

Bestrijd kinderarbeid: een duurzame investering

Online seminar

Utrecht, 29 september 2020



Vereniging van Beleggers
voor Duurzame Ontwikkeling



Sofie Ovaa
Programmamanager
'Work: No Child's
Business'



Kees Gootjes
Senior Consultant
Business & Human
Rights, ERM



Adrie Heinsbroek
Principal
Responsible
Investment, NN IP



Willem Schramade
Sustainable Finance
Consultant, Sustainable
Finance Factory

Programma

- **Welkom**
Angélique Laskewitz | Algemeen Directeur VBDO
- **13:30 Introductie: oorzaken en aanpak van kinderarbeid**
Sofie Ovaa | Programmamanager, 'Work: No Child's Business'
- **13:45 Waarom blijft kinderarbeid onzichtbaar in de investeringsketen?**
Willem Schramade | Sustainable Finance Consultant, The Sustainable Finance Factory
- **14:00 Hoe bedrijven omgaan met kinderarbeid**
Kees Gootjes | Senior Consultant Business & Human Rights, ERM
- **14:15 Engagement op kinderarbeid in de cacao sector**
Adrie Heinsbroek | Principal Responsible Investment, NN IP
- **14:30 Interactieve break-out werkgroepen**
15:00 Sluiting





Welkom
Angélique Laskewitz,
Algemeen directeur VBDO





Introductie: oorzaken en aanpak van kinderarbeid

Sofie Ovaa

Programmamanager 'Work: No Child's
Business'



Work: No Child's Business

The impact that the Alliance aims to achieve with this programme is that children and youth are free from child labour and enjoy their rights to quality education and (future) decent work --> SDG 8.7. (2025).

152 million child labourers in our world today!



Root causes of child labour

- Social norms and traditions
- Exclusion and discrimination
- Poor functioning education systems
- Weak laws and/or weak law enforcement by governments
- Failing labour inspections
- Lack of decent work for adults
- Poor labour conditions by companies





Pathways of change

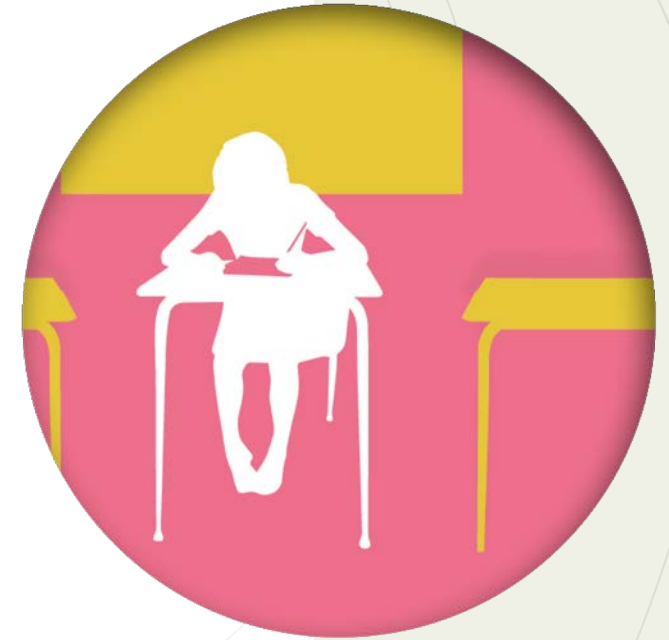
- Community
- Government
- Private sector
- International level

FIGURE 5: Overview of sector relevance per country



Area Based Approach

- Root causes
- Bottom up
- Involving all local stakeholders
- Protection and fulfilment of *all* children's rights



Supply chain approach & role of the financial sector


- Due diligence: risk analysis and impact assessment (scale, scope & irremediability)
- Involving all actors throughout the whole supply chain incl. lender and investors
- Encourage clients/investees to work together with local stakeholders to solve the issues.
- Collective engagement in NL/international level: to increase pressure and impact.
- Transparency, monitoring & accountability





Thank you for your attention

More information:
wncb.org

 Save the Children

 **unicef**
NEDERLAND

 **STOP**  **CHILD LABOUR**

WORK:

**NO CHILD'S
BUSINESS**



Waarom blijft kinderarbeid onzichtbaar in de investeringsketen?

Dr. Willem Schramade
Sustainable Finance Consultant, The
Sustainable Finance Factory

SUSTAINABLE
FINANCE FACTORY

Making societal value visible



Child labour gets insufficient investment attention – major data gap

Make up just a tiny fraction of ESG scores & reports

Controversies are merely reported, not systematically investigated



Hard to investigate, engage or invest on

SUSTAINABLE
FINANCE FACTORY

Making societal value visible

Systemic problems: data & incentives

Inherent complexity of global value chains

Corporations: a lack of focus on human and children's rights in CSR efforts

Governments: insufficient legal enforcement

Investors: inadequate attention and pressure on corporations to produce better data and outcomes

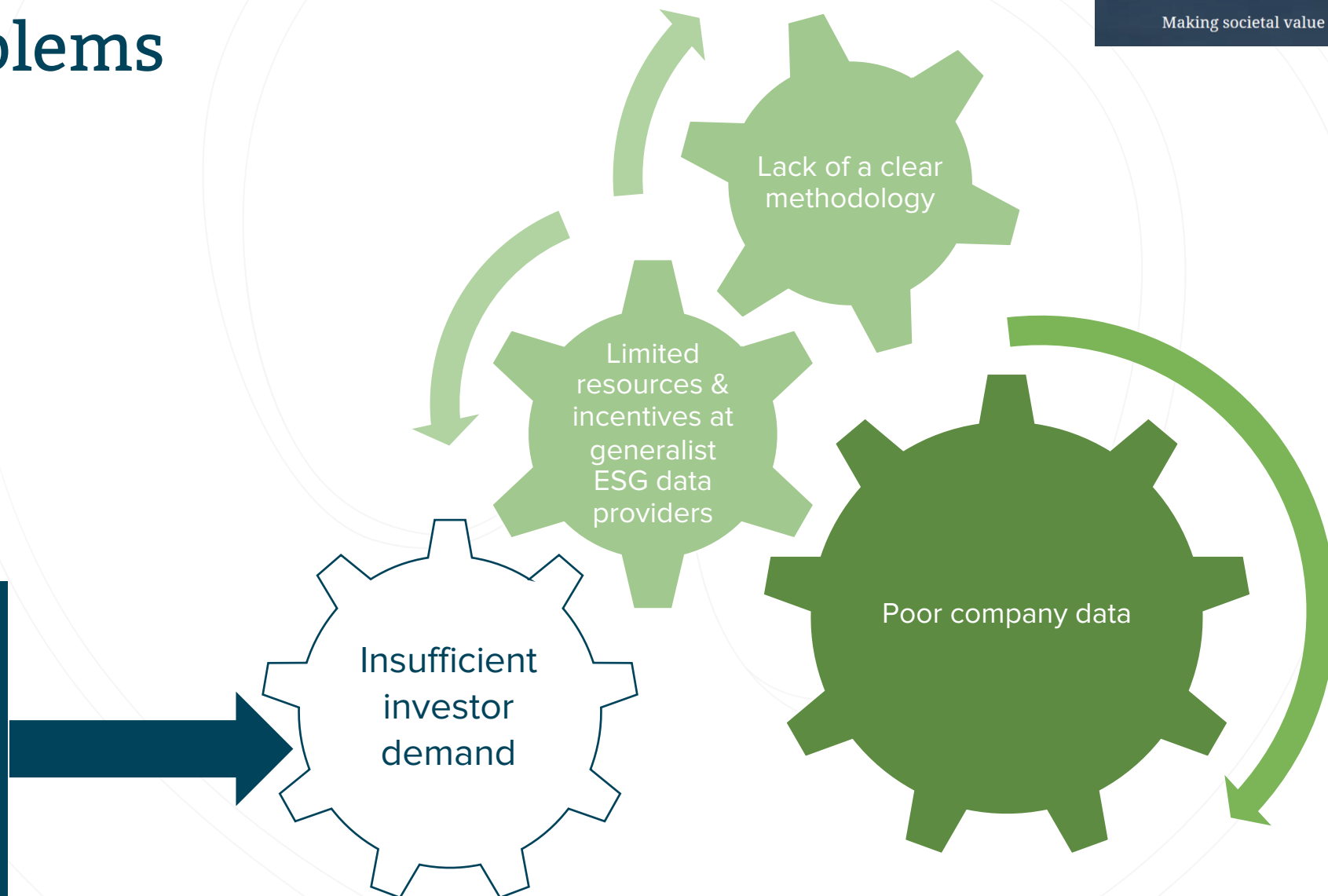
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FINANCE FACTORY

Making societal value visible

Investing problems


Investing as econometric risk management:

Incentives & structure too much short-term financially focused – backward looking models of historical volatility



Potential solutions – transparency devices

- Demand information at the product level (true prices)
- Dedicated child labour investment funds
- Dedicated human rights / child labour data gatherers
- Cooperation in platforms



Conclusion:
incremental changes
will not cut it. We
need new structures

SUSTAINABLE
FINANCE FACTORY

Making societal value visible



Hoe bedrijven omgaan met kinderarbeid

Kees Gootjes, Senior Consultant Business &
Human Rights, ERM



Rapidly evolving legal context

Northern America

- **2010** California Transparency in Supply Chain Act
- **2012** US Dodd-Frank Act on conflict-minerals
- **2015** US Trade Facilitation and Enforcement Act – banning entry of goods made with forced labour

Mandatory human rights due diligence laws are on the agenda of many governments

Europe

- **2014** EU Non-financial reporting directive
- **2015** UK Modern Slavery Act
- **2017** French Duty of Vigilance Law
- **2017** EU Conflict Minerals legislation
- **2018** The Netherlands Child Labour Due Diligence Law

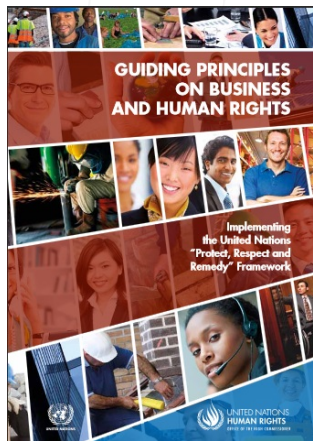
Discussions/commitments from governments:

- EU Commission
- Switzerland
- Germany
- Italy
- Finland
- Sweden

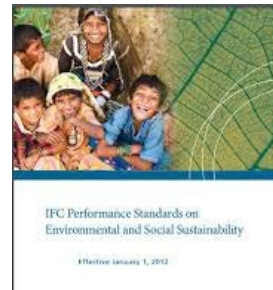
Asia-Pacific

- **2017** Hong Kong Modern Slavery Bill
- **2018** Australia Modern Slavery Act

'Soft law' standards & initiatives adding normative pressure on businesses to respect human rights



UN Guiding Principles on Business and Human Rights



IFC Performance Standards



CEO Guide to Human Rights



EP IV: new requirements around human rights and climate change



Human rights benchmark



Respect for workers worldwide



Ranking large companies in extractives, apparel, agriculture, ICT and now automotive sector on human rights performance



Oxfam campaign on human rights practices of consumer goods companies

Corporate approaches to child labour vary widely

Companies approach child labour from a variety of perspectives:

- Due diligence (M&A, etc.);
- Own activities/affiliates around the world;
- Supply chain.

How companies respond depends on factors including:

- Awareness;
- Interest;
- Maturity level.



Combatting child labour – easy to support, difficult to address

Complicating factors



The **sector** where child labour is (potentially) found can make it difficult to address



Identifying the **root cause** of child labour is a complicated exercise not suited to 'quick' remediation plans



The **sensitivity** of child labour makes companies very hesitant to take action that potentially creates news



The absence of sufficient **transparency** into company's own activities and/or its supply chain makes action difficult

Good examples of remediation

- Global retail company addressed child labour in its supply chain, keeping in mind the unique sectoral context
- Garment brand conducted research into the root cause of child labour in its supply chain and took action accordingly
- Global packaging company, when confronted with child labour in its supply chain, quickly took responsibility and took significant remediation steps
- Global consumer goods company is conducting a participative human rights risk screening for its 90+ affiliates around the world

Thank you

Kees Gootjes
Senior Consultant

Kees.Gootjes@erm.com
+31 6 3933 4405
Dordrecht, Netherlands





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Kees Gootjes

Senior Consultant

Kees.Gootjes@erm.com

+31 6 3933 4405

Dordrecht, Netherlands





Engagement op kinderarbeid in de cacao sector

Adrie Heinsbroek

Principal Responsible Investment, NN IP



A photograph of a young child with dark hair, wearing a yellow shirt, holding a large bouquet of yellow daisies. The child is smiling and looking towards the camera. The background is a soft-focus field of many more yellow daisies. The text is overlaid on the left side of the image.

Rol van engagement in tegengaan Kinderarbeid

A reflection on NN IP's engagement
efforts regarding child labour

Responsible investing at NN IP

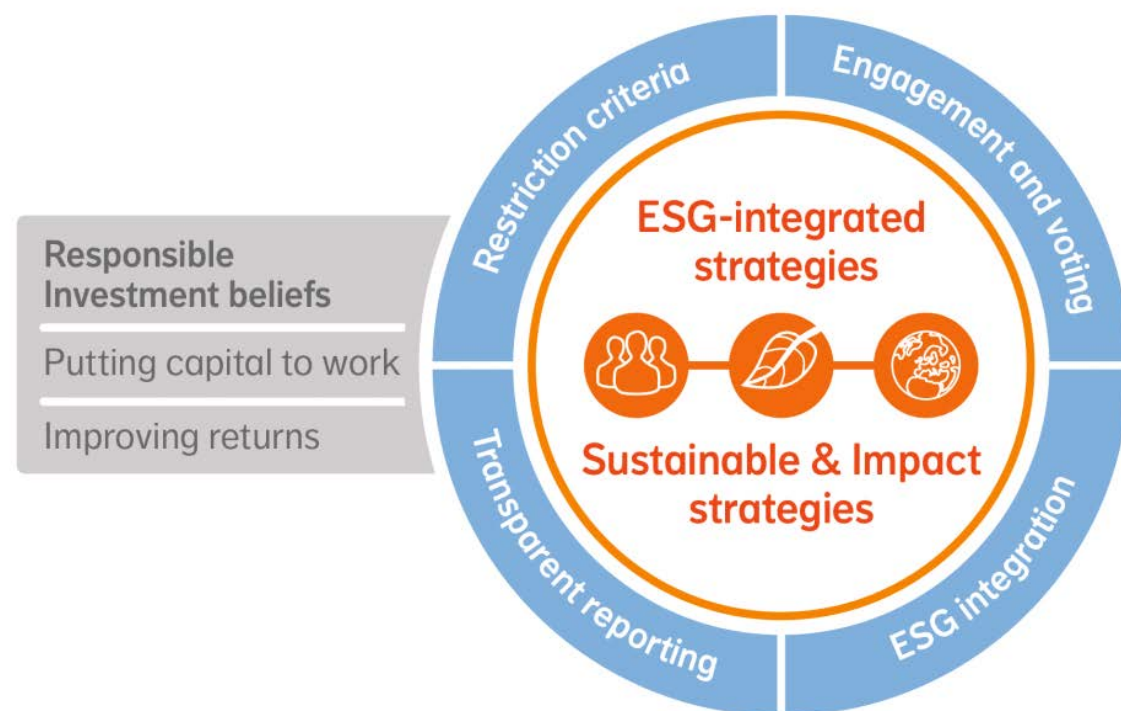
RI framework reflecting commitments and consequences

Putting capital to work

As a global asset manager we can and should play an instrumental role in influencing society to move towards a more sustainable future.

Improving returns

Stringently integrating ESG criteria throughout our investment process improves risk-adjusted returns.



Sustainable Development and materiality



Each region, country and community has a different combination of CSR drivers. Hence, the art of the so-called 'business case for CSR' is to determine which incentives and pressures are most applicable to a given local context.

Extract from 'Corporate Sustainability & Responsibility' by Wayne Visser

Engagement themes

The best way to encourage better corporate behaviour

Corporate Governance



Board Composition and Responsibility



Natural Resources and Climate Change



Utilities



Deforestation



Oil and Gas



Plastics



Decent Work



Living Wage



Child Labour



Our Engagement Activities - Living Income

Connecting dots to child labour

What is the issue?

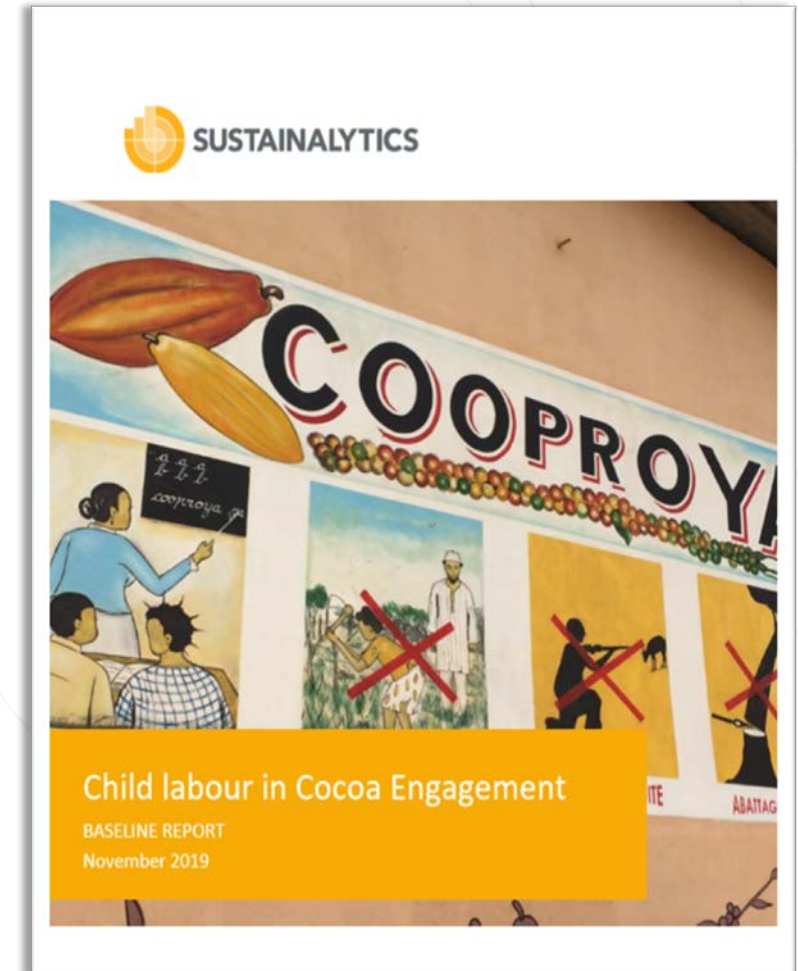
- In many of the world's supply chains, workers and farmers at the beginning of the supply chain do not earn enough to afford a basic standard of living (living income),
 - For example 50% of farmers in the cocoa supply chain live in absolute poverty
- A key reason for NN IP to engage on this topic is that **living income is considered central to other issues**:
 - Social issue: Insufficient household incomes deprive families of the opportunity to send their children to school
 - Environmental issue: An insufficient income drives farmers in West Africa to expand their land into protected forest areas, leading to widespread deforestation

What is the Platform Living Wage Financials (PLWF)?

- Launched in spring 2018
- Collaboration of 13 financial institutions, representing €3.5 trillion in AuM
- Shared engagement efforts in 3 industries: garment, agri-food (incl. cocoa), retail
- NN IP is the engagement lead for the agri-food sector, with a current focus on the cocoa supply chain

Cocoa and Living Income

- An insufficient income increases the risk of child labour as their labour is needed on the field to help generate an income for the family
- A lack of living income deprives children of education since school fees, uniforms, books, etc. cannot be afforded
- Ghana and Côte d'Ivoire account for 70% of global cocoa exports.
 - 2.1 million children are working in cocoa fields in Ivory Coast and Ghana alone
- All major cocoa companies have Child Labour Remediation and Monitoring Systems in place. However, this do not usually connect the underlying issue of a lack of income to the prevalence of child labour



How Other Factors Contribute to Child Labour

- It must be acknowledged that higher incomes does not automatically equate to lower levels of child labour. The absence of a sufficient income is only one contributing factor to child labour. Other, major factors include:
 - Infrastructural constraints that make it challenges for rural areas to get access to education
 - Distrust of communities in the quality of the educational system
 - Lack of public funding to build, staff and maintain educational infrastructure, even if the local community desires such

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Road Blocks and Challenges

- There is a lack of coordination between cocoa companies regarding their farm-level projects on the ground
 - Some farming communities receive support from multiple companies while others do not get approach
 - PLWF has picked up this issue and has agreed with companies to improve this. This will be strictly followed up on. Concretely, companies will be sharing some of their local mapping in order to see overlaps
- There is no commonly acknowledged definition of a living income in \$-terms per country. PLWF engages companies to include specific \$-targets in their policies. However, these might be incomparable across companies for the time being.

Engagements- living wage

- For which companies does NN IP lead the engagement efforts?
- NN IP leads the engagement on 5 companies, which are major players in the cocoa trade
- All 5 companies recognise that the absence of living incomes to be one element that contributes to child labour
- Our engagement efforts attach more importance to positive changes on the ground than to company policies. Nonetheless, we consider policies as an important tool to hold companies publicly accountable to progress.

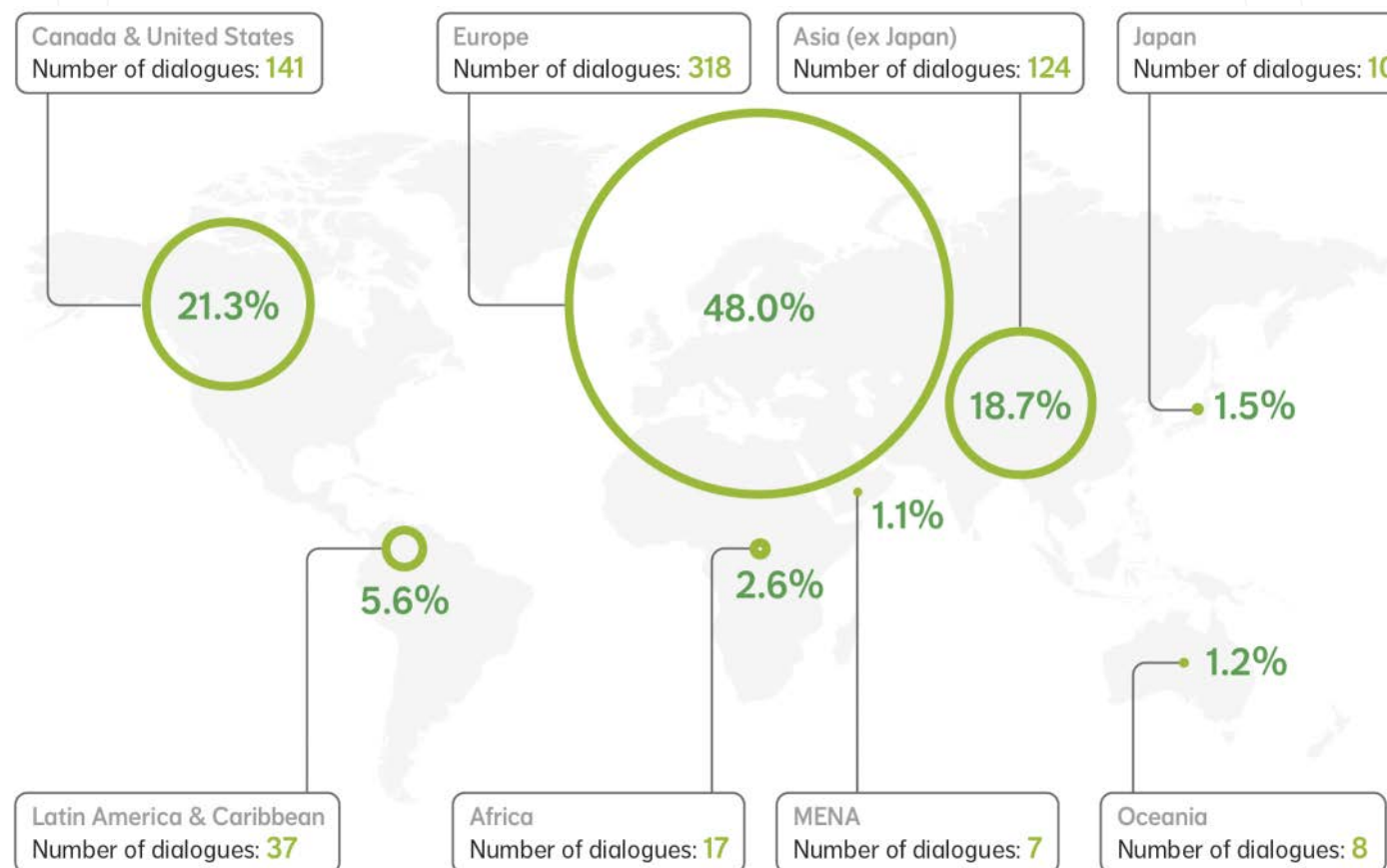


Engagement results

Building relationships, finding solutions,
sharing expertise

Where we engaged in 2019

Number of company dialogues: **662**



A photograph of a young child with dark hair, wearing a yellow jacket, holding a large bouquet of yellow daisies. The child is smiling and looking down at the flowers. The background is a field of many more yellow daisies, slightly out of focus.

Responsible Investing Report 2019

Because it matters. And it works.

Accountability and
transparency

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Break-out
werkgroepen



Dank voor uw
deelname.