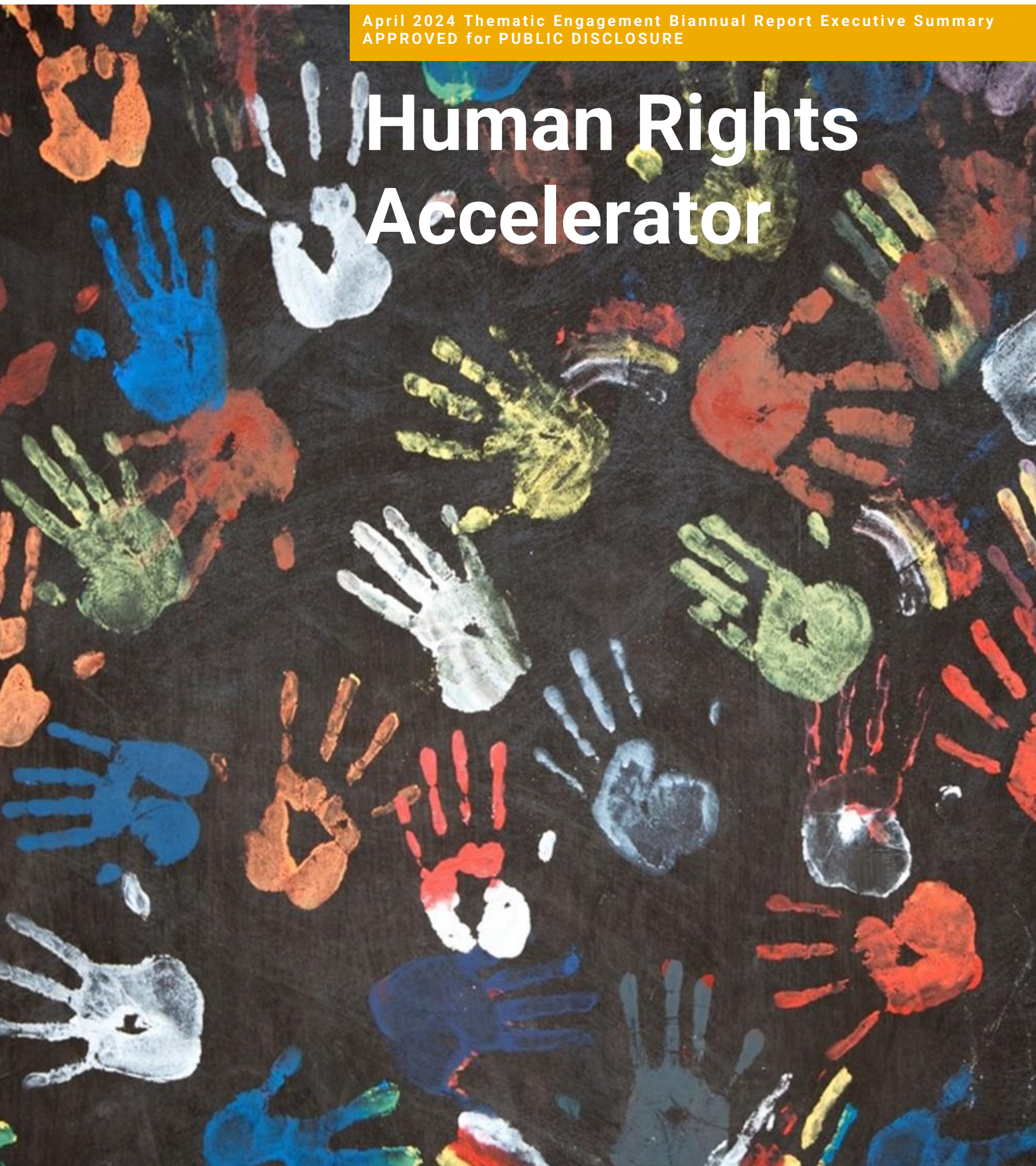


April 2024 Thematic Engagement Biannual Report Executive Summary  
APPROVED for PUBLIC DISCLOSURE

# Human Rights Accelerator



## EXECUTIVE SUMMARY

The goal of the Human Rights Accelerator (HRA) thematic engagement is to encourage companies to set and implement effective human rights due diligence (HRDD) as per the United Nations Guiding Principles on Business and Human Rights (UNGP). Ultimately, the impact to be sought is to improve in the livelihood of workers, farmers and local communities directly involved in the focus sectors – electronics, mining, and cocoa. To this end, companies will need to implement robust HRDD that considers the operating context and root causes of their salient human rights risks.

This biannual Human Rights Accelerator report covers the months from October 2023 to March 2024. This report provides an update on progress made to date with an overview of insights on KPIs. Input is also provided regarding sector-specific developments as well as challenges faced by companies. The [UNPRI Advance Initiative](#) was launched on 1 December 2022 and Morningstar Sustainalytics was selected to lead or collaborate on the following five engagements:

- AngloGold Ashanti Limited (Co-Lead Investor)
- Newmont Corporation (Co-Lead Investor)
- BHP Group Limited (Collaborating Investor)
- First Quantum Minerals (Collaborating Investor)
- Freeport-McMoRan Inc. (Collaborating Investor)

Joining Advance is an opportunity to have more scale and impact through collaboration with other investors. The complexity and scale of the human rights issues we engage companies on require multi-stakeholder collaboration. By coming together, investors get the opportunity to learn from each other and increase their leverage with the common goal of triggering greater alignment with the UNGPs – ultimately to prevent adverse impacts on people.

### Update on Engagement Efforts

The Human Rights Accelerator thematic engagement has entered into the third year of engagement activities. Over the biannual period, which took place between October 2023 and March 2024, we have been engaging with 19 active companies. We have exchanged 140 emails and held 22 meetings, including five in-person meetings and 17 conference calls.

Discussions with companies include not only governance and management systems, but also challenging and sensitive topics like living wages, labour union relations, forced labour, and sexual harassment. Overall, companies have shown increased responsiveness. Some companies that initially hesitated to participate have now recognized the benefits of the HRA and have actively proposed additional discussion topics.

## Engagement Insights

### Alignment with human rights due diligence

Regarding governance, a significant change is the establishment of clear reporting lines for human rights issues to the board in some companies. Additionally, several companies have implemented specific structures within the board or at the executive management level to address human rights issues. Furthermore, there has been increased policy disclosure, with companies making specific policies, procedures, and guidance publicly available.

Regarding the integration of human rights due diligence, more companies have begun involving key stakeholders in their risk assessment processes. They have standardized risk assessment activities and established systems to mitigate identified risks. Additionally, there is a trend of companies evaluating preventive measures and adjusting strategies to enhance effectiveness.

Despite the positive strides, companies continue to face challenges in implementing their human rights commitments, ensuring the functionality of grievance mechanisms, and providing access to remedy in general. While progress has been made, many companies still primarily rely on third-party auditors to identify human rights violations rather than actively seeking out and preventing risks themselves.

### Livelihood and living income

Companies in the cocoa sector have made persistent efforts to increase farm-level traceability, although many still face the challenges of the ever-increasing and complex supply chain. Some companies increase transparency in the exact amount of financial contributions they provide to farmers.

In comparison, companies in the electronics industry tend to discuss their work with suppliers less frequently. Many of these companies concentrate their efforts, such as assessments and training, solely on their first-tier suppliers. Some companies still do not cover all of their subsidiaries in their due diligence policy. The scope of a company's engagement with its entire supplier base is often unclear. This ambiguity may stem from the diverse range of products and suppliers within the electronics industry. Very little improvement is seen in this reporting period.

While labour rights and the rights of local communities are priorities in the mining sector, it is crucial to acknowledge the complexity of the industry's supply chain. Some suppliers are contracted to provide workers for mining sites, making these workers particularly vulnerable to human rights violations such as forced labour and child labour. Mining companies are generally willing to discuss about their supply chain approach, monitoring strategies, and engagement efforts with suppliers. However, the companies do not disclose their supplier lists or provide details on the scope of their supplier network and the human rights risks within it.

All companies disclose information about their social investments and contributions to local communities, including support for local education and initiatives to enhance livelihoods.

### Sector-specific risks

For the cocoa sector, sectoral specific focus of the HRA is on preventing and remediating child labour. All companies continue to implement activities aligned with the Child Labour Monitoring and Remediation Systems (CLMRS) recommended by the International Cocoa Initiative. Additionally, the child labour strategies employed by cocoa companies encompass interventions aimed at tackling root causes such as poverty alleviation and living income for farmers.

The main sectoral-specific focuses of electronics companies are ensuring fair wages for workers and preventing child labour. Although these companies appear to offer competitive salaries at their headquarters, there is a lack of transparency regarding how wages are determined for workers at production facilities. Moreover, information about living wages for workers at suppliers is scarce. Most companies rely on third-party auditing firms to verify wage compliance, primarily focusing on meeting minimum wage requirements. Likewise, third-party auditing is currently the primary method used by companies to detect child labour, which poses a notable risk as these audits may not be the most effective means of identifying child labour.

For companies in the mining industry, the primary sector specific focus is on engaging with communities and respecting the rights of Indigenous people. There has been a slight improvement noted in this reporting period, with more companies now regularly conducting Human Rights Impact Assessments (HRIAs). Despite companies disclosing a significant amount of information on their practices, which appear to be robust, several stakeholders continue to express concerns about mining company practices. This could suggest that communication with local communities is inadequate.

### Joint collaboration and policy dialogue

During this reporting period, companies have shown an increased willingness to engage in discussions with key stakeholders, including rights holders. Many companies identify workers within their own operations, supply chain workers, and local communities as critical stakeholders for addressing human rights risks. While companies claim to actively involve stakeholders, various civil society organizations continue to criticize their practices and communication methods. This discrepancy may indicate a lack of understanding or commitment to meaningful engagement with stakeholders.

## LOOKING AHEAD

Over the next six months, our primary focus will be on addressing identified gaps in HRA stakeholder consultations and company engagements. We intend to encourage companies to undertake actions tailored to their respective industries:

For companies operating in the cocoa sector, we will emphasize the significance of their approach to achieving a living wage for farmers. In the electronics sector, our discussions will continue to centre on achieving living wages at supplier facilities, preventing forced labour, and enhancing supply chain transparency. In the mining sector, our focus will be on discussing labour rights, Indigenous rights, and the livelihoods of local communities.

Finally, we look to issue the next biannual report in October 2024.

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Sustainalytics  
[info@sustainalytics.com](mailto:info@sustainalytics.com)  
[www.sustainalytics.com](http://www.sustainalytics.com)

