



6.4.3 Basic Materials

Companies in the Basic Materials sector have the potential to bring positive changes to children's lives through investing in the communities in which they operate as part of infrastructure, and social development, including roads, water and sanitation, education, healthcare and by providing employment opportunities. However, companies working in this sector can also give rise to long-term negative impacts on children who are more vulnerable than adults because of their ongoing physical, social and emotional development.

The Basic Materials sector includes companies that discover, extract and process different raw materials and are involved in mining, chemical or forestry products. Other sectors rely on this sector for raw materials necessary for the manufacture of goods. Industries included in this sector are Chemicals, Metals & Mining and Paper & Forest Products.

This sector has among the highest share of companies with a child labour policy (59%) compared to other sectors. Other companies in this sector do not explicitly prohibit child labour but prohibit all human rights/labour rights violations more broadly (18%). In other words, a significant share of companies do not explicitly prohibit child labour in a sector that often presents a work environment with severe safety risks.

A large share of the companies are committed to increasing positive impact and/or reducing negative impact on the community (77%), but this commitment does not translate into transparent reporting; only 5% of the companies disclose information about significant actual or potential negative impacts on local communities and/or wider society. None of the companies disclose information about the impacts specifically on children.

Companies in this sector have the potential to contribute positively to the communities around them through investments.

Fewer than half of the companies (45%) have a formal human rights grievance mechanism to enable everyone (employees and members of the local community, including children) to report on human rights impacts in the community and impacts on the environment. Some companies have instituted ethics hotlines, though it is not clear if these channels are available to members of the community to submit human rights grievances or report on environmental impacts, or whether they are intended for use by employees only. Companies in this sector have the potential to contribute positively to the communities around them through investments. Many of them maintain community programmes with a focus on children (77%). Establishing communication channels would enable them to ensure that the local community is not negatively impacted by their operations.

Examples of the main impacts on children's rights:

| Impact | Where | Example |
|---|---------------------------|---|
| Child labour | Operations / supply chain | Child labour in informal sector around supplier and/or beyond tier 1. |
| Children's health, safety and wellbeing | Operations / supply chain | Land use/acquisition could lead to loss of livelihoods for families, and/or reduce access to social infrastructure (education/ healthcare). Environmental impacts from company activities can cause contamination/pollution to which children are especially vulnerable. |
| Access to parents | Employees | Opportunity to provide and promote flexible work, parental leave, etc. |
| Children's safety and wellbeing | Employees | Offer childcare for parents to ensure that children are looked after when parents are at work. |

Sector statistics

| | |
|-------------------------------|----------------|
| Companies in study | 22 |
| Chemicals | 5 |
| Metals & Mining | 13 |
| Paper & Forest Products | 4 |
| Average sector revenue | \$3.61B |



6.4.3 Basic Materials

Sector results

Spread of scores within sector



Top 3 companies with highest score 2020

| Company name | Industry | Overall score (max score 10) | Performance group |
|------------------------------|-----------------|---------------------------------|-------------------|
| Indorama Ventures PCL | Chemicals | 7.3 | Achiever |
| Bumi Resources Tbk, PT | Metals & mining | 6.8 | Achiever |
| Petronas Chemicals Group BHD | Chemicals | 6.7 | Achiever |

Top-mover since 2016¹⁹

| Company name | Industry | Score 2016 (max score 9) | Score 2020 (max score 10) | Change |
|------------------------------------|-----------------|-----------------------------|------------------------------|--------|
| Bumi Resources Tbk, PT | Metals & mining | 1 | 7 | +6 |
| Press Metal Aluminium Holdings BHD | Metals & mining | 1 | 7 | +6 |

¹⁹ For the 2016-2020 comparison, we have applied a previous methodology, meaning that these scores are not directly comparable to the 2020 benchmark scores. For more information about conversion and scoring, please see the [Comparing 2016 to 2020 Results Section](#).