

ADDRESSING CHILD LABOUR RISKS

Q&A to support companies' due diligence



INTRODUCTION

Avoiding child labour and integrating respect for children's rights in operational procedures were long considered a "best practice" rather than an integral component of business management. In recent years, however, regulatory requirements for corporate human rights due diligence have risen. Even more so for adverse impacts on child labour, as new laws obliging companies to conduct a due diligence for child labour are being adopted (e. g. in Switzerland and the Netherlands).

But what exactly is child labour, and how are companies expected to address child labour risks in their value chains? In the following, we answer the most important questions for companies that strive to manage child labour risks proactively and systematically in line with international standards¹.

Key Questions

Through this Q&A, focusright aims at supporting companies in the implementation of their due diligence processes. The following key questions for companies striving to identify and address their child labour risks will be answered:

- 1. What is child labour?**
- 2. How can I know if my company's goods and services are linked to child labour?**
- 3. In what country or operational context is the risk for child labour greatest?**
- 4. How does child labour look like in my industry or value chain?**
- 5. What does the new Swiss due diligence requirement for child labour mean for my company?**
- 6. What measures should my company take to address adverse impacts on child labour?**

¹ The most important international standards include the Conventions and Recommendations of the International Labour Organization (ILO), the UN Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines for Multinational Enterprises.



WHAT IS CHILD LABOUR?

Board Member

Child labour is a type of work that deprives children of their childhood and is harmful to their physical and mental development. Whether specific work done by children or teenagers is child labour depends on their age and the nature and circumstances of the work. International standards define 18 as the minimum age for hazardous (dangerous) work and 15 for non-hazardous work.

Light work and youth employment

For a company that is striving to respect human rights, assessing adverse impacts on child labour is part of its social responsibility. However, according to international labour standards, not all forms of economic activities by children and teenagers are classified as child labour and should be eliminated. Light work and youth employment can even be considered beneficial – provided they do not harm children's health, personal development or education and help children to gain skills and experience that prepare them for their professional future. To determine whether a child is in "child labour", the type, duration and conditions of the work, as well as the child's age need to be considered.

Child labour

According to the International Labour Organization (ILO), child labour is "work that deprives children of their childhood, their potential and their dignity, and that is harmful to physical and mental development."² It is a type of work that endangers children's health and/or interferes with their education, as it prevents children from attending school, leads to early school drop-outs or leaves children too exhausted to focus on their studies.

Worst forms of child labour

Eliminating the worst forms of child labour as defined in the *ILO Worst Forms of Child Labour Convention, 1999 (No. 182)* must be a special priority. These include all forms of slavery, including child trafficking and forced labour, using children for sexual or pornographic services or illegal activities, including drug trafficking, and hazardous labour.

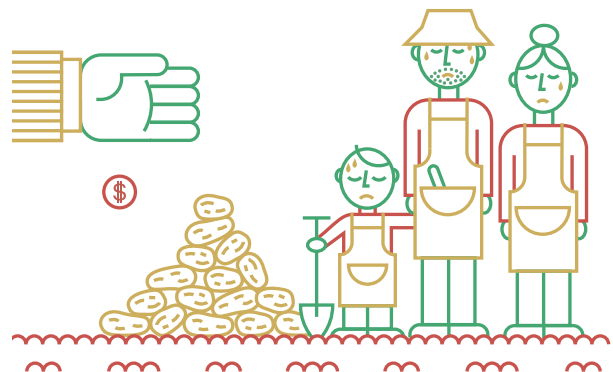
Hazardous child labour

Hazardous child labour is the most frequent form of child labour. According to the ILO, it is "work which by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children".³ Examples are specified in *ILO Recommendation No. 190* and include work with dangerous equipment, substances or in dangerous locations, in unhealthy environments, excessive working hours, night work or exposure to any type of abuse.

Minimum age

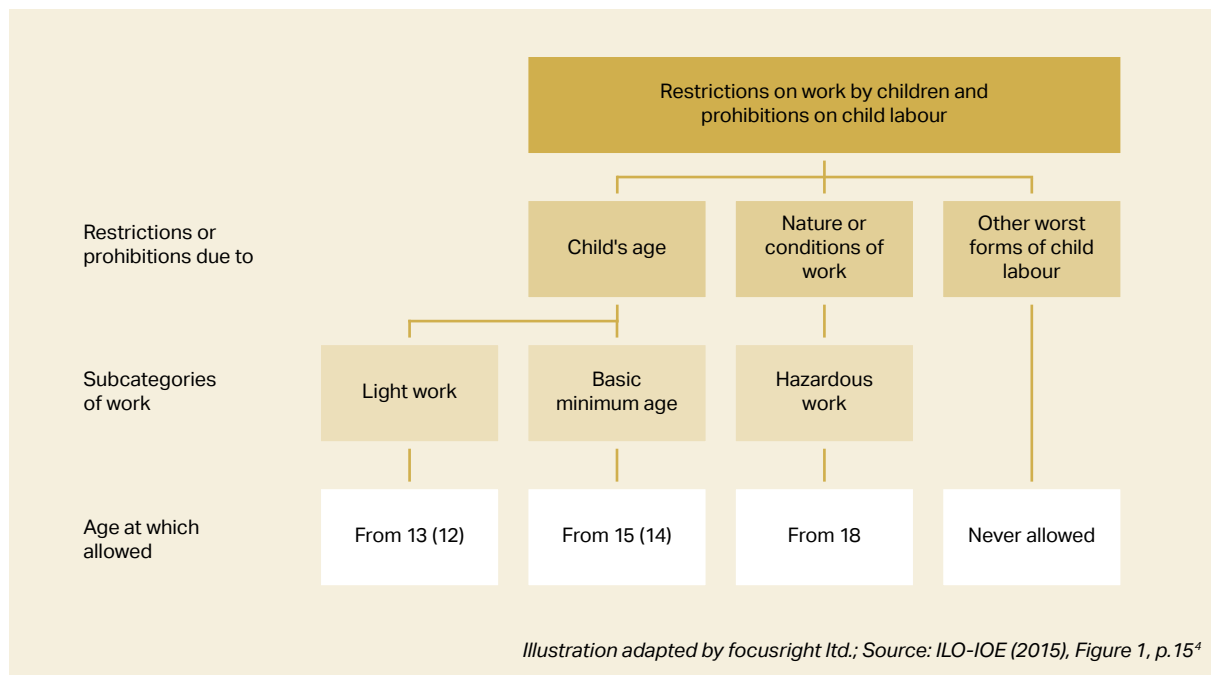
To protect children and eliminate child labour, the ILO has defined the minimum age for different types of work in its *Minimum Age Convention, 1973 (No. 138)*:

- For general admission to work or employment: 15 years (13 years for light work)
- For hazardous work: 18 years (16 years under certain conditions)



² International Labour Organization (n. d.): *What is child labour*. www.ilo.org/ipec/facts

³ Ibid.



Example: Elena is fourteen years old and lives with her family on a small farm close to the coffee plantation where both of her parents work. She attends the local secondary school and has two years left to complete her compulsory education.

Scenarios

Interpretation

Sometimes after school, Elena helps her parents at the family farm for one or two hours, harvesting vegetables or picking berries.

- **Not child labour**
As it is light work that does not negatively affect her education, health and development.

In early summer, harvesting season starts and Elena spends more and more time working at the farm. Because of her heavy workload, she regularly misses classes and starts to fail her exams.

- **Child labour**
Even though she might be allowed to do light work, the work here interferes with her schooling.

After her fifteenth birthday, Elena starts helping her parents at the coffee plantation on weekends to gain some extra money. She picks coffee beans, carries the heavy bean bags to the collection point, and treats unhealthy plants with pesticides.

- **Hazardous child labour**
As carrying heavy loads and the exposure to chemicals affect her health.

Table 1 focusright ltd.: Different forms of child labour

⁴ International Labour Organization and International Organisation of Employers, (2015): *How to do business with respect for children's right to be free from child labour: ILO-IOE child labour guidance tool for business*. www.ilo.org/ipec/Informationresources/WCMS_IPEC_PUB_27555



HOW CAN I KNOW IF MY COMPANY'S GOODS AND SERVICES ARE LINKED TO CHILD LABOUR?

Chief Operations Officer

Whether a company is linked to child labour needs to be examined on a case-by-case basis: it depends on the characteristics of the good or service provided, as well as the operating context in which it is provided. A mapping of the company's operations, full value chain and business relationships is therefore needed. Often, the risk for child labour is greatest further up the value chain, not with direct suppliers.

Own operations, value chain and business relationships

When a company's goods or services can be linked to child labour, it means that the company causes or contributes to adverse impacts on child labour through its own activities, or that it is directly linked to such impacts through its business relationships. According to the *UN Guiding Principles on Business and Human Rights* and the *OECD Guidelines for Multinational Enterprises*, this includes all "business partners, entities in its supply chain, and any other non-State or State entity directly linked to its business operations, products or services"⁵. Adverse child labour impacts are also considered linked to a company when they occur further downstream or upstream its value chain, and when the company has only limited influence over their occurrence. According to an Alliance 8.7 report, "between 28

and 43 per cent of the child labour estimated to contribute to exports does so indirectly, through preceding tiers of the supply chain (such as extraction of raw materials or agriculture)."⁶ As a consequence, to combat child labour effectively, efforts need to extend beyond immediate suppliers close to final production. They need to include actors in upstream activities, for example actors involved in the extraction of raw materials and agriculture that provide inputs to other industries.

Characteristics of economic activities

Not all types of economic activities have the same risk for child labour. The *ILO-IOE Child Labour Guidance Tool for Business*⁷, describes pull factors or certain characteristics of economic activities that can contribute to a higher risk for child labour.

Examples of child labour at different stages of the agricultural value chain



Agricultural production

Picking vegetables and being exposed to pesticides



Processing

Excessive working hours in food processing facilities



Transport & Agents

Loading and unloading vehicles



Retail

Cleaning and refilling stocks after store closure



Consumption

Assisting in a restaurant kitchen late in the evenings



End of life

Collecting waste goods for informal recycling

⁵ OECD (2011): *OECD Guidelines for Multinational Enterprises*, p. 33. www.oecd.org/daf/inv/mne/48004323.pdf

⁶ Alliance 8.7, International Labour Organization, Organisation for Economic Co-operation and Development, International Organization for Migration and United Nations Children's Fund, (2019): *Ending child labour, forced labour and human trafficking in global supply chains*, p. 9. www.ilo.org/ipcec/Informationresources/WCMS_716930

⁷ International Labour Organization and International Organisation of Employers, (2015): *How to do business with respect for children's right to be free from child labour: ILO-IOE child labour guidance tool for business*, p. 17. www.ilo.org/ipcec/Informationresources/WCMS_IPEC_PUB_27555

For example, this includes activities that:

- involve unregulated enterprises in informal economies
- involve family enterprises that have no resources to hire adult labour
- involve types of work commonly organized in a way that it can only be done by children (e.g. artisanal mining lacking equipment to dig larger shafts for adults)
- make use of certain hiring practices of recruitment or employment agencies
- are completed by unprotected migrants seeking income earning opportunities

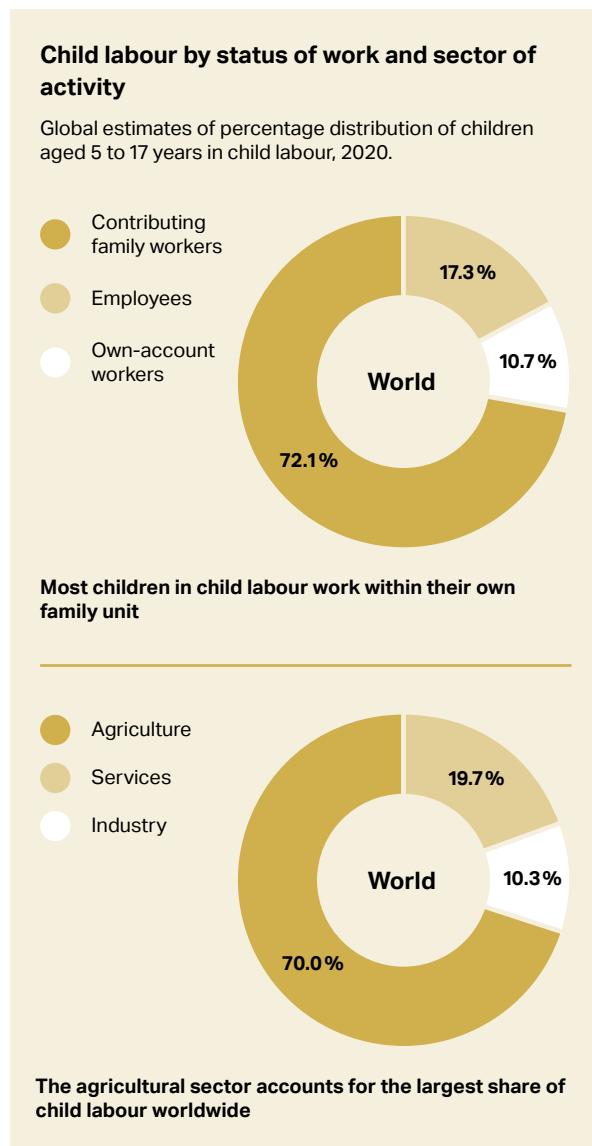


Illustration adapted by focusright ltd.; Source: ILO and UNICEF (2021), p. 13.⁸

Example: A Swiss retailer has various business partners in country A. It imports t-shirts that have been produced and manufactured in country A, using local cotton, and relies on remote IT support provided by a company in the same country. The CSR Manager assesses the risks of child labour in the retailer's value chain. She identifies that the risk is highest in cotton harvesting, as the cotton is sourced from family farms in a poor area, where hiring additional employees is too expensive for most families. She finds a lower risk for child labour in the manufacturing process, and a very low risk related to the IT service provider, which only hires qualified staff.

Mapping and analysis

To evaluate whether a company's goods and services can be linked to child labour, a mapping of its own operations, full value chain and business relationships is needed. When full traceability is not possible, well-founded assumptions can allow the company to evaluate at what stage of the value chain child labour risks are greatest. In addition to the geographic context in which it is provided, the likelihood of child labour can vary with the type of good, service or industry. Publicly available information can help companies to evaluate the child labour risk of the goods and services that are linked to their operations. Examples include:

- **Goods:** The US Bureau of International Labor Affairs⁹ publishes a list of goods and their country of origin which are believed to be produced using child or forced labour in violation of international standards.
- **Industries:** UNICEF's Children's Rights and Business Atlas¹⁰ provides an overview of the key risks for children associated with different industries.
- **Economic sectors:** UNICEF reports¹¹ illustrate how child labour risks in global supply chains can be mapped for different economic sectors.

⁸ International Labour Office and United Nations Children's Fund (2021): *Child Labour: Global estimates 2020, trends and the road forward*. www.ilo.org/wcmsp5/groups/public/---ed_norm/---ipec/documents/publication/wcms_797515.pdf

⁹ US Department of Labor, Bureau of International Labor Affairs (n. d.): *List of Goods Produced by Child Labor or Forced Labor*. www.dol.gov/agencies/ilab/reports/child-labor/list-of-goods

¹⁰ UNICEF and Global Child Forum (n. d.): *Children's Rights and Business Atlas, Industry Analysis*. www.childrensrightsatlas.org/industry-analysis

¹¹ UNICEF (2020): *Mapping Child Labour Risks in Global Supply Chains – An Analysis of the Apparel, Electronics and Agricultural Sectors*. www.unicef.nl/files/Child%20Labour%20in%20Global%20Supply%20Chains.pdf

The following table by Alliance 8.7 provides an overview of the top five exporting industries with risk of child labour in their supply chain in different regions. **Direct contribution** only counts child labour used in the final stage of production before the good or service is exported. **Indirect contribution** only counts child

labour used in upstream inputs of the supply chain. The differences in the industries most at risk in each region highlight the need to extend the scope of child labour due diligence not only to industries that are directly contributing to exports but also to secondary industries higher up the value chain.

Region	By DIRECT contributions	By INDIRECT contributions
Sub-Saharan Africa	<ol style="list-style-type: none"> 1. Agriculture 2. Wholesale and retail 3. Transport and storage 4. Textiles and apparel 5. Food products 	<ol style="list-style-type: none"> 1. Food products 2. Mining, non-energy 3. Basic metals 4. Transport and storage 5. Wholesale and retail
Eastern and South-Eastern-Asia	<ol style="list-style-type: none"> 1. Agriculture 2. Textiles and apparel 3. Wholesale and retail 4. Mining, energy 5. Transport and storage 	<ol style="list-style-type: none"> 1. Food products 2. Textiles and apparel 3. Wood 4. Mining, energy 5. ICT and electronics
Central and Southern Asia	<ol style="list-style-type: none"> 1. Textiles and apparel 2. Agriculture 3. Wholesale and retail 4. Transport and storage 5. Food products 	<ol style="list-style-type: none"> 1. Textiles and apparel 2. Food products 3. Wholesale and retail 4. Transport and storage 5. Other business service
Northern Africa and Western Asia	<ol style="list-style-type: none"> 1. Agriculture 2. Wholesale and retail 3. Transport and storage 4. Mining, energy 5. Accommodation and food 	<ol style="list-style-type: none"> 1. Food products 2. Mining, energy 3. Textiles and apparel 4. Wholesale and retail 5. Agriculture
Latin America and the Caribbean	<ol style="list-style-type: none"> 1. Agriculture 2. Wholesale and retail 3. Accommodation and food 4. Transport and storage 5. Textiles and apparel 	<ol style="list-style-type: none"> 1. Food products 2. Motor vehicles 3. Chemicals 4. Basic metals 5. Textiles and apparel

Table adapted by focusright ltd.; Source: Alliance 8.7 (2019), table 1, p. 11¹²

¹² Alliance 8.7, International Labour Organization, Organisation for Economic Co-operation and Development, International Organization for Migration and United Nations Children's Fund, (2019): *Ending child labour, forced labour and human trafficking in global supply chains*, p. 11. www.ilo.org/ipec/Informationresources/WCMS_716930



IN WHAT COUNTRY OR OPERATIONAL CONTEXT IS THE RISK FOR CHILD LABOUR GREATEST?

Chief Risk Officer

Child labour is both a cause and consequence of other human rights violations. It therefore occurs more likely in regions where certain contextual factors are given, such as poverty, poor law enforcement or inadequate social protections. Child labour occurs more frequently in low-income countries, but can arise in high-income countries, too. As circumstances change over time, especially during a crisis, the evaluation of child labour risks along the full value chain needs to be repeated periodically.

Child labour and other human rights violations

To assess a company's risk of being linked to child labour, it is important to consider that child labour is a violation of child rights and human rights that does not arise in isolation. It is both a cause and a consequence of other types of human rights violations. Therefore, it will be found more frequently in places and circumstances where people are more socially and economically vulnerable and where respect for human rights is challenged more in general. Child labour can arise as a consequence of contextual factors that are present in certain communities, regions, or countries at a certain time. According to the ILO, among the most important causes that contribute to child labour are:

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

Source: ILO-IOE (2015), p. 17¹³

Country risk

These contextual factors are more likely to be present in some geographic regions than in others. International indices on different topics can serve as a useful source of information and entry point to assess the country risk for the prevalence of child labour. Examples include:

- **ILO national child labour survey reports¹⁴:** summarise official national statistics on child labour.
- **UNICEF's Children's Rights in the Workplace Index¹⁵:** measures child labour and decent work for young workers, parents and caregivers in different countries.
- **The Global Multidimensional Poverty Index (MPI)¹⁶:** measures countries' poverty rate, which correlates with the prevalence of child labour.
- **The World Justice Project's Rule of Law Index¹⁷:** includes information on countries' regulatory enforcement and corruption.

¹³ International Labour Organization and International Organisation of Employers, (2015): *How to do business with respect for children's right to be free from child labour: ILO-IOE child labour guidance tool for business*, p.17. www.ilo.org/ippec/Informationresources/WCMS_IPEC_PUB_27555

¹⁴ International Labour Organization (n. d.): *National Child Labour Survey Reports*. www.ilo.org/ippec/ChildlabourstatisticsSIMPOC/Questionnairesurveysandreports/lang--en/index.htm

¹⁵ UNICEF and Global Child Forum (n. d.): *Children's Rights and Business Atlas, Children's Rights in the Workplace Index*. www.childrightsindex.org/country-data/workplace/

¹⁶ United Nations Development Programme, Human Development Reports (n. d.): *The 2020 Global Multidimensional Poverty Index (MPI)*. <http://hdr.undp.org/en/2020-MPI>

¹⁷ World Justice Project (n. d.): *World Justice Project Rule of Law Index*. <https://worldjusticeproject.org/our-work/research-and-data/wjp-rule-law-index-2020>

Child labour and hazardous work by national income

Number and percentage of children in child labour and hazardous work, by national income grouping, 2016

National income grouping		Children in child labour incl. hazardous work		Children in hazardous work	
		Number (000s)	%	Number (000s)	%
	Low-income	65 203	19.4	29 664	8.8
	Lower-middle-income	58 184	8.5	33 465	4.9
	Upper-middle-income	26 209	6.6	7 751	2.0
	High-income	2 025	1.2	1 645	1.0

Table adapted by focusright ltd.; Source: International Labour Office (2017), Table 3, p. 32¹⁸

Upper-middle- and high-income countries

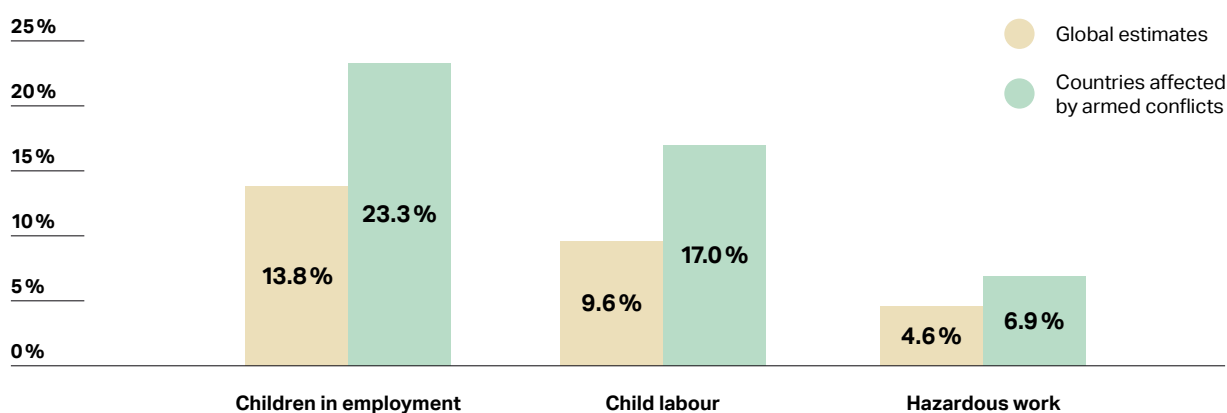
Even though child labour occurs more frequently in low- and lower-middle-income countries, ILO statistics show that it is a problem in upper-middle-income and high-income countries, too. Consequently, even when a company's operations and value chain are located only in countries with a low child labour risk, this does not automatically guarantee that the company will not be linked to child labour. A closer look at the specific type of good or service provided will be necessary to fully evaluate the risk. As risks evolve over time, the analysis needs to be repeated periodically.

The impact of crisis, conflict, and migration

The extent to which the causes of child labour are present in a country may change over time. In particular, economic or humanitarian crisis, armed conflict or migration increase people's economic and social vulnerability. As a consequence, child labour may emerge or increase in times of crisis and in post-crisis periods. Furthermore, migrant workers are generally more vulnerable to violations of labour rights. When a crisis leads to migration, a raise in child labour may even occur in the receiving country and not only in people's country of origin.

Child labour in countries affected by armed conflict

Percentage of children in employment, child labour and hazardous work, 5–17 years age range, 2016



Source: International Labour Office (2017), Figure 7, p. 31¹⁹

¹⁸ International Labour Office (2017): *Global estimates of child labour: Results and trends, 2012–2016*.

www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/documents/publication/wcms_575499.pdf

¹⁹ Ibid.



HOW DOES CHILD LABOUR LOOK LIKE IN MY INDUSTRY OR VALUE CHAIN?

Chief Manufacturing Officer

Child labour can take many forms and can be linked to the operations or value chain of every industry, good or service. Often but not always, it occurs in less regulated markets in higher tiers of the value chain. Well-documented examples of different types of child labour in different industries and operating contexts can help companies to recognize child labour more easily.

Identifying child labour

Child labour can potentially be found in every industry's value chain. Examples that illustrate how child labour could look like in different industries can be found in newspapers, reports of NGOs or International Organizations. They are also documented through industry initiatives and by companies that communicate about their measures to address child labour risks. Collaborating with industry peers, social organizations and child rights experts is key to exchange knowledge and lessons learned. Conducting a sector-wide impact assessment, for example, can also help identifying typical risks that are relevant for an industry, and give important clues to inform individual companies' human rights due diligence.



Industry	Example of child labour
Financial services	A bank provides a loan to a construction project that uses bricks which were produced using child labour.
Chemical and pharmaceutical industry	A pharmaceutical company buys ingredients from a supplier in whose production facilities underage workers are exposed to hazardous chemicals without adequate protection and instruction.
Machine, electrical engineering and metals (MEM) industry	A MEM company buys steel from a supplier that sources iron ore from a mine where children are working.
Information and Communication Technology (ICT)	An ICT company buys and uses electronic products that were manufactured by underage workers working excessive hours.
Agriculture	A food company imports coffee from a farm where children drop out of school to help their parents pick coffee beans full time.

Table 2 focusright Ltd.: Examples of child labour in different industries

Country	Example of child labour
Italy	Unaccompanied underage migrants from Middle East and Northern Africa were found to work in Italian food markets.
Albania	Most child labourers were found in agriculture, hunting, forestry and fishing.
USA	Underage workers were found doing hazardous work in tobacco fields.

Table 3 focusright ltd.: Examples of child labour in upper-middle- and high-income countries

Upper-middle- and high-income countries

Under certain circumstances, the risk for child labour increases also in upper-middle- and high-income countries, which include developed economies. This may be the case when demand for cheap labour is high, informal markets emerge, labour inspection is insufficient, or when people are vulnerable due to economic crisis or migration. For example, according to the ILO, the countries most affected by the worst forms of child labour in Central and Eastern Europe are Albania, Bulgaria, Kosovo, Moldova, Romania and Ukraine.²⁰

²⁰ International Labour Organization (n. d.): *Child Labour in Central and Eastern Europe*. http://www.ilo.org/budapest/areas-of-work/child-labour/WCMS_476159/lang--en/index.htm



WHAT DOES THE NEW SWISS DUE DILIGENCE REQUIREMENT FOR CHILD LABOUR MEAN FOR MY COMPANY?

Chief Compliance Officer

The new Swiss regulation requires companies to evaluate if their goods and services might be linked to child labour. If a risk for child labour is identified, companies need to trace back their supply chain, identify and manage adverse impacts and report annually about the measures taken. As the Swiss law is below international standards in various aspects, some companies might prefer to implement a full human rights due diligence according to international standards.

New obligations for Swiss companies

With the indirect counterproposal to the Responsible Business Initiative, new due diligence obligations were adopted in Switzerland.²¹ In principle, all companies with a registered office or headquarters in Switzerland will be required to conduct a due diligence for child labour in their supply chain. Exemptions from the due diligence and reporting requirements on child labour will be provided for SMEs and "low risk sectors". All other companies will be required to conduct an annual evaluation of child labour risks to evaluate whether they offer goods or services with a "reasonable suspicion" of having been manufactured or provided using child labour.

Obligations in case of "reasonable suspicion" for child labour

If "reasonable suspicion" for being linked to child labour is found, companies need to implement a management system to conduct a due diligence in their supply chain. This includes:

- **Supply chain traceability and policy:** a system to trace back the supply chain and a supply chain policy for products and services with a "reasonable suspicion" for being linked to child labour.
- **Risk analysis:** a process to identify and evaluate the risk for adverse impacts on child labour in the supply chain.
- **Risk management:** a risk management plan with measures to minimize the identified risks.
- **Reporting:** the company's highest management body needs to report annually on its compliance with the due diligence obligations.

As human rights and child labour risks are related to the specific configuration of the value chain and the con-

text in which a company operates, risks evolve over time and need to be analysed periodically. More information on how to conduct a human rights due diligence can be found [on the focusright website](https://www.focusright.ch/en/focusright-website).²²

The draft implementing regulation and its explanatory report, published in April 2021, provide more detail on how the new due diligence requirements might be defined.

Exemptions from the due diligence obligation:

according to the draft regulation, companies do not need to evaluate their child labour risks if they:

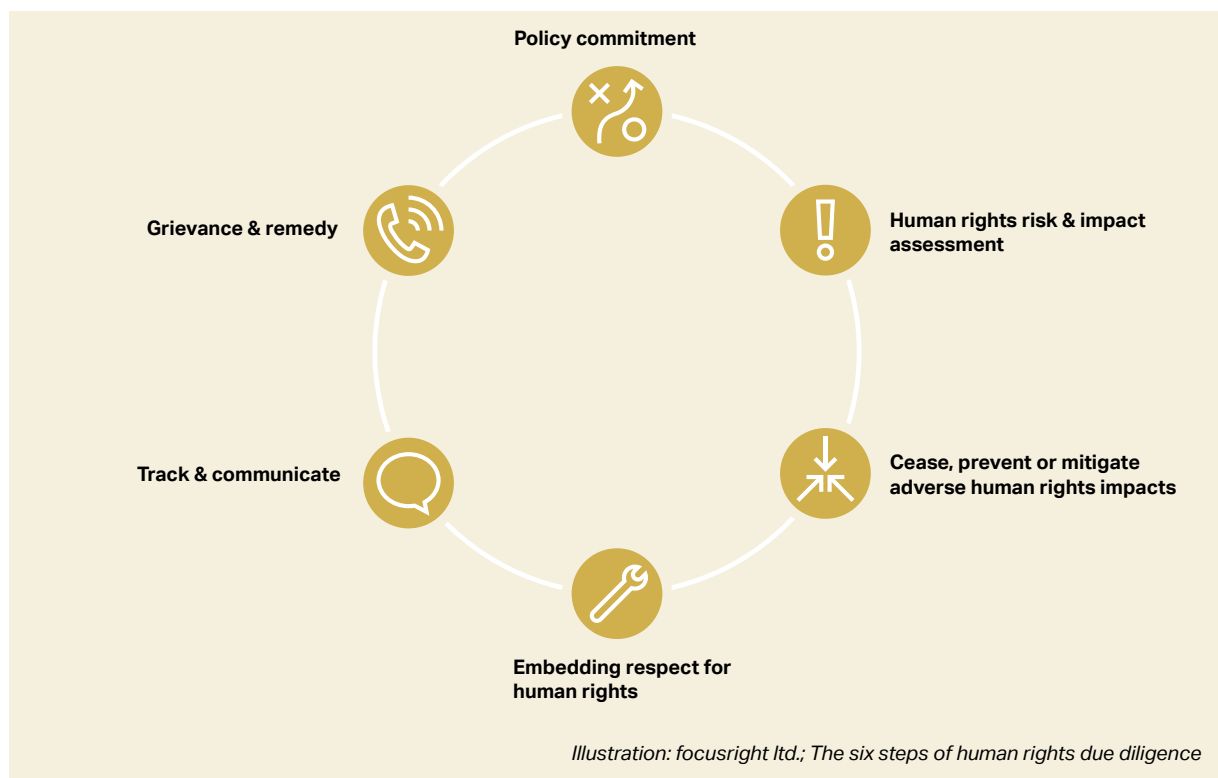
1. Are below two of the following values during two consecutive financial years: balance sheet of a total of CHF 30 million, turnover of CHF 40 million, 250 employees.
2. Have a low risk for child labour, as they only procure products and services from countries classified as "Basic" in UNICEF's Children's Rights in the Workplace Index.

Scope of analysis and definition of "reasonable suspicion":

According to the draft implementing regulation, a "reasonable suspicion" for child labour is present when there are concrete indications or clues from inside or outside the company. According to the explanatory report to the draft regulation, the initial risk evaluation related to the supply chain is limited to the producing countries according to the indication of origin ("made in") and does not need to cover stages further up the value chain. This restriction is not in line with international standards, which require human rights due diligence to cover the full supply chain, and measures to be prioritized where the risks for adverse human rights impacts are greatest.

²¹ For more information, refer to: www.focusright.ch/en/our-insights#rbi-no-what-now

²² For more information, refer to: www.focusright.ch/en/human-rights-due-diligence



Below international standards

As new regulations on mandatory human rights due diligence emerge in various countries and in the EU, it is important to note that the Swiss due diligence requirements for child labour are below international standards in various aspects.

As a consequence, a company that complies with the Swiss legal requirements without implementing a full human rights due diligence may not be compliant with the relevant international standards, other due dili-

gence legislation, or the expectations of its business partners and investors. To make sure a company fulfils all relevant standards and expectations, a full human rights due diligence needs to be implemented. This option is also supported by the new Swiss law, which states that companies that comply with recognized international standards, such as the *OECD Guidelines for Multinational Enterprises*, are exempt from the new due diligence and reporting requirements (OR Art. 964^{quinquies} Abs. 4).²³

Swiss child labour due diligence requirements

Apply only to **certain companies**, as SMEs and companies with a "low risk" are exempt from the regulation.

Cover **only child labour** risks and impacts.

Apply **only when "reasonable suspicion"** for child labour is found.

International human rights due diligence standards

Apply to **all companies**, regardless of their size and risk level. The type and depth of due diligence conducted can vary with size and risk level.

Cover **all internationally recognized human rights**, as all human rights must be respected in their entirety.

Apply **regardless of whether a "reasonable suspicion"** for certain negative human rights impacts is given, as due diligence is precisely the process through which potential and actual adverse human rights impacts are identified.

Table 4 focusright ltd.: Differences between the Swiss child labour regulation and international standards (non-exhaustive list)

²³ Indirekter Gegenvorschlag zur Volksinitiative «Für verantwortungsvolle Unternehmen – zum Schutz von Mensch und Umwelt», Änderung vom 19. Juni 2020: www.parlament.ch/centers/eparl/curia/2016/20160077/Schlussabstimmungs-text%202%20NS%20D.pdf

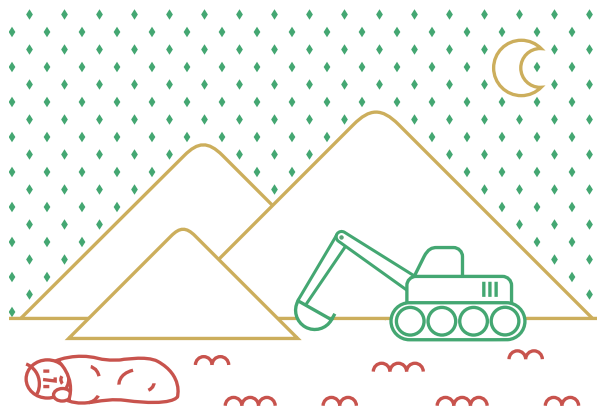


WHAT MEASURES SHOULD MY COMPANY TAKE TO ADDRESS ADVERSE IMPACTS ON CHILD LABOUR?

CSR Manager

Which measures are most effective to address adverse impacts on child labour depends on the specific situation and context. To make a sustainable positive impact, companies should in general: consider the severity of the impact and their leverage over it; address the root causes of child labour; avoid negative side effects of their measures; focus on prevention; collaborate with local governmental and developmental factors and strengthen public child protection systems.

Ensuring business respect for human rights also means taking adequate measures to prevent, mitigate or remedy adverse impacts. Thus, if a company has identified that it is linked to a potential or actual impact on child labour, it needs to implement appropriate measures to address it. As child labour is a complex challenge, the following recommendations can help companies to choose the right approach to address child labour risks:



1. Consider your leverage and the severity of the adverse impact

According to the *UN Guiding Principles on Business and Human Rights* and the *OECD Guidelines for Multinational Enterprises*, which measure is most appropriate to address an adverse impact will depend among other factors on the company's (a) leverage over the actor that is causing the impact; (b) the importance of this business relationship to the company; (c) the severity of the adverse impact on human rights; and (d) if a termination of the relationship would have negative consequences on human rights.²⁴

2. Take a human rights approach to child labour and address its root causes

Child labour does not occur in isolation. It is a violation of child rights itself, but also a cause and a consequence of other child rights and human rights violations. For example, it occurs more often when families experience economic difficulties or uncertainty, when missing birth certificates make it difficult to prove children's age, or when inadequate or expensive schooling arrangements hinder access to education. To address child labour effectively, it is crucial to understand the context in which it occurs and address the root causes that drive children into labour at a specific time and place. To identify root causes, a broader human rights lens must be used.

²⁴ For more information, refer to: www.focusright.ch/en/human-rights-due-diligence#cease-prevent-mitigate-impacts

3. Avoid unintended consequences and negative side effects

When measures remove children from child labour without addressing its root causes or offering an alternative, the intervention may have unintended consequences that ultimately worsen children's situation instead of improving it. Terminating a business relationship when child labour is identified can be counterproductive to respect children's rights. In some cases, it is preferable to keep and engage with the business partner to improve the situation. When defining measures to address adverse child labour impacts, it is important to anticipate and prevent potential negative side effects. A special focus needs to lie on the goal of *ending* child labour and avoid *displacing* it into other, less regulated industries not linked to global supply chains.²⁵

4. Focus on prevention

Child labour, especially hazardous work, can have serious long-term consequences for children's health and development. If children get sick or injured or lose years of schooling due to child labour, the harm caused to their health and development might be difficult to remediate later on. For this reason, it is crucial to implement measures to prevent the impact from occurring in the first place. Children most at risk for child labour need to be identified and adequately supported through preventive measures even before they start working.

5. Collaborate with local governmental or developmental actors and industry peers

Child labour is a complex challenge that companies are not expected to solve by themselves. By collaborating with local or national governments as well as developmental actors, companies get access to relevant child protection expertise which is necessary to identify and implement the most effective and sustainable measures in each context. Forging alliances with the right local actors is key to addressing child labour impacts effectively. Additionally, industry initiatives that foster collaboration among peers can also help to increase leverage and create a level playing field.²⁶

6. Strengthen public child protections systems

Public child protection systems are crucial to ensure early identification and mitigation of child labour risks. According to UNICEF, effective ways to prevent and respond to child labour include e. g. strengthening the local social service workforce, fostering parenting and community education initiatives, or ensuring that children receive birth certificates.²⁷ By contributing to and strengthening public child protection systems, a company also ensures the sustainability of its contribution, as improvements made will remain in the community even after the company may leave.

²⁵ Alliance 8.7, International Labour Organization, Organisation for Economic Co-operation and Development, International Organization for Migration and United Nations Children's Fund, (2019): *Ending child labour, forced labour and human trafficking in global supply chains*. p. 20. www.ilo.org/ippec/Informationresources/WCMS_716930

²⁶ See e. g. Alliance 8.7, International Labour Organization, Organisation for Economic Co-operation and Development, International Organization for Migration and United Nations Children's Fund, (2019): *Ending child labour, forced labour and human trafficking in global supply chains*. p. 65. www.ilo.org/ippec/Informationresources/WCMS_716930

²⁷ UNICEF (n. d.): *Child Labour*. www.unicef.org/protection/child-labour

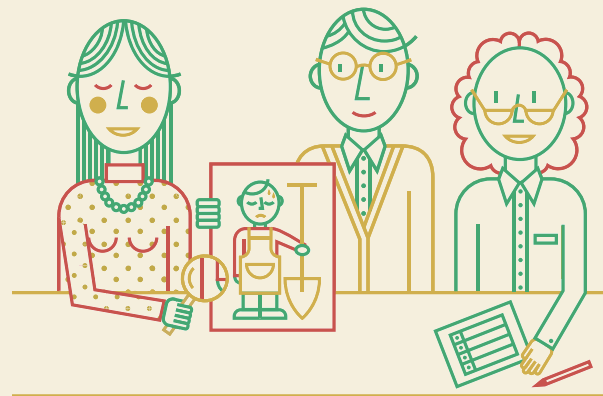
ACTION POINTS FOR COMPANIES

Key recommendations for companies addressing child labour risks in own operations and value chains:

1. Get familiar with the most important **definitions of child labour** according to the International Labour Organization (ILO).
2. **Map your operations and value chain** and identify economic activities related to the relevant goods, industries and sectors that might have a higher risk for child labour.
3. To identify child labour risks for your specific case, take into account the **operating context** and the presence of external risk factors that might contribute to child labour for each of the economic activities identified.
4. Where sufficient information is not available, make research-based assumptions and rely on **examples from your industry and geography** to get sensitized for how a link to child labour could look like for your company.
5. Identify the requirements of the **national laws or international standards** that are most relevant for your company. Consider that national legal requirements might be below international standards.
6. Define **the most effective measures** to address the identified adverse child labour impacts.

A challenge and business opportunity

Even though the introduction of a new management system to address child labour risks may seem challenging, implementing a human rights due diligence is also an opportunity for businesses. It allows companies to enhance knowledge about their operations, develop stronger supplier relationships, fulfil regulators' and investors' expectations, build trust with clients and civil society, attract talent and manage risks in a proactive and systematic way. In this way, implementing a robust human rights due diligence can contribute to making businesses more profitable and resilient.



Learning by doing and continuous improvement

Conducting a due diligence for child labour is not a box-ticking exercise, but a management system that relies on learning by doing and continuous improvement. If the challenge seems daunting at first, do not hesitate to reach out to industry peers, governmental or developmental actors or human rights experts for support. focusright has developed tools to support companies with our expertise and practical experience.

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focusright Ltd. works with companies from various sectors to **strengthen their management systems** to identify and address their human rights risks – both in their operations and in their extended value chains. focusright Ltd. advises on embedding relevant policies, designing **human rights due diligence processes**, managing value chain risks and structuring remedy in line with the UN Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines for Multinational Enterprises (OECD Guidelines). focusright Ltd. provides guidance on implementing human rights-related regulations such as the UK Modern Slavery Act, recommends actions to take to tackle systemic human rights issues, and conducts **human rights impact assessments** in higher-risk environments.

Depending on the organizational structure of its client, focusright Ltd. works with senior management, corporate responsibility or human resources functions. As the soft law contained in the UNGPs becomes increasingly binding, focusright Ltd. works increasingly with in-house lawyers, to equip them with the tools necessary to advise their companies.

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Disclaimer

The present publication does not necessarily cover every aspect of the topics with which it deals. It is not designed to provide legal advice to organisations nor to inform their compliance with due diligence legislation, such as the Swiss Counter-Proposal to the Responsible Business Initiative or any other legal requirement.