

THE STATE OF CHILDREN'S RIGHTS AND BUSINESS 2021

PART OF THE GLOBAL CHILD FORUM
CORPORATE SECTOR AND CHILDREN'S RIGHTS BENCHMARK



In collaboration with:



Why Investors Should Care About Children's Rights



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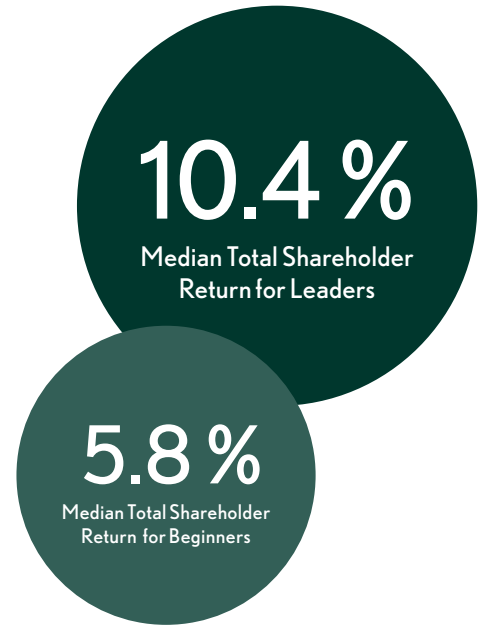
Respecting children’s rights is an inherent part of good business practice and risk management and should, therefore, have implications for a company’s financial results. Few investors would contest the sound logic of this statement. However, there is still little empirical evidence to directly connect a company’s profitability to how well it manages children’s rights.

To help fill this knowledge gap, Global Child Forum, in cooperation with Boston Consulting Group, has conducted an analysis of the relationship between a company’s profitability and its score in the 2021 Children’s Rights Global Benchmark. The research looked at both EBITDA margin and Total Shareholder Return (TSR) for all 853 companies surveyed.

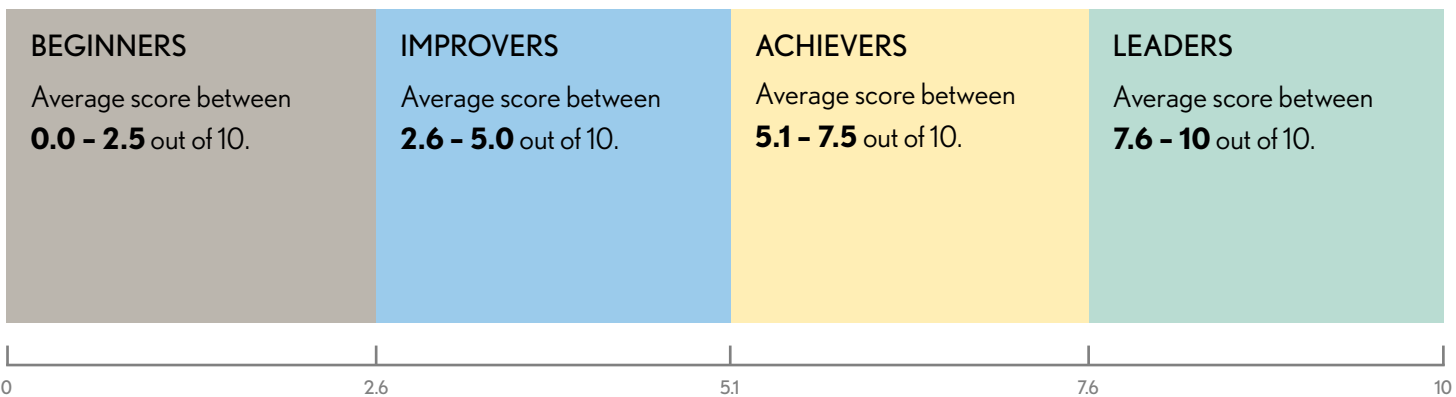
The results of the analysis show a general trend between company profitability and benchmark scores when companies are split into four groups; Leaders, Achievers, Improvers and Beginners, based on average benchmark score. Please see the methodological note for

more information on these groups. This trend is highlighted by the graphs on page 2, which demonstrate that companies in the highest scoring group in the benchmark, Leaders, tend to have higher TSR and EBITDA than companies in the other groups. Leaders posted average and median EBITDA margins of 18% and 15%, respectively and average and median TSR over three years of 9.7% and 10.4%.

Whilst this study shows a trend between a company’s profitability and higher scores on the children’s rights benchmark, there are a number of other micro and macro-economic factors to consider making causality hard to prove. Nonetheless, these results support Global Child Forum’s hypothesis that companies scoring well on the benchmark are quite likely to be stronger, more resilient, better managed and therefore more profitable than their lower scoring peers. This may enable them to better manage long-term sustainability risks and seize any commercial opportunities that arise



Methodological note; The companies in the study have been divided into four groups based on their average benchmark score:

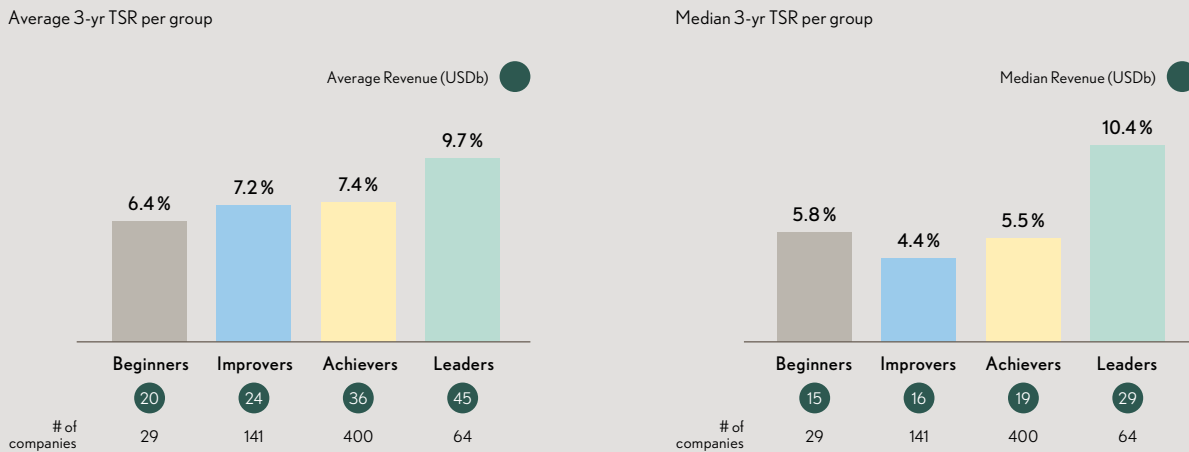


from aligning with consumer and regulatory expectations on ESG. Conversely, companies that score poorly on the benchmark may be less equipped to navigate the complex sustainability landscape. Global Child Forum is working closely with the financial sector to help them understand the benefits of incorporating a children's rights

perspective into their investment strategies. This study has focused on the link between children's rights and profitability metrics, but there are other reasons the financial sector should consider children as important stakeholders. Global Child Forum has compiled a series of case studies showing the reputational, operational, and financial damage that

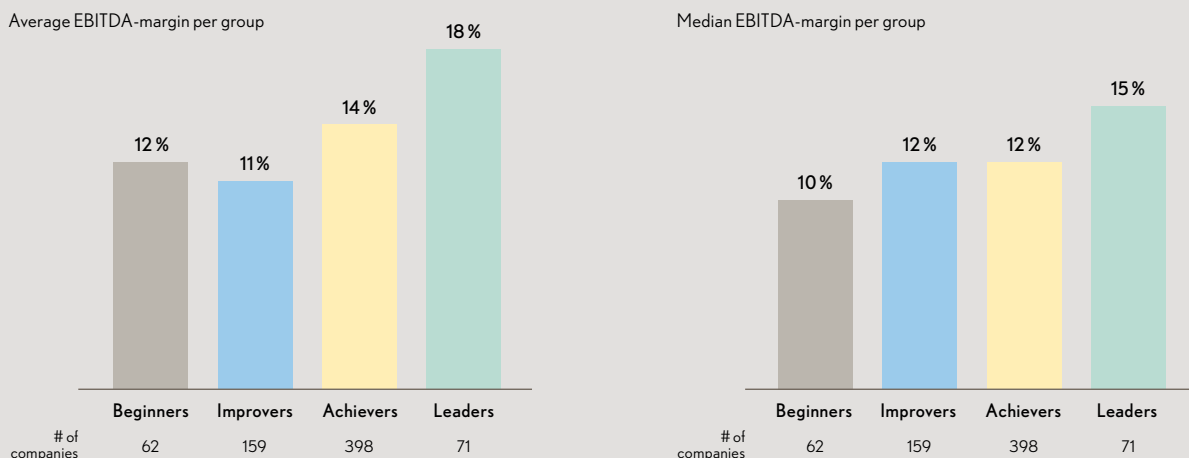
companies and their investors can suffer if they do not implement a children's perspective into their operations. Companies and investors that understand the risks and opportunities linked to caring, protecting, and respecting children will be better equipped to tackle the multiple challenges of our times.

Dividing the companies into four groups indicates that there is a correlation between 3-years TSR and the 2021 benchmark scores



Note: All financial & property companies have been excluded as TSR information is not available. The data analysis performed by Boston Consulting Group used financial data collected by Orbis, via Bureau Van Dijk.

Dividing the companies into the groups, indicates that there is a correlation between EBITDA-margin and the 2021 benchmark scores



Note: All financial & property companies have been excluded as EBITDA-margin is not applicable. The data analysis performed by Boston Consulting Group used financial data collected by Orbis, via Bureau Van Dijk.

About this article

This article is based on data collected by Global Child Forum in partnership with Boston Consulting Group. The article is written in conjunction with the Nordic Sustainable Investment Platform.

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Global Child Forum

Founded in 2009 by the Swedish Royal Family, Global Child Forum is a leading forum for children’s rights and business dedicated to innovative thinking, knowledge-sharing and networking. We believe in the power and responsibility of business, working in partnership with all parts of society, to create a prosperous, sustainable and just society for the world’s children. In addition to our forums, Global Child Forum delivers research perspectives, best practices and risk assessment tools designed to unlock opportunities for business to integrate children’s rights into their operations and communities.

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NordSIP

NordSIP stands for Nordic Sustainable Investment Platform. The platform serves as the information link and connection hub between institutional investors and managers offering sustainable investment products, and as a reference point for the high interest across the asset management spectrum and beyond, viewed from the Nordics. At NordSIP, we aim to inform and educate Nordic professional investors about new products, trends, and regulatory developments within ESG, SRI and Impact. Our goal is to drive the integration of sustainable investment practices further and ultimately lead the financial industry towards better and more forward looking decision making.



For more information on Global Child Forum's work with the financial sector, please contact our Sustainable Finance Manager, **Matt Goodwin**
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