing their positive, negative, actual and potential impacts on children, and in asking them to starting to think more broadly about how they can affect children, both deeper within their own operations and through their value chains or spheres of influence.

IT IS IMPORTANT WHEN THINKING ABOUT CHILD RIGHTS TO INCLUDE VULNERABLE YOUTH (UP TO THE AGE OF 18).

The definition of children was another key stumbling block to the wider consideration of child rights that we encountered in our research.

For example, the supply chains of many ASX listed companies operate in jurisdictions where the legal minimum age of work is 15. These young workers, whilst not meeting the definition of child labour, will have unique and profound vulnerabilities and needs, and these young workers require additional support, protections, and due diligence to ensure these special needs are met. Additionally, young workers even within Australian operations have unique needs in terms of skills development and training, which need to be specifically considered.

A KEY FINDING IN OUR RESEARCH WAS THE LACK OF STAKEHOLDER CONSULTATION AND ENGAGMENT WITH CHILDREN BY ASX COMPANIES.

Children, as one third of the population, as a uniquely vulnerable group impacted by business, and as the future of our economy, must be more actively facilitated to have a voice within how corporate Australia best can uphold their rights.

They are also the stakeholder group least often heard, able to advocate for their rights, or seek justice when their rights are infringed. As such, ASX listed companies must be proactive in ensuring that they are hearing these important voices, by actively seeking engagement with children and youth and their advocates.

Indeed, an important conversation to emerge from COP26 was the importance of children's voices within the climate change debate, and the growing understanding, that not only will children and youth be the most affected by the crisis facing our world, but that they deserve a voice within our search for solutions – and in fact – may actually be the source of great insight, solutions and opportunities for change. As said best by the youth at the UN Children's Forum in 2002: "We are not the sources of problems; we are the resources that are needed to solve them. We are not expenses; we are investments. We are not just young people; we are people and citizens of this world."

For ASX listed companies, children and youth are also their future customers, and a source of great opportunity for future strategy, product development and operational growth, and as such, their voices should be actively sought and included.

ASX LISTED COMPANIES HAVE A REAL POTENTIAL TO CHAMPION CHILD RIGHTS AND ADOPT LEADERSHIP IN THIS SPACE

As this research has clearly shown, a broader, wider, and deeper definition of and attention to the impact of corporates on child rights is crucial across the ASX listed company landscape, however it is also clear that there is a real potential for ASX listed companies to inspire, champion and mobilise action towards the protection of children and their rights.

ASX companies can adopt leadership positions amongst their peers, and in how they require and support action by the suppliers and business partners to better consider the full spectrum of children's rights, beyond child labour and philanthropy. They can also adopt leadership positions in how they support public policy reforms that ensure the protection of children's rights, in how they support gender equality and decent work for families across their footprint, and in how they inspire and lead action on climate and a healthy environment as a fundamental right of all children.

They can also lead as they collaborate with investors on accelerating these policy conversations and protections for children across their relevant sectors, as well as lead in how they listen and collaborate with children and youth themselves. Finally, they can lead in how they innovate, designing new and innovative products, services and business models that facilitate children's rights to health, safety, and the ability to thrive into the future.

In short, this research was undertaken with the belief that ASX listed companies have a real potential to be a powerful force for change for children across their operations, value chains, communities, spheres of impact and workforces.

Ethical Partners hold sincere hopes that this benchmarking research and subsequent guidance can provide ASX listed companies with some clear, concrete, practical and thought-provoking areas in which to begin to more deeply consider how they can pursue this impact.

Further recommendations on how ASX listed companies can better consider, integrate and protect children and their rights is provided in Part B of this report. This outlines clear, practical, and concrete steps that ASX companies can take to address each indicator of this benchmarking report. It also provides best practice examples of ASX companies who are disclosing their policies or activities in this space, and links to further guidance and support.

ENDNOTES

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