International Organisation of Employers
Organisation Internationale des Employeurs
Organización Internacional de Empleadores
The Global Voice of Business

International Labour Organization

ILO-IOE CHILD LABOUR GUIDANCE TOOL FOR BUSINESS

HOW TO DO BUSINESS WITH RESPECT FOR CHILDREN'S RIGHT TO BE FREE FROM CHILD LABOUR

Fundamental Principles and Rights at Work (FUNDAMENTALS)

ILO-IOE CHILD LABOUR GUIDANCE TOOL FOR BUSINESS

HOW TO DO BUSINESS WITH RESPECT FOR CHILDREN'S RIGHT TO BE FREE FROM CHILD LABOUR

Fundamental Principles and Rights at Work (FUNDAMENTALS)

International Labour Organization (ILO)

Copyright © International Labour Organization 2015
First published 2015

Publications of the International Labour Office enjoy copyright under Protocol 2 of the Universal Copyright Convention. Nevertheless, short excerpts from them may be reproduced without authorization, on condition that the source is indicated. For rights of reproduction or translation, application should be made to ILO Publications (Rights and Licensing), International Labour Office, CH-1211 Geneva 22, Switzerland, or by email: rights@ilo.org. The International Labour Office welcomes such applications.

Libraries, institutions and other users registered with a reproduction rights organization may make copies in accordance with the licences issued to them for this purpose. Visit www.ifrro.org to find the reproduction rights organization in your country.

ILO, IOE

How to do business with respect for children's right to be free from child labour: ILO-IOE child labour guidance tool for business / International Labour Office, ILO International Programme on the Elimination of Child Labour; International Organisation of Employers - Geneva: ILO, 2015.

ISBN: 978-92-2-130367-1 (print); 978-92-2-130368-8 (Web PDF)

International Labour Office; ILO International Programme on the Elimination of Child Labour; International Organisation of Employers

child labour / corporate social responsibility / corporate culture / rights of the child / role of UN / role of ILO – 13.01.2

ILO Cataloguing in Publication Data

ACKNOWLEDGEMENTS

This publication was prepared under the coordination of Benjamin Smith (ILO Geneva). Special thanks go to David Vermijs and Rachel Davis (SHIFT) and Amelia Espejo (IOE), who were instrumental in its development, and to the members of the Child Labour Platform, who provided valuable input.

The designations employed in ILO publications, which are in conformity with United Nations practice, and the presentation of material therein do not imply the expression of any opinion whatsoever on the part of the International Labour Office concerning the legal status of any country, area or territory or of its authorities, or concerning the delimitation of its frontiers.

The responsibility for opinions expressed in signed articles, studies and other contributions rests solely with their authors, and publication does not constitute an endorsement by the International Labour Office of the opinions expressed in them.

Reference to names of firms and commercial products and processes does not imply their endorsement by the International Labour Office, and any failure to mention a particular firm, commercial product or process is not a sign of disapproval.

ILO publications and digital products can be obtained through major booksellers and digital distribution platforms, or ordered directly from ilo@turpin-distribution.com. For more information, visit our website: www.ilo.org/publns or contact ilopubs@ilo.org.

Visit our website: www.ilo.org/ipec

Printed in Switzerland
Design by the International Training Centre of the ILO, Turin – Italy

Table of contents

FOREWORD iv

PART A:
INTRODUCTION WHY IS THIS GUIDANCE IMPORTANT AND WHO IS IT FOR? 1

What is the extent of child labour globally? 2

How could my business be involved with child labour? 3

Why are expectations of business growing? 4

How is this guidance different from previous ILO and IOE guidance for employers? 4

Who is this guidance for? 5

Can this guidance help me make the business case to colleagues? 6

PART B:
THE UN GUIDING PRINCIPLES ON BUSINESS AND HUMAN RIGHTS WHAT ARE COMPANIES EXPECTED TO DO ABOUT CHILD LABOUR? 9

B.1 The implications of the UN Guiding Principles on Business and Human rights 10

B.2 Understanding child labour impacts 14

B.3 The corporate responsibility to respect children's right to be free from child labour 18

PART C:
PREVENTING AND ADDRESSING CHILD LABOUR IMPACTS: PRACTICAL STEPS FOR COMPANIES TO TAKE 25

C.1 Develop a policy commitment and embed it throughout the organisation 26

C.2 Assess child labour impacts 32

C.3 Integrate and take action on child labour impacts 37

C.4 Track performance on child labour 46

C.5 Communicate performance on child labour 50

C.6 Stakeholder engagement 54

C.7 Remedy and grievance mechanisms 56

ANNEX A 60

FOREWORD

As economies become ever more integrated and the revolution in information and communications technology continues, the world is getting smaller at the same time that supply chains are getting more complex. The challenge that employers face to demonstrate that they respect human rights, to act with due diligence to avoid infringing the rights of others and to address adverse impacts that occur, has never been clearer. How to do this in contexts of widespread informality, insufficient law enforcement and persistent poverty, however, is far from simple. Child labour is a case in point: despite rapid gains in recent years, there are still 168 million child labourers in the world today, across all regions and sectors.

The UN Guiding Principles on Business and Human Rights (UNGPs), adopted unanimously in 2011 by the UN Human Rights Council, provide a blueprint for employers to develop robust management systems for due diligence. Crucially, they also address the government duty to protect individuals from violations of human rights, including those in which enterprises are involved, and the need for greater access to remedy. The UNGPs do not create new legal obligations but clarify what existing international instruments mean for business, and they directly reference the ILO's 1998 Declaration on Fundamental Principles and Rights at Work. ILO Convention No. 138 on Minimum Age (1973), and ILO Convention No. 182 on Worst Forms of Child Labour (1999) are among the fundamental principles and rights at work and these Conventions, though binding only on governments that ratify them, are the relevant child labour standards for supply chains.

This Child Labour Guidance Tool was created jointly by the ILO and the International Organisation of Employers as a resource for companies to meet the due diligence requirements laid out in the UNGPs, as they pertain to child labour. It draws on the long experience of the ILO's International Programme on the Elimination of Child Labour in collaborating with employers to combat child labour in supply chains. Select companies have been closely involved in its development: the contributions of The Coca-Cola Company, AngloGold Ashanti, Vale, Japan Tobacco and Sterling Manufacturing have been invaluable. Working in a public-minded and open spirit of collaboration with the project team, comprised of ILO, IOE and Shift, a non-profit centre of expertise on the UNGPs, these companies brought insights and experience from a range of sectors and geographies to ensure that the Guidance Tool is practical and responsive to the key challenges faced by business.

We are confident that this Guidance Tool will be a source of valuable support for employers. Our ambition as the IOE, the global voice of business, and the ILO, the custodian of international labour standards and the UN agency for the world of work, is that this new resource drives further engagement and collaboration, and adds fresh impetus to our common goal, the elimination of all forms of child labour.

Beate Andrees
Chief
FUNDAMENTALS Branch

Linda Kromjong
Secretary-General
International Organization of Employers

PART A:

INTRODUCTION
WHY IS THIS GUIDANCE IMPORTANT
AND WHO IS IT FOR?

What is the extent of child labour globally?

Several decades of concerted efforts to combat child labour have led to an impressive reduction in absolute numbers of child labourers. Nevertheless, as of 2012, there were still an estimated 168 million child labourers, including over 85 million children in hazardous work – one of the worst forms of child labour that pose the greatest risks to children's mental and physical health. Worldwide, approximately one in every 10 children is involved in child labour, and in sub-Saharan Africa it is one in five.[1] Children work in fields and on farms, in factories, as domestic workers, or in informal businesses such as artisanal mining, as street vendors and trash pickers; they can be caught in commercial sexual exploitation, or forced to engage in armed conflict or drug trafficking.

Child labour thus remains a pressing and large-scale problem. The ILO's International Programme on the Elimination of Child Labour (ILO-IPEC) calls on all actors, including business enterprises, to meet their obligations to ensure the progressive elimination of all forms of child labour worldwide. This Guidance forms part of that broader effort.

For more detailed information about the issue of child labour, see ILO and IOE, *Guide for Employers: Guide One: Introduction to the Issue of Child Labour* (2007) and section B.2 in this Guidance.

DEFINING CHILD LABOUR

Child labour is work that deprives children of their childhood, their potential and their dignity, and that is harmful to their physical or mental development including by interfering with their education.

For more detail on defining child labour, see B.2 below.

1 ILO-IPEC, Global Child Labour Trends 2008 to 2012.

How could my business be involved with child labour?

As a starting point, all businesses, of whatever size, need to ensure that children are not working in their own facilities or operations. The ILO and IOE have produced practical guidance for employers that explains how to identify child labour and prevent it in the employers' own business. This guidance focuses on the three "H's":

- **Hiring**: End the practice of hiring children;
- **Hazards**: Eliminate hazardous child labour;
- **Hours**: Reduce the working hours of any children above the minimum age to ensure that they do not work more than the number of hours allowed under national law for light work and regular work (see B.2 below for definitions of these terms).

See ILO and IOE, *Guide for Employers: Guide Two: How Employers Can Eliminate Child Labour*, Step 3 (2007).

For many large and multinational companies, the risk of child labour in their own facilities may not be significant. However, child labour impacts, especially the worst forms of child labour, are often found throughout the supply chain, in the practices of subcontractors, or in local communities neighbouring certain types of company operations. While companies may not always have contractual or commercial relationships with the entities that are causing child labour impacts, the impacts may be linked to a company's operations, products or services through a business relationship. For such companies, this type of "linkage" situation will be the leading source of child labour risks.

EXAMPLES OF COMPANIES THAT COULD BE INVOLVED WITH CHILD LABOUR IMPACTS

- ✓ **Companies sourcing agricultural products including cocoa, coffee, tea, sugar, tobacco, spices, nuts, seafood, seeds, forestry products, and meat;**
- ✓ **Apparel companies or companies sourcing clothing, shoes or accessories;**
- ✓ **Electronics companies with manufacturing supply chains;**
- ✓ **Companies sourcing metals, minerals or gems, either directly or through suppliers;**
- ✓ **Companies that make or sell products with valuable packaging that children may be involved in scavenging and selling;**
- ✓ **Companies offering or relying on tourism or transportation services;**
- ✓ **Companies operating in or sourcing from areas of current or recent conflict;**
- ✓ **Companies operating in or sourcing from countries with large informal sectors.**

Why are expectations of business growing?

Awareness of the problem of child labour in global value chains has grown in recent years, due to important work by the ILO, governments, social partners, civil society organisations, and the media. This has led to increased pressure on business to prevent and address such impacts, including by investors, trade unions, NGOs and consumers.

But perhaps the most significant development is the clarification of the responsibility of all companies to respect human rights in their own operations and throughout their business relationships, as set out in the **UN Guiding Principles on Business and Human Rights**, or UNGPs. The UNGPs were unanimously endorsed by States in the UN Human Rights Council in 2011 and since then have helped to drive global convergence regarding the expectations of business. The UNGPs are discussed in detail in Part B.1.

How is this guidance different from previous ILO and IOE guidance for employers?

This Guidance is grounded in the UN Guiding Principles on Business and Human Rights (UNGPs). It builds on the ILO-IOE 2007 publication *Eliminating Child Labour: Guides for Employers* by bringing the lens of the UNGPs to bear on what all companies, both national and multinational, are expected to do to meet the global expectation that they respect human rights throughout their operations, including in their value chains. It explores what is expected of companies when seeking to prevent and address impacts deep in the supply chain, including working together with other actors, particularly governments. This Guidance refers to the relevant international standards of the ILO, and reflects the experiences of individual companies that are working to implement the UNGPs.

Because this Guidance focuses on the implications of the UNGPs for company efforts to prevent and address child labour, the ILO and IOE worked together with Shift to develop this Guidance. Shift is a non-profit organisation chaired by Professor John Ruggie, the author of the UNGPs, and the Shift team was centrally involved in helping to shape and draft the UNGPs.

The Guidance was developed with input from companies and other members of the Child Labour Platform of the ILO and UN Global Compact. It references existing reports, tools and materials on child labour wherever they add particular value.

Who is this guidance for?

This Guidance builds on existing ILO and IOE guidance. As noted above, the 2007 set of guides for employers set out the actions that all companies should take to eliminate and remediate child labour in their own operations.

By focusing on the UNGPs and their expectations about the actions companies should take where they are connected to child labour impacts through their value chains, this guidance should be particularly useful for large or multinational companies with extended global value chains. It should also be useful for small and medium-sized companies that sit within such value chains and are seeking to strengthen their own efforts against child labour, for example to attract or reassure business partners. It should also be useful for companies at risk of being involved with child labour impacts in communities that may be affected by their operations (particularly in the extractive and agricultural sectors) or through their financing or investment decisions.

This Guidance aims to support companies with different degrees of involvement in, knowledge about and capacity for managing child labour risks.

MY COMPANY IS INTERESTED IN…	HOW THIS GUIDANCE MAY BE HELPFUL
Knowing whether child labour is a significant risk for the company.	✓ **Part B.2 describes the nature of child labour impacts;** ✓ **Part B.3 explains how companies can assess whether child labour is a salient human rights issue for their company.**
Understanding the new expectations of businesses set out by the UNGPs, as they apply to child labour impacts.	✓ **Part B.1 describes the UNGPs and B.3 explains how they apply to companies;** ✓ **Part C describes in detail the key policies and processes that companies should have in place to meet these expectations.**
Comparing its existing efforts on child labour to the expectations of the UNGPs.	✓ **Each of the sections in Part C contains diagnostic questions to test existing approaches.** ✓ **Some key challenges faced by companies when implementing child labour programmes are dealt with in the "hard questions" in Part C.**

This Guidance should also be useful to stakeholders other than companies who are interested in supporting, incentivising or requiring companies to prevent and address child labour impacts in their operations. These stakeholders may include investors, trade unions, civil society organisations and governments.

HOW WAS THIS GUIDANCE DEVELOPED?

- ✓ **Desktop research to review existing sources of guidance;**
- ✓ **Development of a diagnostic protocol based on the UNGPs;**
- ✓ **In-depth assessments of the efforts of five companies in different sectors to prevent and address child labour;**
- ✓ **Multistakeholder workshops hosted by the ILO and IOE;**
- ✓ **Bilateral conversations with companies to source further examples;**
- ✓ **Feedback from expert stakeholders on drafts.**

Can this guidance help me make the business case to colleagues?

Preventing and addressing harm to children is a compelling human rights issue that many companies do not need to be persuaded to commit to. What many companies do need help with is understanding what action to take (beyond having a policy), how to assess the effectiveness of existing company approaches, and how to change approaches that are not working.

However, in the face of competing priorities and limited resources, internal champions may need additional arguments. Points that some champions within companies have found helpful include:

- **Improved risk management**: involvement with child labour can expose a company to public criticism and campaigning by civil society organisations and in the press, leading to reputational harm and harm to employee retention and recruitment;
- **Impacts on markets**: child labour hampers the economic development of a country and the income of consumers that are needed for long-term business success;
- **Greater access to business opportunities**: business customers increasingly recognise the reduced risk to themselves when working with a company that effectively manages its human rights risks, especially as government procurement requirements integrate human rights considerations with greater frequency;
- **Positive recognition**: investors are increasingly concerned about human rights issues and also willing to acknowledge company efforts to address challenges;

- **Growing disclosure requirements**: national laws and stock exchanges are imposing greater demands on companies with regard to disclosure of their human rights management systems, as the box below summarises.

GROWING HUMAN RIGHTS DISCLOSURE AND PROCUREMENT REQUIREMENTS

- ✓ **From 2016, the 6,000 largest listed companies in the European Union (EU) will be required to disclose how they are managing human and labour rights risks, including child labour impacts. EU countries are currently transposing the relevant EU Directive into national laws;**
- ✓ **Companies doing business in California with over US $100 million in worldwide revenue are required to report on their actions to eradicate slavery and human trafficking, including of children, in their supply chains;**
- ✓ **The UK Modern Slavery Act has introduced due diligence reporting requirements for companies with regard to slavery and trafficking risks throughout their supply chains;**
- ✓ **Stock exchanges in India, Malaysia, Singapore and South Africa among others require companies to report on how they manage their human rights impacts;**
- ✓ **US companies investing in Myanmar, a country with substantial child labour, are required to disclose their human rights due diligence efforts, including in relation to suppliers that may use child labour;**
- ✓ **Governments are demanding increased transparency from companies through their procurement requirements. For example, in the Netherlands, adherence to the ILO Core Labour Conventions, including on child labour, is a requirement for companies to be eligible for government contracts. In the US, the federal government now requires due diligence in relation to trafficking in persons, including for the purposes of forced and child labour, from companies seeking federal contracts (see Federal Acquisition Regulation; Ending Trafficking in Persons).**

© ILO/M. Crozet

© ILO/M. Crozet

PART B:

THE UN GUIDING PRINCIPLES ON BUSINESS AND HUMAN RIGHTS

WHAT ARE COMPANIES EXPECTED TO DO ABOUT CHILD LABOUR?

B.1 The implications of the UN Guiding Principles on Business and Human Rights

What are the UN Guiding Principles on Business and Human Rights?

The UN Guiding Principles on Business and Human Rights (UNGPs) were unanimously endorsed by the UN Human Rights Council in June 2011, supported by governments from all regions of the world. They were authored by Professor John Ruggie, the former Special Representative of the UN Secretary-General for Business and Human Rights.

A critical contribution of the UNGPs has been to set out clearly the duties of States and the responsibilities of companies to ensure that businesses operate with respect for human rights. The UNGPs are founded on three pillars:

- The **State duty to protect** human rights against abuse by third parties, including business, through appropriate policies, legislation, regulations and adjudication;
- The **corporate responsibility to respect** human rights, meaning to act with due diligence to avoid infringing on the rights of others and to address negative impacts with which they are involved;
- The need for **greater access to effective remedy**, both judicial and non-judicial, for victims of business-related human rights abuse.

The UNGPs complement the ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy, adopted in 1977. Since their endorsement, the UNGPs have driven a convergence in international frameworks and commitments on business and human rights, reinforcing the UNGPs' position as the authoritative global framework on the expectations of business when it comes to respecting human rights. The UNGPs are reflected in frameworks such as the OECD Guidelines for Multinational Enterprises, the ISO 26000 standard on social responsibility, the IFC Performance Standards, the UN Global Compact's Ten Principles and a growing number of commitments by various industry and multistakeholder initiatives.

The expectations of business set out in the UNGPs apply to all internationally recognised human rights. At a minimum, this includes:

- The International Bill of Human Rights, comprising:
  - The 1948 Universal Declaration on Human Rights;
  - The International Covenant on Civil and Political Rights;
  - The International Covenant on Economic, Social and Cultural Rights;
- The ILO Declaration on Fundamental Principles and Rights at Work.

The UNGPs clarify that companies should also pay attention to additional standards addressing the human rights of individuals or groups that may be particularly vulnerable to negative impacts, which clearly includes children.

For a general explanation of the UNGPs for employers, see IOE, *UN Guiding Principles on Business and Human Rights: Employer's Guide* (2012).

What do the UNGPs mean for the role of the State regarding child labour?

States have established duties under international law to respect, protect and fulfil internationally recognised human rights, including the right to be free from child labour. The UNGPs do not create any new obligations for States; rather, they reinforce the need for States to consider whether national law and policy effectively protect against business involvement in child labour, and if not, where law and policy could be strengthened either in content or enforcement.

There are various essential roles for the State to play in setting the groundwork for the elimination and remediation of child labour. This includes ensuring that:

- National laws are in line with ILO Conventions regarding minimum age, hazardous work and broader protections for children and are effectively enforced in relation to both domestic and foreign companies;
- There is an effective system of labour inspections that includes identifying and remedying instances of child labour;
- Necessary wage measures, social protection and support for employment creation, formalising the informal economy, and other measures to combat household poverty are in place;
- National policies and programmes of action to eliminate child labour are in place, including appropriate education and training as alternatives to child labour;
- Schools are within reasonable travelling distance for their intended students, are free of cost to children and their families, and are of sufficient quality (often a local or provincial government responsibility);
- Where child labour is systemic in certain sectors or communities, that there are programmes in place to transfer working children from work to full-time education, including by bridging education or vocational training for older children;

- Where child labour occurs, it is appropriately remediated, taking full account of the best interests of the children involved.

What do the UNGPs mean for companies at risk of being involved with child labour?

The UNGPs clarify the steps companies need to take to meet the expectation that they should respect the right to be free from child labour, including in their own operations and in their business relationships. To meet this responsibility, companies that are at risk of being involved in child labour impacts need to put in place 1) an appropriate policy commitment that is embedded throughout the business; 2) human rights due diligence processes to identify, prevent, manage and account for child labour impacts occurring in their own operations or their value chain; 3) remediation processes to provide remedy if the company has caused a negative impact, and/or contribute to providing remedy, if it has contributed to a negative impact, to the extent of its contribution.

Section B.3 explains in detail what is expected of companies under the UNGPs, and Part C provides specific steps and suggestions for how companies can meet this responsibility in relation to child labour.

What if the State is not fulfilling its duty to protect?

Failure by the State to meet its duty to protect does undeniably make it harder for companies to meet their responsibility to respect as set out in the UNGPs. However, such failure is not an excuse for company inaction. For example, while it is the State's responsibility to put in place an effective labour inspection system, companies also need to have their own policies and processes in place to verify workers' ages in a manner that respects workers' dignity.

The UNGPs expect companies to comply with national law, even if it is not enforced. Where national law conflicts with international standards on child labour, the UNGPs expect companies to seek ways to honour the principles of the relevant international standards.

Many companies have found that without meaningful State involvement at the local, regional and national levels, combating child labour effectively is difficult, if not impossible. As part of meeting their responsibility to respect, companies will often want to find ways to engage with States to discuss the State's critical role in protecting children. In doing so, it can be particularly helpful to engage through national employers' organisations.

For more on this see ILO and IOE, *Guide for Employers: Guide Three: The Role of Employers' Organisations in Combating Child Labour* (2007), pp. 28-30.

The process of engaging with governments to mitigate child labour risks is discussed in section B.3 and throughout Part C.

What roles do other stakeholders have in preventing and addressing child labour?

Employers' and workers' organisations, civil society organisations, international organisations and other stakeholders can all play constructive roles to contribute to the elimination of child labour. Companies often engage or partner with these actors as part of efforts to prevent and address child labour impacts.

In particular, employers' organisations can contribute to the development of national policies against child labour, lobby for the effective elimination of child labour, and can provide advice to their members about legislation related to child labour. Employers' organisations can also advise their members about hiring policies of suppliers, particularly suppliers in the informal economy. In addition, employers' organisations can participate in collective action to eliminate child labour amongst their members in a country, region, or sector.

Trade unions play an important role as watchdogs and can take direct action to prevent child labour and remove child labourers from the workplace. For example, trade unions can provide training and promote safe and healthy working conditions that can help reduce risks to working children above the minimum age as well as adult workers. They can also contribute to policy development and lobby at the national level. Trade unions are also one of the three parties in tripartite discussions to establish and update hazardous work lists at the national level.

National and international civil society organisations focusing on child labour and children's right more broadly can also play a variety of roles. For example, civil society organisations can perform a watchdog role regarding the activities of companies and the State, conduct field based research on child labour, be part of multistakeholder initiatives, engage companies to become more active in tackling child labour, or work at the community level to support programmes to combat child labour.

The process of engaging with a variety of actors to mitigate child labour risks is discussed in section B.3 and throughout Part C.

B.2 Understanding child labour impacts

What is a child labour impact?

In general, "**child labour**" is work that deprives children of their childhood, their potential and their dignity, and that is harmful to their physical or mental development including by interfering with their education. Specifically, it means types of work that are not permitted for children below the relevant minimum age.

Children have an internationally recognised right to be free from child labour. A "**child labour impact"** refers to an actual or potential infringement (i.e., a limitation on or undermining) of the right to be free from child labour.

When is work performed by a child "child labour"?

A child is a person under the age of 18. Not all work performed by children is child labour. Millions of young people above the relevant minimum age undertake work, paid or unpaid, that is lawful, appropriate for their age and maturity and part of their socialisation and school to work transition. By working, these young people learn to take responsibility, gain skills, add to their family's or their own income and wellbeing, and contribute to their country's economy.

Child labour encompasses all unacceptable forms of work performed by children. It is work that exposes children to harm or abuse because: 1) it is likely to impede the child's education and full development (due to the child's age); and/or 2) it jeopardises the physical, mental or moral wellbeing of a child (due to the nature of the work).

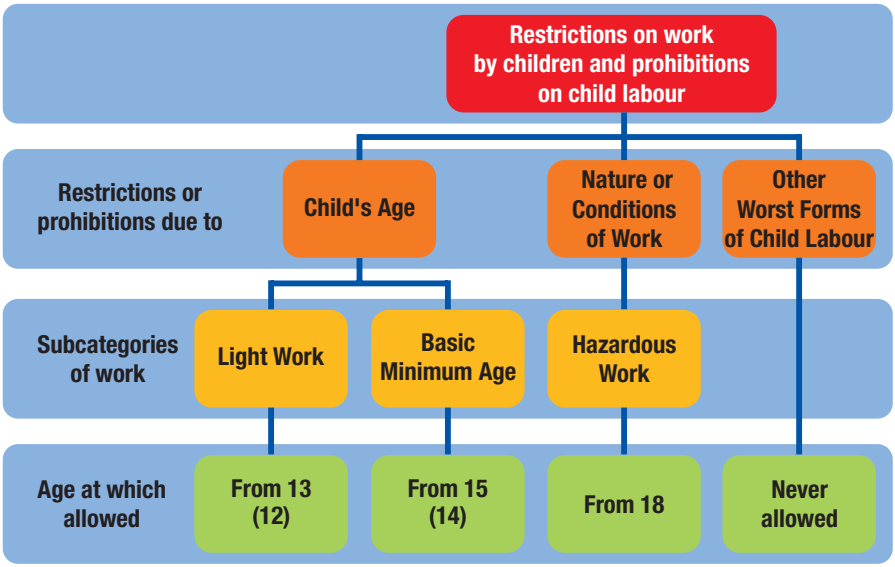
The following terms are important to understand when child work becomes child labour:

- **Light work**: This is work that children can do as long as it does not threaten their health and safety, or hinder their education or vocational training (generally, non-hazardous work for fewer than 14 hours per week). It should only be performed by children aged 13 or over (or, provisionally, age 12 in certain developing countries) when permitted by local law.
- **Basic minimum age**: The minimum age for work should not be below the age for finishing compulsory schooling, and in all cases not lower than 15 years of age (or, provisionally, age 14 in certain developing countries). Some countries set the minimum age at 16.

- **Hazardous work**: One of the worst forms of child labour, this is work that is inherently dangerous, such as working with pesticides or underground, or carried out under conditions that are particularly risky for children, such as work for excessively long hours or in high temperatures. It should not be performed by people under 18. States may create limited exceptions for children over 16, in dialogue with national employers' and workers' organisations, where the health, safety and morals of the children involved are fully protected and they have received specific instruction on the relevant activity.
- **Other worst forms of child labour**: These comprise slavery, trafficking, debt bondage and other forms of forced labour, including forced recruitment for use in armed conflict, the use of children in prostitution and pornography, and in illicit activities such as organised begging or the trafficking or sale of narcotics. Children should never be involved in such activities.

The graphic below summarises the implications of these terms. Annex A provides definitions of key international standards and instruments that are relevant to child labour.

FIGURE 1: Restrictions on work by children and prohibitions on child labour



How are child labour categories defined at the national level?

ILO Conventions allow certain flexibility in setting minimum ages and determining what constitutes hazardous work. The basic minimum age is often set at 15, but a number of countries set it higher. Brazil, China and Kenya, for example, are among 35 countries that currently set it at 16. As noted above, developing countries may, provisionally, set a minimum age of 14 (some 47 have done so) or apply exemptions for a set period of time to particular types of work (though in practice few have done this).

National governments define what is considered hazardous work through a tripartite process with employers' and workers' organisations and list the activities in "hazardous work lists". Companies may adopt policies that are more restrictive than these lists, but policies should never be more permissive than them.

What are the causes of child labour and what contextual factors heighten the likelihood of child labour impacts occurring?

Child labour is often present where the enforcement of laws against child labour is limited, where social protection for children and families is lacking, particularly free, quality education, where poverty is endemic, and where the rule of law is poor. In addition, there are a range of contextual factors that contribute to heightened risk of child labour impacts. Within contexts where child labour occurs, there are both "push" and "pull" factors leading to a child being more likely to become a child labourer.

The following table builds on a more extensive discussion of the causes of child labour in ILO and IOE, *Guide for Employers: Guide One: Introduction to the Issue of Child Labour* (2007) pp. 15-22. It includes general contextual factors that heighten the overall risk of child labour impacts, as well as specific push and pull factors.

CAUSES AND GENERAL CONTEXTUAL FACTORS INCLUDE

- ✓ **Poor enforcement of child labour laws;**
- ✓ **Inadequate social protections;**
- ✓ **Lack of quality education for the poor;**
- ✓ **Endemic poverty;**
- ✓ **Weak rule of law;**
- ✓ **Absence of systems for workplace collaboration;**
- ✓ **Large parts of the economy are informal;**
- ✓ **Rural areas with inadequate infrastructure.**

PUSH FACTORS INCLUDE

- ✓ **Household and community poverty;**
- ✓ **Economic shocks (e.g., unanticipated health problems);**
- ✓ **Social acceptance of child labour;**
- ✓ **Insufficient educational opportunities and/or social or bureaucratic barriers to education;**
- ✓ **Discrimination in access to schooling or certain jobs;**
- ✓ **Lack of parental guidance and support.**

PULL FACTORS INCLUDE

- ✓ **Attraction of earning an income;**
- ✓ **Unregulated enterprises in informal economy;**
- ✓ **Unprotected migrants seeking income earning opportunities;**
- ✓ **Family enterprises that rely on their children's work because they are not able to employ adult labour;**
- ✓ **Certain work that is commonly organised such that it can be performed only by children (e.g., artisanal mining without proper equipment to dig shafts large enough for adults);**
- ✓ **Hiring practices of recruitment or employment agencies or approaches by individual labour brokers.**

B.3 The corporate responsibility to respect children's right to be free from child labour

How can my company meet its responsibility to respect?

Companies should have the following elements of a management system in place to help prevent and address negative impacts, including child labour impacts.

ELEMENTS OF THE RESPONSIBILITY TO RESPECT
A **policy commitment** that is embedded throughout the organisation.
Human rights due diligence processes, which involve: ✓ Assessing impacts, including risks of child labour; ✓ Integrating the results into actions and decisions; ✓ Tracking performance; ✓ Being prepared to communicate about performance.
Remediation processes, including operational-level grievance mechanisms.

These elements may be part of a stand alone system for managing human rights risks, or they may be integrated into other existing company systems. In all cases, these elements must focus on risk to people (in this case, risk to children) rather than risk to the business alone.

There is no "one size fits all" approach, and implementation will depend on a company's size, countries of operation, ownership, structure and nature of its business. It will also depend on whether or not child labour is a "salient human rights issue" for the company, which is discussed below.

How do we determine whether child labour is a "salient human rights issue" for our company?

Salient human rights issues are those human rights that are at risk of the most severe negative impacts through a company's activities or business relationships. The severity of an impact in the UNGPs, and in this Guidance, is evaluated using three factors:

- **Scale**: gravity of the impact on affected people;
- **Scope**: the number of people affected;
- **Remediability**: any limits on the ability to restore affected people to a situation at least the same as, or equivalent to, their situation before the impact.

These three factors can be summarised as: how serious is the harm; how widespread is the harm; and if the harm occurs, can it be put right?

Where one, or a combination, of these factors exists, the impact may be severe. Where the likelihood of an impact occurring is also high, the salience of the issue increases. However, because salience focuses on the severity of the harm to people, impacts of high severity and low likelihood should still be prioritised for attention.

Child labour will often involve grave harm to children that can be challenging to remediate. In considering how widespread the impact may be, and its likelihood, companies will want to consider whether they, for example:

- Source agricultural products of which the cultivation is known to involve severe child labour impacts (e.g., cocoa, seeds, sugarcane, tobacco, cotton, hazelnuts, vanilla);
- Operate in countries or areas with a high prevalence of child labour across various industries;
- Operate in countries that have many of the contextual "push" or "pull" factors that increase the risk of or perpetuate child labour (e.g., a large informal economy), discussed above.

What are the different ways in which my company may be involved in child labour impacts?

There are three ways in which companies can be involved in child labour impacts under the UNGPs:

DESCRIPTION	EXAMPLES
A company may **cause** a child labour impact through its own actions or decisions.	Employing children below the minimum age provided for in ILO Convention 138; Exposing children under 18 to hazardous working conditions.
A company may **contribute** to a child labour impact through a business relationship (e.g., with a supplier, customer or government) or through its own actions in tandem with other parties' actions.	Repeatedly changing product requirements for suppliers without adjusting production deadlines or prices, thus incentivising them to engage subcontractors who rely on child labour; Contributing to the cumulative pollution of a river, negatively affecting local farmers' livelihoods, leading them to send their children to work to compensate for loss of income.
A company neither causes nor contributes to a child labour impact, but the impact is **linked** to its operations, products or services because it is caused by an entity with which the company has a business relationship.	Embroidery on a retail company's clothing products that is subcontracted by a supplier to child labourers in homes, in violation of contractual obligations and not incentivised by the retail company; Procuring raw materials or commodities produced with child labour on the spot (cash) market or through an agent.

The distinctions between these forms of involvement, especially contribution and linkage, are explained in more detail in Part C.

What action are companies expected to take and when?

Where a company **causes** or **contributes** to child labour through its own activities, it is expected to stop doing so, and remediate the harm or its contribution to the harm. Where child labour is **linked** to the company's operations, products or services by a business relationship, the company is expected to take action to seek to mitigate the risk of the impact continuing or recurring. Under the UNGPs, the company is not expected to provide a remedy for the impact, though some may choose to do so. The table below summarises the implications for companies.

If a company …	**Then it should…**	**AND…**	**AND…**
Has **caused or may cause** an impact	**Prevent or mitigate** the impact		**Remediate** the harm if the impact has occurred
Has **contributed or may contribute** to an impact	**Prevent or mitigate** its contribution to the impact	**Use or increase its leverage** with other responsible parties to prevent or mitigate the impact	**Contribute to remediating** the harm if the impact has occurred, to the extent of its contribution
Has or may have its **operations, products or services linked** to an impact through a business relationship		**Use or increase its leverage** with other responsible parties to **seek to** prevent or mitigate the impact	*No responsibility to remedy but company may choose to do so*

Efforts to seek to mitigate child labour risks that are directly linked to a company's operations may involve the company contributing to broader efforts to prevent and address child labour, which can include remediation programmes. To be clear, where the UNGPs talk about providing "remedy", what is meant is a specific remedy for the specific harm experienced by a specific individual.

What is leverage and how can my company build and apply it?

Leverage is a central concept in the UNGPs. Using leverage is critical to prevent and address child labour in business relationships throughout the value chain.

A company may perceive its leverage over a third party that is causing or contributing to an impact to be limited because, for example, it does not have a contractual relationship with the entity, or there are other challenges with expecting a business partner to change its practices. However, experience shows that companies often have more leverage on these issues than they realise, and that they can increase leverage where it is lacking, including through collaboration with others.

Leverage is the ability of a business enterprise to affect change in the wrongful practices of another party that is causing or contributing to a child labour impact.

Key forms of leverage include:[2]

- **Traditional commercial leverage**: leverage that sits within the activities that the company routinely undertakes in commercial relationships, such as contracting;
- **Broader business leverage**: leverage that a company can exercise on its own but through activities that are not routine or typical in commercial relationships, such as capacity building, including awareness raising and using "moral persuasion";
- **Leverage together with business peers**: leverage created through collective action with other companies within one or several industries;
- **Leverage through bilateral engagement**: leverage generated through engaging one-on-one with one or more other actors, such as governments, business peers, trade unions, international organisations or civil society organisations;
- **Leverage through multistakeholder collaboration**: leverage generated through collaborative action with governments, business peers, trade unions, international organisations and/or civil society organisations.

Part C illustrates these various types of leverage with practical examples.

2 These forms of leverage are identified in Shift, *Using Leverage in Business Relationships to Reduce Human Rights Risks*, 2013, p 6.

Is my company expected to support as well as respect children's rights?

As explained in B.1 above, respecting human rights, including the right to be free from child labour, is a baseline standard that all companies are expected to meet.

A growing number of companies choose to contribute to the broader promotion of human rights, including children's rights. The tripartite **ILO MNE Declaration** aims to, "encourage the positive contribution which multinational enterprises can make to economic and social progress" and calls on companies to, "contribute to the realization of the ILO Declaration on Fundamental Principles and Rights at Work," which includes child labour.

Some multinational companies contribute positively to the prevention of child labour by joining national development efforts to create an enabling environment for youth employment. This can be done by participating in programmes encouraging skills formation and development as well as providing vocational guidance, as highlighted in the MNE Declaration.

In addition, companies that commit to the UN Global Compact undertake to support as well as respect human rights, including children's rights. The **Children's Rights and Business Principles**, developed by UNICEF, the UN Global Compact and Save the Children, encourage companies to support children's rights in a variety of ways.

Failing to take meaningful action to prevent and address child labour in the company's operations or value chain cannot be offset by doing good elsewhere. However, there are often much closer connections between a company's efforts to prevent and address systemic human rights risks, like child labour in the supply chain, and its efforts to support human rights – including children's rights – than the company itself may realise. These are explored further in Sections C.3 and C.7.

© ILO/M. Crozet

PART C:

PREVENTING AND ADDRESSING CHILD LABOUR IMPACTS: PRACTICAL STEPS FOR COMPANIES TO TAKE

C.1 Develop a policy commitment and embed it throughout the organisation

What is expected?

Every company is expected to make a public commitment to respect internationally recognised human rights, which include the right to be free from child labour. Not all companies are expected to have a stand alone policy on child labour. Whatever approach a company chooses, it should reflect its potential involvement with child labour risks. For instance, a company in an industry with significant and widespread child labour risks may choose to develop a separate child labour statement. Regardless of what form it takes, the commitment should be embedded throughout the organisation, which means driving respect for human rights across the organisation and into its business values and culture.

What are the key steps?

C.1.1 Content and applicability: A specific commitment on child labour needs to take into account relevant international standards (see Annex A). It also needs to clearly state the company's expectations of its own staff and business partners.

DIAGNOSTIC QUESTIONS	
	✓ **Does the company have a public commitment to respect human rights, including children's right to be free from child labour?**
	✓ **Does the commitment reference the International Bill of Human Rights and/or the ILO Declaration on Fundamental Principles and Rights at Work? Does it reference the UNGPs?**
	✓ **Does it reference relevant standards relating to children's rights, such as the UN Convention of the rights of the child and ILO Convention No. 138 on minimum age for admission to employment and ILO Convention No. 182 on the worst forms of child labour?**
	✓ **Does it permit safe work for children above the minimum age, if such work exists?**
	✓ **Does the commitment make clear the company's expectations of personnel, business partners and other parties directly linked to its operations, products or services?**

C.1.2 Development and approval: Development of the policy commitment should involve staff in key internal functions, such as procurement and human resources, as well as relevant children's and wider labour rights expertise from inside and outside the

company. It can also be helpful to test the statement with relevant business partners to whom it will apply and with representatives of directly affected stakeholders. The involvement of senior leadership in approving the commitment helps signal its importance.

DIAGNOSTIC QUESTIONS	✓ **Is the statement informed by relevant internal and/or external expertise?** ✓ **Has the statement been approved at the most senior level of the company?** ✓ **Have the perspectives of relevant business partners, including suppliers, been considered in its development?** ✓ **Have other stakeholders been involved? How?**

C.1.3 Dissemination: The company needs to consider how to best communicate its commitment to those who need to be part of its implementation (e.g., staff, contractors, suppliers), and those who have a direct interest in its implementation (e.g., potentially affected children and their families, local communities).

DIAGNOSTIC QUESTIONS	✓ **Is the commitment publicly available, and communicated internally and externally to all personnel, business partners, and other relevant parties?** ✓ **Is it available in relevant languages, and is it communicated in a manner that takes into account different needs of various audiences?**

C.1.4 Internal alignment: The company should consider and address any tensions between the commitment and other operational policies, procedures and guidance. It should also allocate appropriate accountability for the commitment's implementation.

DIAGNOSTIC QUESTIONS	✓ **Are relevant operational policies and procedures aligned with the commitment, and if there are any tensions between them, are they addressed?** ✓ **Is there appropriate internal accountability for implementation of the commitment?** ✓ **Is there demonstrated leadership from the top of the organisation on the issues raised in the policy or statement?**

C.1.5 Application to business relationships: Business partners should be made aware of the company's policy commitment and be appropriately supported, incentivised or required to align with its contents.

DIAGNOSTIC QUESTIONS	✓ **How is the policy or statement embedded in the terms of business relationships (e.g., with suppliers, joint venture partners, customers)?**

Where can I find more information?

- The ILO Helpdesk for Business has information on child labour that can support the development of a policy commitment and can be contacted at assistance@ilo.org;
- The International Organisation of Employers (IOE) and its members, including the representative business/employer's organisation at the national level;
  - The Office of the High Commissioner for Human Rights and the UN Global Compact guidance *A Guide for Business: How to Develop a Human Rights Policy* (2015);
- Guidance on embedding respect for human rights generally across a business:
  - UN Global Compact Good Practice Note, *Organizing the Human Rights Function Within a Company* (2014);
  - Shift, *Embedding Respect for Human Rights* (2012);
  - The UN Guiding Principles Reporting Framework provides further guidance in regards to developing a policy commitment and embedding it throughout the company.

Hard Question 1

? *How should my company's policy commitment address conflicts between local laws and ILO Conventions?*

The challenge

Companies need to comply with the laws of the countries in which they operate. However, the UNGPs clarify that companies are expected to seek to honour the principles underlying international human rights standards where domestic laws fall below or directly conflict with those standards.

Gaps that frequently occur in domestic laws include:[3]

- The minimum age for entry into work is below the compulsory school age;
- There is a gap between the age at which a young person is allowed to leave school and the minimum age to enter work;
- Certain types of light or hazardous work are permitted at ages below those set in relevant ILO Conventions;
- No national hazardous work list has been adopted, or existing lists do not include forms of work that ILO Conventions and ILO Recommendation 190 consider hazardous, or are very general or unclear;
- Certain sectors (e.g., agriculture) or types of work (e.g., domestic work) are exempt from minimum age laws, contrary to ILO Conventions.

COMPANY PRACTICE

Country-specific information

One company worked together with ILO-IPEC to develop country-specific reports on national legislation and other responses to hazardous work by children for each country in which it has operations. The reports were used to support country-level implementation of the company's global child labour commitments.

Practical approaches by companies

A critical first step for many companies has been to conduct a thorough analysis of child labour standards with regard to minimum age and hazardous work lists in each country where the company operates or sources from, in order to understand where it is likely to face challenges.

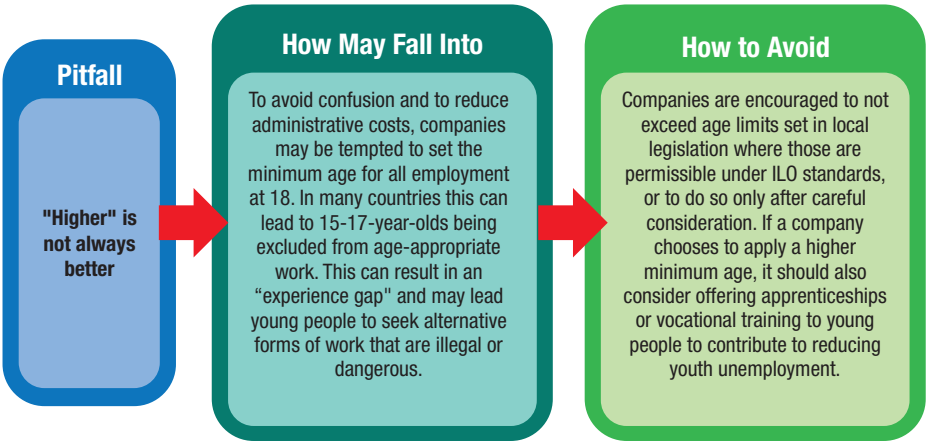
The ILO has a publicly accessible database of national child labour legislation and relevant policies (for example, laws on compulsory education) called the Countries Dashboard. This database also includes assessments of the application of ILO Conventions on child labour.

3 For more information on child labour standards and national law and practice, see: ILO and IOE, *Guide for Employers: Guide One: Introduction to the Issue of Child Labour* (2007) pp. 8-14.

Some companies have used these databases to carry out a detailed analysis in each of their countries of operation. Based on that analysis, they have developed their own evaluation of potentially hazardous work in line with ILO standards. Some of these companies have also engaged with governments to request clarification or updates about existing hazardous work lists (see Company Practice Box above).

In addition, some multinational companies have signed International Framework Agreements (or Global Framework Agreements) with global trade union federations through which they commit to respect the same labour rights standards in all the countries where the company operates, including with respect to child labour.

Pitfalls to avoid



More information on this issue:

- ILO Conventions, including minimum age, hazardous work lists and other standards are explained in Section B.2 above and in Annex A;
- The OHCHR guidance document, *The Corporate Responsibility to Respect: An Interpretative Guide* (2011), published with the approval of John Ruggie, contains further ideas about how companies can deal with conflicting domestic and international standards (pp. 78-79).

COMPANY PRACTICE

Tobacco companies' pledge

One of the industries with a high prevalence of child labour is tobacco. Children in tobacco growing communities that supply large international tobacco companies (either directly or through agents) are often involved in child labour, including in extremely hazardous conditions. The Eliminating Child Labour in Tobacco Growing (ECLT) Foundation brings together companies (growers, buyers and manufacturers), farmers' representatives, civil society organisations, international organisations, and others with the aim of ending child labour in tobacco growing communities.

In late 2014, companies participating in ECLT adopted a Members' Pledge of Commitment to step up action in support of the Foundation's goals. The pledge references ILO Conventions regarding child labour (No. 138 and No. 182) and the UNGPs. Tobacco buying and manufacturing companies commit to the following actions throughout their "entire tobacco-sourcing supply chains":

- ✓ **Make an appropriate policy commitment to eliminate child labour;**
- ✓ **Implement due diligence, consistent with the size and circumstances of the company, with the aim of identifying, preventing, mitigating and accounting for their adverse impacts on child labour;**
- ✓ **Provide for or cooperate in legitimate processes of remediation;**
- ✓ **Help build the capacity of farmers and farmer organizations.**

All members commit to work collaboratively with:

- ✓ **Workers' organisations and cooperatives to promote the pledge's requirements;**
- ✓ **A wide range of stakeholders, including but not limited to, workers' organisations, civil society, educational institutions, local communities, and children, to advocate against child labour and support the pledge;**
- ✓ **Governments to support the state's duty to protect under the UNGPs, and to advocate for and support strong national regulatory frameworks on child labour.**

© ILO/M. Crozet

C.2 Assess child labour impacts

What is expected?

To manage child labour impacts, a company first needs to know what those impacts are or could be. The company will likely already have conducted some analysis of its human rights risks in order to determine its salient human rights issues. Devising effective child labour prevention and mitigation measures is likely to require a more detailed assessment. Assessments may be stand alone or integrated into broader processes, provided that they maintain a focus on risk to people, rather than risk to the business alone. Assessment should be an ongoing activity as risks change over time.

What are the key steps?

C.2.1 Systematic assessment processes: Impact assessment processes should identify where and how children may be at risk of child labour through the company's own operations or business relationships.

DIAGNOSTIC QUESTIONS	✓ **Does the company systematically identify and assess actual or potential child labour impacts with which it may be involved?** ✓ **Does it consider its business relationships as well as its own operations?** ✓ **Does it take account of risks arising from particular operating contexts?**

C.2.2 Prioritisation: When legitimate resource constraints mean that it is necessary to prioritise certain business activities or value chain relationships for more detailed assessments, a company should do so on a principled basis in line with the UNGPs (see also Hard Question # 2).

DIAGNOSTIC QUESTIONS	✓ **Where the company prioritises certain activities or relationships for assessment, does it do so on the basis that the actual or potential impacts may be particularly severe (in their scale, scope or the extent to which they can be remediated)?**

C.2.3 Expertise and stakeholder engagement: When assessing impacts, companies should engage relevant staff internally (e.g., procurement staff for impacts in the supply chain, community relations staff for child labour in the local community), as well as drawing on external expertise as needed. To fully understand the impacts in question, a company should also engage with potentially affected stakeholders or their representatives, or with credible proxies for their views where direct engagement is not feasible. This is discussed further below.

DIAGNOSTIC QUESTIONS	✓ **In assessing its impacts, does the company draw on appropriate internal and external expertise?** ✓ **In assessing its impacts, does the company engage meaningfully with potentially affected groups (or credible proxies for their views) and other relevant stakeholders?**

C.2.4 Ongoing assessments: Impact assessment should not be a one-off exercise. Instead, it should be part of a continuous process in order to allow for changes over time.

DIAGNOSTIC QUESTIONS	✓ **Does the company assess its involvement with child labour impacts on an ongoing basis?**

Where can I find more information?

For more information on the process of assessing impacts:

- UNICEF and the Danish Institute for Human Rights guidance, *Children's Rights in Impact Assessments*, including on child labour (pp. 19-23);
- Shift and the Social and Economic Rights Council of the Netherlands documented the lessons learned from a workshop with companies and expert stakeholders, *Identifying and Prioritizing Human Rights Risks* (2014);
- The UN Guiding Principles Reporting Framework includes guidance on identifying salient human rights issues and assessing impacts.

For more about child labour impacts in particular sectors or countries:

- ILO-IPEC provides information on child labour impacts on a sectoral basis, and some country dashboards also have information about child labour impacts;
- The ILO Helpdesk for Business provides advice on how to align business operations with the principles of the MNE Declaration and international labour standards. The Helpdesk can be contacted at assistance@ilo.org;
- The Business & Human Rights Resource Centre has a dedicated page on the issue of child labour, including an overview of incidences of alleged child labour in supply chains;
- The US Department of Labor's Bureau of International Labor Affairs publishes reports on the worst forms of child labour and on goods and products containing child labour;
- The Human Rights and Business Country Guide, hosted by the Danish Institute for Human Rights, provides child labour information for over a dozen countries;
- Human Rights Watch has issued numerous reports on the issue of child labour in particular countries and sectors;
- Stop Child Labour and its members have developed research reports and related experience regarding particular sectors and countries.

Hard Question 2

? *Can I prioritise areas of my supply chain for attention when I know there are multiple child labour impacts taking place?*

The challenge

In line with the UNGPs, companies need to consider how they may be involved with child labour impacts across their value chains. However, for companies with hundreds or thousands of suppliers (or other business partners), this can be a daunting proposition. Naturally, a company in that position will focus its attention on certain areas. Currently, companies tend to focus on the basis of where they have the greatest control, or where the risk is greatest to the business. However, the UNGPs establish a different, and principled, basis for such prioritisation when it is necessary. Under the UNGPs, when companies need to prioritise suppliers or other business relationships for attention, they should do so based on the severity of the child labour (and other human rights) impacts involved.

Practical approaches by companies

Some companies have "mapped" how they may be involved in child labour impacts: This involves identifying the various entities in their value chain, or in the value chains of specific commodities, that could be involved in child labour impacts, their (rough) number, and how the company is connected to them.

The example below provides one illustration of this from the perspective of brand and retail companies that use sugar in their products. In relation to sugarcane, most child labour impacts are likely to occur at the small-holder or plantation level. In other commodity supply chains, impacts may be prevalent at other stages, all the way through to end use.

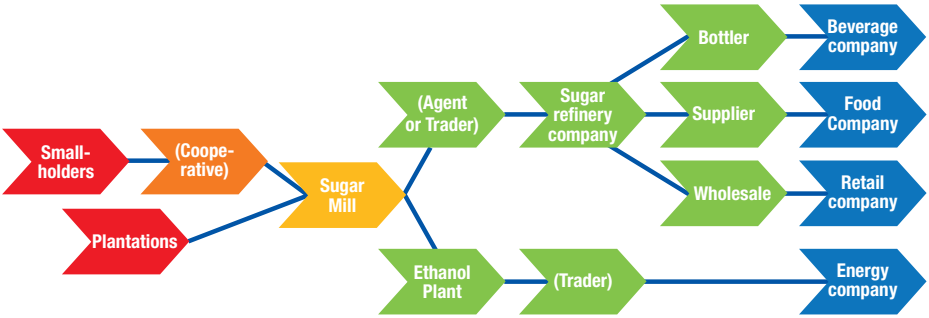
REMINDER

The severity of a child labour impact is determined by its:

- ✓ **Scale:** how grave is the impact (e.g., is it a worst form of child labour?);
- ✓ **Scope:** what is the number of children affected;
- ✓ **Remediability:** can the affected children be restored to the situation they were in before they were harmed?

Test the mapping with expert stakeholders: This can help the company to develop or refine the analysis, including thinking through appropriate prioritisation. It can also equip stakeholders to play a role in later parts of the due diligence process, where the company is seeking to take action or evaluate whether it has been effective.

FIGURE 2: Example of a commodity value chain mapping for sugarcane



COMPANY PRACTICE

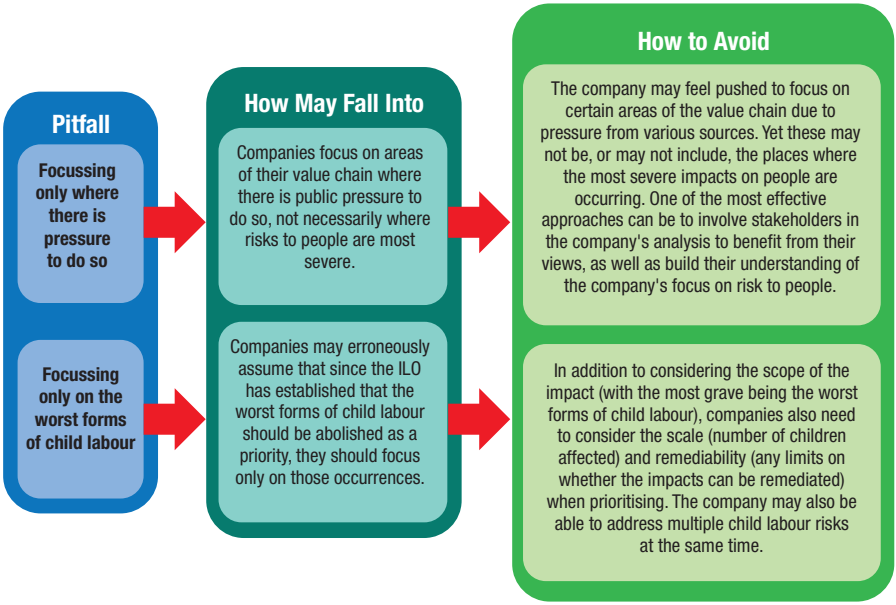
Value chain mapping across the business

A food and beverage company conducted an extensive value chain mapping to systematically prioritise human rights risks (including child labour) across its operations. The process has been refined with each management cycle.

The value chain is mapped in five parts: raw materials, production, distribution, marketing and recycling. The company analyses the specific stakeholders that could be affected, including employees, contract workers, workers in the supply chain (first tier and beyond), local communities and vulnerable groups, and which human rights could be impacted, with input from internal and external experts (including on child labour).

The mapping revealed that child labour risks were present across the value chain but differed in nature. For example, child labour in raw materials sourcing is likely to involve family farms, whereas for recycling child labour typically relates to scavenging. The company then mapped specific high risk commodities to identify the number of entities in the value chain and its leverage with them in order to develop a strategy to address identified risks.

Pitfalls to avoid



C.3 Integrate and take action on child labour impacts

What is expected?

Once companies have identified how they may be involved with child labour impacts, and have prioritised certain impacts for attention where that is necessary, they need to put effective prevention and mitigation measures in place. Where impacts are occurring in the value chain, leverage will play a key role. Leverage means a company's ability to affect change in the behaviour of a third party that is causing or contributing to child labour impacts, or that needs to be part of the solution in order to prevent child labour impacts from continuing or recurring.

As stated previously, gaps in governance such as a lack of quality education, inadequate enforcement of child labour laws and weak rule of law are often central causes of child labour. Therefore, government action is critical for the success of sustainable efforts to prevent and address such impacts. Companies cannot replace governments in fulfilling these essential duties of the State. Effective engagement and collaboration with governments will therefore often be key to company efforts to take action on child labour impacts.

Ensuring remedy for child labour impacts that the company caused or contributed to is discussed in section C.7 below.

What are the key steps?

C.3.1 Responsibility, resources and decision-making: In order to take effective action, the right internal decision-making structures need to be in place. The people in the company whose decisions or actions can affect the management of child labour impacts also need to be engaged.

DIAGNOSTIC QUESTIONS	
	✓ **Has the company assigned appropriate responsibility internally for addressing child labour impacts, including impacts arising through the company's business relationships?**
	✓ **Has the company allocated appropriate internal resources to enable effective responses?**
	✓ **Does decision-making involve key staff whose actions or decisions can affect the management of child labour impacts?**
	✓ **If tensions arise with other policies or business imperatives, how are these tensions addressed?**

C.3.2. Options to prevent or mitigate potential impacts: If a company has identified that it may be involved in child labour impacts, the nature of its involvement (cause, contribution or linkage) will determine the appropriate action to take. See section B.3 above for more on this topic.

DIAGNOSTIC QUESTIONS	✓ **How does the company distinguish the ways in which it is or may be involved in child labour impacts?** ✓ **Where the company causes or may cause an impact, does it take the necessary steps to cease or prevent it?** ✓ **Where the company contributes or may contribute to an impact, does it take the necessary steps to cease or prevent its contribution, and use (or increase) its leverage to mitigate any remaining impact to the greatest extent possible?** ✓ **Where the company's operations, products or services are or may be linked to an adverse impact, does it use (or increase) its leverage in order to seek to prevent or mitigate the risk that the impact continues or recurs?**

C.3.3 Using leverage in business relationships: Leverage is critical when seeking to prevent or mitigate impacts in the value chain by changing the behaviour of those who may be causing or contributing to those impacts. Leverage can be created in multiple ways, as explained in section B.3 above.

DIAGNOSTIC QUESTIONS	✓ **How does the company seek to use or build leverage in its business relationships where the risk of child labour impacts exists?** ✓ **Where a company is unsuccessful in using leverage in a business relationship, does it consider all relevant factors (namely, how crucial the relationship is, the severity of the impacts at issue, and any adverse consequences of terminating the relationship) in determining the appropriate action to take?**

C.3.4. Lower or conflicting standards: Where national standards are lower, companies should seek to meet international child labour standards. More challenging are situations where companies need to consider how to cope with national laws that conflict with international child labour standards. The diagnostic questions below indicate some approaches that may be helpful.

DIAGNOSTIC QUESTIONS	✓ **Does the company have a policy in place to address conflicts between international standards on child labour and domestic laws? (See also Hard Question #1)** ✓ **Are there formal processes for making or supporting decisions in such cases?** ✓ **Are such decisions made at an appropriately senior level of the company?** ✓ **Are external experts involved in helping the company respond to such conflicts?**

Where can I find more information?

- The ILO has a helpdesk that provides answers to questions about how to address child labour impacts; it also offers advice to companies and can be contacted at assistance@ilo.org.
- The Shift report *Using Leverage in Business Relationships* (2013) explores potential ways in which companies can use and build leverage to mitigate human rights risks in a wide range of relationships including with suppliers, joint venture partners, business customers, and governments.
- Particular risks may arise in relationships that a company has directly or that its suppliers have with recruitment or employment agencies in contexts where those agencies are not effectively regulated and the various "push" or "pull" factors for child labour are present.
- The European Commission (EC) has published guidance on what the UNGPs imply for the practices of recruitment and employment agencies, which can help companies understand some of the red flags to look for in terms of their policies and processes. See European Commission, *Employment and Recruitment Agencies Sector Guide on Implementing the UN Guiding Principles on Business and Human Rights* (2012).

Hard Question 3

? *How might my company contribute through our own actions or decisions to child labour impacts caused by a third party?*

The challenge

The UNGPs clarify that companies can contribute to child labour impacts either in tandem with other actors, or by facilitating or incentivising a third party to cause or contribute to an impact. Understanding how a company's own actions or decisions may facilitate or incentivise negative impacts by business partners or others with whom it has a business relationship involves going beyond the contractual terms of the relationship to understand how the relationship is conducted in practice.

Companies can cause or contribute to child labour impacts, or their operations, products or services may be linked to child labour impacts (see section B.3 above for more). This hard question deals with contribution.

In a typical example, a company has a clear supplier policy in place that prohibits child labour. However, the company makes repeat changes to its order specifications to its supplier, without adjustments to price or delivery time. The company is unaware of the impact these changes have on the supplier's ability to adhere to the company's policy.

A supplier may depend on a particular company's business for various reasons:

- Small-holder farmers (e.g., of sugarcane, tobacco, cocoa or seeds) often produce for a single buyer, or may have a direct contract with a large multinational company. Even where small-holders are contractually able to sell to another company, they may incur heavy penalties or face other practical barriers to doing so;
- Suppliers in low cost/high volume production (e.g., apparel) often face fierce competition from factories in the same industrial zone, region, country or even from neighbouring countries. This competition gives buying companies significant leverage over a particular supplier;
- Even where a buying company's order may be a small portion of a supplier's overall business (as is often the case in the electronics industry), the supplier may still feel that it needs to work hard to keep the buying company's business for the brand recognition, with which it can attract other customers.

Where these dynamics – real or perceived – exist, a supplier may be less likely to push back against the demands of the buying company. Where purchasing practices put pressure on suppliers to either reduce cost or speed up production, this can result in a range of negative child labour impacts. For example:

- Temporarily hiring children, including family members of existing workers;
- Demanding excessive working hours, which can lead young workers to work beyond the hours allowed under national law, or to adult workers not being home to care for their children, leading them to bring them to the workplace instead;

- Refusing reasonable breaks for workers, including young workers, exposing them to potentially dangerous working conditions;
- Subcontracting part of the work to other suppliers who make use of child labour.
- While these practices may violate the company's own supplier policy, the UNGPs make clear that buying companies must also examine their own purchasing practices to determine whether they have played a role in contributing to negative impacts.

COMPANY PRACTICE

Smallholder capacity building and integration of supply chain management

One company that procures an agricultural commodity in large quantities from smallholder farmers has begun to put in place a system of farmer coaches, who help farmers meet company requirements, including on child labour. The coaches also help analyse the cost of production and support improving yields and quality to ensure higher incomes. This helps decrease incentives to employ children.

The company has also made a strategic decision to vertically integrate large parts of its supply chain, meaning it increasingly works directly with its smallholder suppliers, rather than through agents. It has also made its procurement team directly responsible for dealing with child labour that might occur on farms, thereby reducing the likelihood that smallholders will receive mixed messages from buying and sourcing staff.

Practical approaches by companies

Companies that have taken a close look at their purchasing practices have often found that they are the result of habit rather than necessity. Leading companies have taken a range of steps, including:

- Proactively communicating about their short and medium-term needs to suppliers and other business partners so that they can plan ahead appropriately;
- Enhancing alignment and collaboration between the purchasing team and sustainability or responsible sourcing experts inside the buying company;
- Moving to integrate the two functions, making purchasing managers directly responsible for social compliance in relation to the suppliers they buy from;
- Participating in industry or sector initiatives whose code requires members to evaluate the role that purchasing practices can play in incentivising negative impacts by suppliers.

More information on this issue

- A study of potential conflicts between buying and responsible sourcing practices: Insight Investment and Acona, *Buying Your Way into Trouble* (2004).
- A tool on how to develop a social compliance system aligned with the UNGPs: Global Social Compliance Programme, *Reference tool on Supply Chain Social Performance Management Systems* (2013).

Hard Question 4

? *What is my company expected to do about child labour impacts in commodities that are linked to our products but occur several tiers removed from us in the value chain?*

The challenge

For many companies, seeking to mitigate child labour and other human rights risks beyond the first tier of the value chain can feel like an overwhelming proposition. The UNGPs help companies make difficult choices about allocating resources to prevent and address impacts occurring across their value chains using the principle of severity of impact as discussed in Hard Question #2 above.

Where a company has robust child labour policies and processes in place with regard to the value chain, and has taken to steps to ensure that it is not inadvertently incentivising suppliers to rely on child labour (see Hard Question #3 above), it is unlikely to be contributing to any such impacts. However, they may still be linked to its operations, products or services because of the business relationships involved.

While companies are not expected to remedy impacts that they did not cause or contribute to under the UNGPs, they are expected to take forward-looking steps to seek to prevent the continuation or recurrence of the impacts. Typically this means exploring how to best use leverage in relation to the most severe impacts with which they may be involved.

COMPANY PRACTICE

Examples of companies that are looking beyond the first tier

The **Coca-Cola Company** has worked with ILO-IPEC and others to address child labour in sugar cane farms that are often up to six tiers removed. The company has developed **publicly available due diligence checklists** to support these efforts.

Through their employers' associations, various apparel companies have supported multilateral efforts to ensure that the Government of Uzbekistan ratifies and implements ILO child labour conventions, resulting in reduced risk of child labour in Uzbek cotton production.

JTI has been working with ILO-IPEC to address the risk of child labour impacts at the level of tobacco growing communities and among their 40,000 contractor farmers.

Nestlé is working with the Fair Labor Association to map child labour impacts in its cocoa supply chain in Côte d'Ivoire and work at the community level to prevent and remedy them.

Practical approaches by companies

Devising workable approaches to child labour impacts that are far removed from the company's own operations entails understanding how the value chain operates, the root causes that lead to the use of child labour at relevant points in the chain, and where in the chain a company's leverage may be the greatest, either alone or in collaboration with other actors.

For example, in the sugarcane value chain (see Hard Question #2 above), the risk of child labour is highest for the millions of smallholder farms involved in cultivation. Smallholder farms sell to a relatively small number of sugar mills, which in turn deliver the raw sugar to a much larger group of traders, agents and companies. At the other end of the chain are a large number of food and beverage companies, retailers and other brands.

Because they are the smallest in number and sit relatively close to where child labour occurs, sugar mills can be considered a "pinch point", or narrowest point in the supply chain, where the relatively few number of actors increases the impact of any change in practices. For companies in the sugarcane value chain, it therefore makes sense to engage with the sugar mills directly where feasible, or participate in initiatives that seek to engage with the mills, as leverage there is likely to be greatest. This is illustrated in the hypothetical figure below.

FIGURE 3: Hypothetical commodity value chain

While it is not focused on child labour impacts, the Conflict-Free Sourcing Initiative, started by electronics companies and now including members from multiple different industries, takes a similar approach by targeting smelters as the narrowest point in the supply chain of certain minerals. Some companies in the initiative are up to 10 tiers removed from the extraction of conflict minerals.

Hard Question 5

? *My company participates in a multistakeholder initiative to address child labour impacts. How do I evaluate its role in light of the UNGPs?*

The challenge

Effective approaches to risks at the far ends of the value chain will often require collaboration with other actors. Formal collaborations between business, civil society organisations and other actors – often referred to as multistakeholder initiatives (MSIs) – play an increasing role in seeking to address these kinds of human rights risks.

MSIs can help set leading standards on a specific issue or for a specific sector, advocate for better regulation and enforcement of existing standards with governments, provide a forum for engagement with expert stakeholders, or help individual companies strengthen their due diligence approaches by sharing accumulated experience.

In the past decade, several MSIs have been created to address child labour risks in a collaborative fashion. These initiatives have had various levels of success. Some companies have been tempted to move on individually, developing their own programmes and leaving the MSI.

Ultimately, what matters from a UNGPs perspective is whether the company's overall approach to preventing and addressing child labour risks takes full account of where the most severe impacts are occurring, and can demonstrate progress over time. Participation in an MSI, or any other collective initiative, should always be reviewed with that objective in mind.

Practical approaches by companies

Companies should be aware of the specific role(s) that an MSI is intended and able to play (e.g., provide a learning forum for those new to the agenda), any limitations in its ability to engage with key stakeholders, and the fact that MSIs often take time to establish a track record.

When evaluating the effectiveness of an MSI in addressing child labour impacts, some companies have found it helpful to consider a number of critical factors:

- Does the initiative focus on addressing root causes of child labour?
- To what extent will the MSI support companies' due diligence?
- Does the MSI focus on where the most severe child labour risks might occur?

COMPANY PRACTICE:

Company-MSI collaboration

A large consumer goods company worked with an MSI to help map its agricultural value chain, identify and prioritise child labour impacts that are or may be linked to its products, and help devise appropriate prevention and mitigation measures. The company shared the learning publicly to increase transparency about its own practices and to help other companies and stakeholders learn from its findings.

- Is the MSI focused on 'tick-the-box' certification, which often misses systemic risks, or on more holistic or collaborative approaches to risk assessment and capacity building?
- Does the MSI have a strategy that is scalable in the mid- to long-term? This could include developing pilot programmes that can be replicated by member companies and others.
- Does the MSI include child labour and other experts who are able to share different views to help the MSI and its members evaluate the effectiveness of their approach? These experts may be found amongst MSI members, or in its governance structure or stakeholder advisory body.
- Does the MSI seek to engage national governments and/or local authorities to discuss child labour issues? Has this engagement been constructive?
- Does the MSI provide or enable access to an effective grievance mechanism to receive and address complaints, either at the level of the MSI itself or by establishing minimum criteria for the mechanisms of its individual members?
- Has the MSI compared its own policies and guidance for members to the expectations of the UNGPs?

For evolving work on how to evaluate the effectiveness of MSIs, see information provided by The Institute for Multi-Stakeholder Initiative Integrity.

© ILO/M. Crozet

C.4 Track performance on child labour

What is expected?

A company needs to review whether its efforts to prevent and address child labour impacts with which it may be involved are effective over time. This is important for three reasons. First, it helps strengthen the company's efforts to prevent potential impacts. Second, where the company identifies that it has caused or contributed to a negative impact, it helps to ensure that the remedy that is provided is effective in practice (see C.7). Third, tracking performance gives a company the information it needs to be ready to communicate about its efforts on child labour with stakeholders (see C.5).

What are the key steps?

C.4.1. Systems for Tracking Responses: Companies will typically have a range of systems that may be relevant to tracking effectiveness, such as internal audits, supplier audits, systems to track occupational health and safety, engagement with trade unions, or surveys of employees or external stakeholders. Measuring the effectiveness of the company's approach to addressing child labour impacts will involve both quantitative and qualitative approaches.

DIAGNOSTIC QUESTIONS	
	✓ **What existing systems does the company rely on to track its efforts to prevent and address child labour impacts?**
	✓ **Is tracking based on appropriate qualitative and quantitative indicators (e.g., indicators derived from ILO child labour conventions, developed by the company, an industry association, an MSI or in a reporting framework)?**

C.4.2 Track efforts through business relationships: Given that child labour is often found deeper in supply chains or is otherwise linked to company operations, products or services, it is particularly important to track performance in the case of business relationships.

DIAGNOSTIC QUESTIONS	
	✓ **What systems does the company have in place to track efforts to address child labour impacts occurring through business relationships?**
	✓ **Does the company support or participate in any child labour monitoring schemes at local or provincial levels, including with other relevant non-business actors?**

C.4.3 Internal and external feedback: Tracking should include feedback from both internal sources and external stakeholders, including affected stakeholders such as children and their families wherever possible, or credible proxies for their views where that is not. The issue of engagement with affected stakeholders is discussed further in C.6 below.

DIAGNOSTIC QUESTIONS	✓ **Does tracking of responses draw on feedback from both internal and external stakeholders, including affected stakeholders where possible?** ✓ **How does tracking link to the company's broader stakeholder engagement processes?** ✓ **Does tracking link to an operational-level grievance mechanism?**

C.4.4 Continuous Improvement: Tracking results should inform the company's approaches for preventing and mitigating child labour, so that any lessons learned are integrated into those approaches and they are strengthened over time.

DIAGNOSTIC QUESTIONS	✓ **Do the results of tracking responses drive continuous improvement processes? How?**

Where can I find more information?

ILO-IPEC provides extensive information on child labour monitoring (CLM), which is a form of tracking child labour. CLM at the local level involves regular direct observation to identify child labourers and to determine the risks that they are exposed to, referral of such children to appropriate services, verification that they have been removed and tracking to ensure their situation has improved.

CLM should ideally be linked to and feed into national labour inspection systems; however, employers' and workers' organisations should also be closely involved given their direct presence in the workplace. CLM is typically conducted through multidisciplinary teams that can bring the necessary mix of skills and experience to a very complex task. To be effective, CLM should be tied to a broader framework that brings together all parties involved in both monitoring and using the information generated.

For more on CLM, see ILO-IPEC, *Overview of Child Labour Monitoring* (2005).

While Hard Question #6 below encourages companies to reflect on the appropriate role of auditing, auditing may form part of a broader approach to tracking. For more, see ILO and IOE *Guide for Employers: Guide Two: How Employers Can Eliminate Child Labour* (2007), including:

- Addressing child labour with first tier suppliers (pp. 32-38);
- Developing a code of conduct (pp. 39-45);
- Auditing, monitoring and certification (pp. 46-52).

The UN Guiding Principles Reporting Framework (pp. 81-85) provides further guidance on tracking performance on human rights issues more broadly.

Hard Question 6

? *What is the appropriate role of audits in tracking the effectiveness of our efforts on child labour impacts far removed from us in the value chain?*

The challenge

Many companies have existing systems for tracking performance on human rights issues in their value chain, including supplier self-assessments and company-led or third party audits. These existing systems are likely to include child labour impacts. The question is whether or not they are effective.

Most supply chain management programmes are currently characterised by "policing" approaches. The underlying assumption in these instances is that suppliers and other business partners are unable or unwilling to respect human rights, and therefore company codes of conduct need to be imposed from the top down. In order to avoid cheating, such codes need to be policed through audits.

However, this assumption underlying compliance-based supply chain programmes is often wrong. Suppliers may be willing to meet standards but are unable to do so in practice. Research demonstrates that with the right support and enabling conditions, working conditions can improve considerably. (See Richard Locke, Fei Qin and Alberto Brause, *Does Monitoring Improve Labor Standards? Lessons from Nike*, ILR Review (2007) and Richard Locke, The Promise and Limits of Private Power (2014). Leading audit firms are also recognising the limitations of the audit model alone in generating sustainable change (see EY, *Human Rights and Professional Wrongs* (2014).

Reasons why the traditional audit paradigm has not produced results:

- ✓ A **lack of disclosure** by suppliers of accurate information on their performance during some audit processes, calling into question the value and validity of information gathered;
- ✓ A **lack of capacity** among suppliers to address issues that have been identified in a sustainable way;
- ✓ A **lack of perceived incentives** among suppliers, both external and internal, to address social performance issues, and a corresponding lack of commitment to invest in sustainable improvements;
- ✓ **Systemic challenges** that are beyond the control of individual suppliers, including social context, regulatory environments, and industry-wide issues;
- ✓ The **purchasing practices** of global brands and retailers, and a need to recognise and improve upon the role they themselves may play in contributing to impacts on workers (discussed in Hard Question # 3).

See: Shift, *From Audit to Innovation: Advancing Human Rights in Global Supply Chains* (2013).

It is becoming increasingly clear that policing-based audit programmes have limited effect on their own in improving labour conditions for workers and respect for their rights, including preventing and addressing child labour. Some of the reasons are summarised in the box above.

In the child labour context, lessons from critical interventions like those in the football industry in Sialkot, Pakistan, illustrate the need to go beyond auditing (which helped

diagnose the problem in that case) to understand and address root causes, like the extensive use of household-based production. For more information on this case see the ILO-IPEC case study (2010).

Practical approaches by companies

Understanding that auditing can be an important diagnostic tool but that it does not constitute a management system in itself, leading companies have started using a range of innovative approaches (see table below). Scaling up these approaches remains a challenge. However, companies are not expected to have all the answers immediately. Rather, they can be expected to recognise the limitations of existing audit-based approaches, and to start to explore options with a focus on the most severe risks to people and taking into account expert stakeholder views.

COMPANY PRACTICE

Trends among the new generation of supply chain social compliance programmes

- ✓ **Providing commercial incentives to suppliers for improvements in social performance, such as price, volume, duration, and preferred supplier status**
- ✓ **Aligning internal purchasing practices with human rights commitments**
- ✓ **The shift from "pass/fail" compliance to comprehensive continuous improvement programmes**
- ✓ **The integration of capacity building approaches for suppliers**
- ✓ **Developing metrics to help suppliers identify the business case for better social performance**
- ✓ **Replacing audits with collaborative assessment and root cause analysis conducted together with suppliers**
- ✓ **Greater attention to the potential role of grievance mechanisms in improving social performance, without undermining the role of trade unions**
- ✓ **Efforts by buying companies to use their leverage to address systemic issues through different forms of partnerships with civil society organisations or through collaboration with business peers or in MSIs**

COMPANY PRACTICE

One company, complementary approaches

A global company sourcing an agricultural product in large quantities complements its traditional approach of auditing smallholder suppliers with a comprehensive and holistic programme to target child labour in the communities where at-risk children live. The programme is a collaboration with the ILO and an international civil society organisation. The programme seeks to address root causes of child labour, including by providing alternative sources of income for families, educational opportunities for young adolescents and awareness raising for parents. In addition, the company trains its own agronomists to detect child labour and escalate to the appropriate level so that remediation can be provided. It also participates in a sector-specific MSI to address child labour through engagement at the policy level.

C.5 Communicate performance on child labour

What is expected?

Companies need to be prepared to communicate about their efforts to prevent and mitigate child labour, in particular when concerns are raised by or about potentially affected stakeholders. Companies that may be involved in severe child labour impacts should report formally on their efforts.

What are the key steps?

C.5.1 Communication with stakeholders: The UNGPs expect that the form and frequency of a company's communications should reflect its human rights impacts.

DIAGNOSTIC QUESTIONS	
	✓ **If the company is or may be involved in severe child labour impacts, does it report formally on how it addresses them?**
	✓ **Do any formal communications by the company include information or observations from stakeholders, helping to increase its credibility?**
	✓ **In what other ways does the company communicate with stakeholders, including potentially affected stakeholders and their representatives, about its efforts regarding child labour?**
	✓ **How does the company verify that information it communicates is accessible to its intended audiences?**
	✓ **How does communication link to the company's broader stakeholder engagement processes (see C.6 below)?**

C.5.2 Nature of the information provided: Information provided by the company, whether through formal reporting or otherwise, should enable stakeholders to properly evaluate its efforts to prevent and address child labour.

DIAGNOSTIC QUESTIONS	
	✓ **Does the company provide information that is sufficient to evaluate the adequacy of its responses?**
	✓ **Is the information accurate and honest?**

C.5.3 Transparency and risks of communication: When communicating about their efforts, companies should err on the side of being more transparent wherever possible. At the same time, the UNGPs recognise that there will be legitimate limitations on the ability to share information in certain circumstances. Those circumstances may include when communicating certain information may pose risks to affected stakeholders or to company personnel, or as a result of legitimate requirements of commercial confidentiality. The OHCHR's *The Corporate Responsibility to Respect Human Rights: An Interpretative Guide* indicates that this could include, for example, information that is crucial to negotiations regarding a significant business transaction, for the duration of those negotiations, or information legally protected against disclosure to third parties (p. 61).

DIAGNOSTIC QUESTIONS	✓ **What is the company's general approach to transparency about its efforts to address identified child labour impacts?** ✓ **Does the company consider any risks to affected stakeholders (children and their families) that could result from its communications?**

Where can I find more information?

- The UN Guiding Principles Reporting Framework provides a comprehensive framework for companies to communicate about how they are implementing the UNGPs.
- UNICEF and Unite for Children guidance, *Children's Rights in Sustainability Reporting* (2014).
- The UNICEF and Unite for Children publication *Children Are Everyone's Business: Workbook 2.0* (2013) contains guidance on relevant Global Reporting Initiative (GRI) indicators regarding impacts on a range of children's rights.

Hard Question 7

? *What information is meaningful to report about how my company seeks to prevent and address child labour impacts, especially where those impacts are continuing?*

The challenge[4]

Many companies' sustainability or corporate responsibility reports today are produced using the concept of materiality. However, a focus solely on materiality, for which a multitude of definitions exist, may leave salient human rights issues unaddressed.

Companies are supporting efforts to develop more refined approaches to human rights reporting that are aligned with the UNGPs and the human rights standards that it references, including the ILO Declaration on Fundamental Principles and Rights at Work. For example, a growing number of companies are turning to the UN Guiding Principles Reporting Framework, a joint initiative of Shift and Mazars, to strengthen their human rights disclosure. The UNGP Reporting Framework is unique among existing non-financial reporting initiatives in its focus on salient human rights issues: those human rights at risk of the most severe negative impacts. The UNGP Reporting Framework helps companies identify their salient human rights issues and focus their reporting – as well as their underlying management efforts – on how these issues are prevented and addressed. The focus for reporting is severe risks to people, not solely to the business.

Another challenge in human rights reporting more broadly, but particularly on an issue like child labour, is that the discussion often focuses on voluntary efforts that a company is undertaking through philanthropic or other programmes. Disclosure on philanthropic programmes is often disconnected from any acknowledgement that, where a company's operations, products or services are linked to child labour impacts, it has a responsibility under the UNGPs to seek to prevent and address such impacts through the use of leverage.

Social investment or philanthropic activities to support or promote the elimination and remediation of child labour may be relevant from a UNGPs perspective where these form part of a deliberate strategy to prevent and address child labour impacts with which the company may be involved. However, as Reporting Principle D of the UNGP Reporting Framework makes clear, where this is not the case, a company should ensure that this kind of information does not obscure or detract from its disclosure on how it is seeking to meet its responsibility to respect human rights, including the right to be free from child labour.

4 The following draws on the analysis of problems with current human rights reporting outlined at www.ungpreporting.org/resources/faq.

Practical approaches by companies

Where child labour is a salient human rights issue for a company, there is a range of information that companies can provide to illustrate the company's approach to preventing and addressing child labour impacts. Examples from recent company disclosure include:

- Providing details about any child labour impacts arising in audit findings (e.g., number of child labourers identified), and how the company uses its leverage to try to ensure that these impacts are addressed (e.g., helping a supplier institute procedures for verifying and documenting proof of age to avoid future instances of hiring underage workers);
- Conducting and sharing research on the prevalence and nature of child labour in sub-sectors, communities and countries from which the company sources;
- Explaining how the company's operations may be directly linked to child labour impacts even if it does not occur in the company's own operations or those of its immediate business partners (e.g., a tourism company that does not have child labour in its own operations but operates in contexts where child labour is a significant risk in other parts of the tourism value chain, such as the production and sale of souvenirs);
- Making public full or summary versions of third party assessments of the effectiveness of the company's approach to child labour in specific high-risk contexts;
- Describing who the company works with to remediate instances of child labour where they are found, the partner's relevant expertise, and how those partnerships are structured;
- Sharing case studies that explain the complex dynamics that lead to child labour in a certain sector or country context, the various actors that need to be engaged in efforts to meaningfully address the situation, and the particular role the company is playing or intends to play as part of that picture, depending on how it is involved with the impact (cause, contribution or linkage);
- Information that helps convey the company's year-to-year performance on the issue, and the effect that any programmes have over time on root causes of child labour.

C.6 Stakeholder engagement

What is expected?

Meaningful engagement with people who may be impacted, or their legitimate representatives, is an integral part of human rights due diligence. This includes due diligence in regard to child labour impacts. Such engagement helps the company to have a full understanding of how its actions and decisions can affect children and their families.

Engagement with potentially affected stakeholders is particularly important under the UNGPs when assessing impacts (to understand how the company might be involved with child labour impacts) and tracking performance (to assess the extent to which prevention and mitigation measures have been successful). However, in the case of children at risk of child labour, extreme care needs to be taken in considering such direct engagement. Companies will often need to consult knowledgeable sources about child labour instead of potentially affected children themselves.

What are the key steps?

C.6.1. Engagement with potentially affected stakeholders: Companies should engage with those people who may be impacted by their operations and take their views into account. Where such engagement is not possible, as will often be the case with children at risk of child labour, the company should consider how to gain insight into those children's perspectives through engagement with local and/or expert stakeholders who do have access to those children or can credibly reflect their perspectives. In considering direct engagement with children, companies need to pay particular attention to their special vulnerability and follow expert guidance on how to engage appropriately.

DIAGNOSTIC QUESTIONS	
	✓ **Does the company seek to engage with potentially affected children or their families, particularly in regards to assessing its impacts and tracking the effectiveness of its responses?**
	✓ **Does the company follow expert guidance when designing or conducting any such direct engagement with children?**
	✓ **Where such engagement is not possible, does the company consult credible proxies for children's views, such as local children's rights experts or community-based organisations?**

C.6.2 Engaging other stakeholders: As noted above in C.3, governments are critical actors to engage in sustainable efforts to remediate child labour impacts. Companies will want to engage other relevant stakeholders at different points in their management of child labour risks. These other relevant stakeholders may include representatives

of trade unions, policy-focused civil society organisations, international organisations and individual governments. These stakeholders may serve as important sources of information or as partners for collaborative action to prevent and address child labour impacts.

DIAGNOSTIC QUESTIONS	✓ **How does the company identify other relevant stakeholders to engage with about child labour risks?** ✓ **How often and in what ways does the company engage with such stakeholders about these issues?** ✓ **Can and do stakeholders themselves initiate engagement with the company about these issues?** ✓ **What are the objectives of such engagement and are these objectives met in practice? If not, why not?** ✓ **How do the views of such stakeholders influence the company's decisions and actions?**

C.6.3 Vulnerable and marginalised groups: Children can be among the most vulnerable of potentially affected stakeholders. In addition, there may be children who belong to groups of people that are at heightened risk of vulnerability or marginalisation. These groups may include indigenous peoples, ethnic minorities, certain religious groups, people of a certain descent or caste, or migrant workers from another country. There may also be very different impacts on boys and girls.

DIAGNOSTIC QUESTIONS	✓ **Does the company take into account impacts on children from groups or populations that may be at heightened risk of vulnerability or marginalisation? How?** ✓ **Does the company consider the different kinds of impacts that can be experienced by boys and girls? How?**

Where can I find more information?

- ILO-IPEC provides information on the importance of social dialogue when addressing child labour;
- UNICEF and Unite for Children guidance for companies, *Engaging Stakeholders on Children's Rights* (2014);
- Stop Child Labour guidance on stakeholder engagement, *Action Plan for Companies to Combat Child Labour* (2012);
- Shift publication on stakeholder engagement generally, *Bringing a Human Rights Lens to Stakeholder Engagement* (2013).

For more on State obligations regarding the impact of business on children's rights, see the UN Committee on the Rights of the Child, *General comment No. 16* (2013).

C.7 Remedy and grievance mechanisms

What is expected?

When a company identifies that it has caused or contributed to a child labour impact, it has a responsibility to provide for or cooperate in legitimate processes for providing remedy for that impact. Remediation in the context of child labour is a delicate and often complex process and requires appropriate expertise. It is worth reiterating that while companies are not expected to provide remedy for impacts that they do not cause or contribute to under the UNGPs, they may choose to do so or may contribute to broader remediation efforts as part of a forward-looking approach to seek to mitigate the risk of such impacts continuing or recurring (see B.3 above).

Step 4 of the ILO-IOE *Guide for Employers: Guide Two: How Employers Can Eliminate Child Labour* (2007) sets out helpful guidance for employers to consider when taking action to remediate child labour. In the guide, employers are advised to be aware that dismissal of child labourers, without considering how to replace the lost family income, can be very dangerous.

Companies should establish or participate in effective operational-level grievance mechanisms to help identify and address instances of child labour. They should also encourage, and where appropriate, require their business partners to have such mechanisms in place. The UNGPs make clear that such grievance mechanisms should be as close to the level of impact as possible (e.g., the factory floor or at the community level), and should not preclude access to judicial mechanisms or undermine the role of trade unions, and applicable industrial relations processes.

It is particularly challenging to design mechanisms that are appropriate for children to use. Typically, grievance mechanisms are accessed by adults on behalf of children, or with the interests of children in mind, such as trade unions, local community representatives, company staff with responsibility for visiting or engaging with field or local staff, third party assessors or auditors, civil society organisations championing children's rights and others.

Given that sustainable remediation of child labour impacts is closely linked to efforts to address root causes of child labour, it is usually important for companies to understand what remediation processes and grievance mechanisms exist at the State level, and how the company may rely on, or support, these processes and mechanisms through its own efforts. National employer organisations can advise and support companies in this regard.

What are the key steps?

C.7.1 Establish or participate in remediation processes: A company should be prepared to take action to provide remedy when it has caused or contributed to a child labour impact. It should have established procedures in place that are in line with international standards and expert guidance.

DIAGNOSTIC QUESTIONS	
	✓ **What processes does the company have in place to provide for or participate in remedy where it causes or contributes to a child labour impact?**
	✓ **Are these processes reflected in company policies or procedures?**
	✓ **Do these processes ensure that the best interests of the child are protected whatever approach is taken? How?**
	✓ **Has the company experienced challenges in providing remedy in cases where it identifies it has caused or contributed to child labour? If so, how were these addressed?**

C.7.2 Operational-level grievance mechanisms: The UNGPs provide that any non-judicial grievance mechanism should meet certain criteria to be effective. Companies should make sure that their own mechanisms and others that they engage with or promote meet the criteria below (see Guiding Principle 31 for additional information).

In some contexts there are specific national mechanisms focused on the protection of children (for example, in relation to sexual exploitation of children in travel and tourism). In such cases, individual companies should support those mechanisms by promoting them with stakeholders, business partners and others as a primary point of recourse.

DIAGNOSTIC QUESTIONS	**Has the company established or does it participate in an effective, operational-level grievance mechanism that can help identify and address instances of child labour?** **Does the grievance mechanism meet the following criteria? Is it:** ✓ **Legitimate (is it trusted by potential users);** ✓ **Accessible (is it known to potential users and is assistance provided to those who may face barriers to accessing it);** ✓ **Predictable (does it offer a clear and known procedure);** ✓ **Equitable (do users have sufficient access to information and support in order to engage on fair, informed and respectful terms);** ✓ **Transparent (are parties kept informed about progress);** ✓ **Rights-compatible (are the remedies provided in line with international human rights standards);** ✓ **A source of continuous learning (does it identify lessons for preventing future harm);** ✓ **Based on engagement and dialogue (are potential users consulted in the design and performance of the mechanism, and does it focus on dialogue as a means to resolve grievances)?**

C.7.3 The role of business partners in providing remedy: Where a company contributes to a child labour impact through a business partner or supplier (for example, as a result of pressure arising from its purchasing practices), the other party may be best placed to take the lead in providing remedy because it may be closest to where the impact occurred. In cases of contribution, the company is nonetheless also expected to participate in remedy to the extent of its contribution.

Where the company has not caused or contributed to an impact, it should still encourage or require its business partner to provide remedy. Companies have found that they need to consider supporting or incentivising business partners that face legitimate constraints if such requirements are to be effective in practice, such as due to costs.

DIAGNOSTIC QUESTIONS	✓ **What steps does the company take to encourage or require its business partners, suppliers and others to have effective grievance mechanisms in place and to provide remedy where they cause or contribute to a child labour impact?** ✓ **How does the company know if those mechanisms are effective, and if the remedies provided are in line with the best interests of the children involved?**

C.7.4 Grievance mechanisms in collaborative initiatives: Grievance mechanisms should also be part of any external industry, multistakeholder or other collaborative initiatives that the company participates in to address child labour.

DIAGNOSTIC QUESTIONS	✓ **Does the company participate in any industry, multistakeholder or collaborative initiatives to address child labour impacts? Does it have a grievance mechanism?** ✓ **How does the company know if that grievance mechanism is effective?**

Where can I find more information?

- The Danish Institute for Human Rights and UNICEF guide on integrating *Children's Rights in Impact Assessments* (2013) provides advice on grievance mechanisms, drawing on the Children's Rights and Business Principles;
- In the context of sexual exploitation of children in travel and tourism, ECPAT's "Don't Look Away" project that seeks to raise awareness of existing national hotlines to report abuse;
- Shift report, *Remediation, Grievance Mechanisms and the Corporate Responsibility to Respect Human Rights* (2014);
- Study on operational-level grievance mechanisms conducted in the course of John Ruggie's UN mandate, *Piloting Principles for Effective Company-Stakeholder Grievance Mechanisms: A Report of Lessons Learned* (2011).

ANNEX A

INTERNATIONAL STANDARDS AND INSTRUMENTS EXPLAINED	
ILO Convention No. 138 on the minimum age, 1973	✓ **Sets minimum ages for various types of work;** ✓ **Ratified and implemented by 168 countries;** ✓ **Exemptions for developing countries exist, but few have applied them.**
ILO Convention No. 182 on the worst forms of child labour, 1999	✓ **Defines certain types of child labour as the "worst forms", which should be abolished as a matter of priority;** ✓ **Most rapidly ratified ILO Convention with 179 ratifying countries;** ✓ **Adhering countries should develop "hazardous work lists" that identify activities that should not be carried out by anyone under 18.**
ILO MNE Declaration[5] (1977, amended 2000 and 2006)	✓ **Guidance for multinational companies, governments and employers' and workers' organisations;** ✓ **First ILO instrument to directly address companies;** ✓ **Contains provisions on minimum age and worst forms of child labour.**
ILO Declaration on Fundamental Principles and Rights at Work (1998)	✓ **Commits countries to respect, promote and realise fundamental principles and rights, whether or not they have ratified the relevant ILO Conventions;** ✓ **Includes principles concerning the fundamental rights in Conventions 138 and 182 regarding child labour;** ✓ **Referenced in the UNGPs;** ✓ **Many companies have committed to its implementation.**
UN Convention on the Rights of the Child	✓ **United Nations treaty;** ✓ **Most ratified UN treaty (194 countries);** ✓ **Covers a broad set of children's rights, including child labour.**

5 Full title: "Tripartite declaration of principles concerning multinational enterprises and social policy."

Fundamental Principles and Rights at Work
(FUNDAMENTALS)

International Labour Organization
4 route des Morillons
CH-1211 Geneva 22 - Switzerland
Tel.: +41 (0) 22 799 6111
Fax: +41 (0) 22 798 8685

www.ilo.org/fundamentals

ISBN 978-92-2-130367-1