

Child Labour Resource Guide

Appendix 4 – Corporate ideals, developing country realities:
meeting child labour standards



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Appendix 4

Corporate ideals – developing country realities: meeting child labour standards

Key issues

- Specific standards adopted by a business require some form of quality assurance.
- Finding out whether children are at work in circumstances that violate a business' commitments can be very difficult.
- Various forms of audit can be carried out to find out if standards are being observed.
- There are various ways in which the results can be reported.
- Corrective action must avoid harming children.

This appendix supplements the information in Appendix 2 about codes on child labour and other standards that business agree to observe, by looking in greater detail at verification and inspection procedures. The reason for having such procedures is to enable a business (or any other institution) which has announced a commitment to particular standards to demonstrate that it is taking steps to turn this commitment into reality. In the case of child labour, verification procedures generally involve proving something negative: that no children, or no children below a specific age, are involved in producing items sold by a business. Questions consequently arise about just how much a company should do (or pay others to do) in order to meet its commitments.

In the absence of evidence that practical steps are being taken, a business risks being criticised for making commitments that are simply window dressing or sales propaganda. At the end of 2003, there were numerous products on sale in the United Kingdom which carried labels claiming that "no child labour was used to make this product", notably products imported from countries where large numbers of young children are known to be at work¹. Such labels acknowledge that there is a concern among consumers about child labour and try to allay their fears, but without it being clear whether any evidence is available to back up the claim.

The first part of this appendix reviews the difficulties in detecting whether children (of any age) are working when they should not be, or in inappropriate conditions. It considers various methods for doing so.

The second part focuses specifically on the audits carried out on companies' social commitments, such as ones concerning children. This includes information about the experience of the Ethical Trading Initiative, based in the United Kingdom, in working with a wider-than-normal range of partners to monitor compliancy.

The third part reviews the varying degrees of transparency that companies show in reporting on the standards they observe and the efforts they make to ensure their standards are met.

The fourth section examines the thorny issue of what corrective action to take when children are found at work in inappropriate circumstances – in particular, what to do about the child workers themselves.

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Taken together, these sections show that there is a great deal that businesses can do to investigate, monitor and verify. Nevertheless, however much they do, businesses which buy off suppliers or rely on sub-contractors can rarely be certain that not a single under age child is at work or being exploited in their supply chain. In the end, therefore, the resources that a particular business decides to invest in verification procedures will depend on three factors:

- 1 the degree of its board's commitment to developing good labour practices and avoiding abuses of human rights throughout its operations;
- 2 the degree of risk that the board reckons it is running – of being criticised for not doing enough to prevent the use of child labour;
- 3 its conviction that the resources being spent on verification cannot be used more profitably in other ways on behalf of the children in communities involved in working for the company or its suppliers.

Difficulties in detecting child labour and techniques for doing so

Organisations concerned about child labour seem to have little difficulty in finding cases to criticise when they compile reports for publication. In contrast, businesses which want to check that child labour is not being used in their supply chain often experience more obstacles. These can be summarised as follows:

- Child workers may conceal themselves (or be concealed by relatives or employers) when outsiders visit the workplace;
- Children may give inaccurate information about their age when questioned, either on entering employment, or by child labour investigators;
- Birth certificates and other records of age may be falsified;
- Alternative techniques for estimating age (such as measuring physical development) are complicated and imprecise.
- In many areas, products are manufactured in private homes. In some cultures it is not acceptable for adult men to enter a house or compound to find out if children are working there. Even if it is acceptable, “unannounced inspections” are likely to be known about in time for child workers to stop work, even if by a matter of only a few minutes. Nominally, the only workers involved may be adults, when in reality children are also at work.

In addition, children working in or near their own homes may work part-time, in which case there may be additional difficulties in assessing whether this constitutes “light work” under international labour standards.

In each of these instances, it is quite likely that the paper trail examined by auditors will not reveal the extent to which under age children are at work.

A recent report by the New York based NGO, Lawyers Committee for Human Rights, describes some of the difficulties involved in finding out whether child labour is being used:

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Unlike most other areas of workers' rights, the victims of child labor may not themselves want the violations of their rights to be discovered. Under age workers do not want their pay to stop, and neither do their parents. Other, older workers may also see less immediate self-interest in reporting child labor than in reporting abuses where they themselves could be the direct victim, such as wage cheating or sexual harassment. Thus, interviewing workers, chosen either randomly or because they look under age, is less likely to uncover violations than it might be in other areas where the workers being interviewed might see themselves as having more to gain from having violations discovered.

Documentary evidence like birth certificates or other age-bearing identification papers would be definitive if it were available and reliable, but lack of documents and counterfeit documents can be major obstacles to accurate measurement.

Existing units of measurement focus far more on workplace policies than on actual implementation. Qualitative approaches play a smaller role, and workers as a source of information show up much less frequently than they do in other subject areas.

... And beyond age documents, existing measurement units are weak. Comparing workers' height and weight with national norms for 15- or 16-year-olds is the closest to an objective unit of measurement, but very imprecise. Interviewing workers, management, or local outsiders to learn about child labor in the factory is not prescribed in any detail or with any guidance specific to child labor issues, except to ask about protective conditions for juvenile workers (typically defined as workers between 16 and 18 who are old enough to work, but only in relatively low-hazard jobs).²

The Lawyers Group for Human Rights has recommended various ways to make visits by monitors or auditors more meaningful which are summarised in the endnotes to this item.

To overcome these impediments, organisations concerned about the exploitation of children, individual businesses and specialist verification agencies have explored a range of methods. These are described in the next part of this appendix. So far, no single method has been identified as "the best".

Labour inspection services

Governments have a responsibility to ensure that labour laws are respected. Indeed, government-run labour inspection services have the prime responsibility for checking whether labour laws are being respected, and for initiating action if they are not. However, in the countries where child labour is most common, labour inspection services are poorly funded and notable by their absence from sectors of the economy where most children work. From one point of view, the governments of such countries are responsible for this short-coming; from another, however, the scale of the problem is too vast for inspectors to be expected to tackle it. They can potentially play a useful

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role when child labour is the exception rather than the rule. They also face most of the same obstacles to detecting child labour that have already been mentioned.

The auditing options

In order to demonstrate that they are meeting their commitments (both on child labour and other social and environmental issues), businesses usually have internal procedures, similar to other quality assurance procedures, and also subject their operations to external, independent checking. Internal checks are usually referred to as “monitoring”, while checks by independent outsiders are nowadays referred to as “social auditing”. Most social audits nowadays check whether an organisation is compliant with an entire code, rather than on the single issue such as child labour.

Checks and inspections, whether they are carried out internally or externally, have a different impact depending on whether they have been announced in advance or are unannounced. It is unlikely that a factory which is informed in advance that it is going to be checked for compliance with a code prohibiting the employment of under 15-year-old children would allow any employees who are younger than 15 to remain on its premises for the duration of an inspection. However, there is also evidence that unannounced checks fail to detect all cases of child labour.

Some of the techniques involved are expensive. Because publicity surrounding cases of child labour grew in the 1990s, businesses felt there was a significant risk that they might be criticised publicly for selling products made by child labour. In this context, some companies felt it was justifiable to spend large amounts on new internal procedures to check that child labour was not involved, and also on external audits of their activities, designed to confirm that they were not exploiting children.

However much companies invest in monitoring and audits, though, the number of their suppliers and complexity of their supply chains make it difficult to find out what is happening quickly. For example, between 2000 and 2002, a group of 14 of the largest retailers based in France reported carrying out 670 social audits of their suppliers based outside France. However, this was said to account for only 20 per cent of all their suppliers. There were plans to almost double the rate of audits in 2003, but this would still leave half their suppliers unchecked.³

Verification agencies set up by a single company

Some companies have felt that it was sufficient to announce that they have codes of conduct, without making public details of either the codes themselves, or their verification procedures. Initially, indeed, a number of companies responded to claims that they were exploiting child labour by asserting that their company's brand name was a sufficient guarantee that this was not the case.⁴ However, neither journalists nor consumers appeared to give these assertions much credit.

One company which originally followed this model is C&A, which

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adopted ethical criteria for its sourcing and initially depended on its sourcing operation, Mondial, to check that these were respected. However, by the mid 1990s C&A decided that this was not sufficient and set up its own verification agency. Businesses which have taken this option have argued that such specialist agencies are better informed about their company's ways of working, and consequently able to do a better job, than outside auditors. In 1996, C&A set up SOCAM (Service Organisation for Compliance Audit Management) to audit the C&A Code of Conduct for the Supply of Merchandise that was published in 1996 and updated in 1998. The Code was adopted for C&A's two sourcing companies, Mondial (C&A's international sourcing operation) and Marca Retail Organisation (which buys from suppliers based in Europe), both of which are also audited by SOCAM.

Sceptics comment that verifying agencies which are directly financed by the company they are monitoring are not truly independent and that the guarantees they offer are less dependable than those given by independent auditors. In the case of SOCAM, a conventional auditor, Cap Gemini Ernst & Young, has confirmed that it "found SOCAM's auditing activities to be well organized, structured and conducted in a professional manner according to the above mentioned EN/ISO standards [ISO Guide 62⁵/ EN 45012]. We have found no indication that SOCAM is dependent in its activities on C&A, Marca and Mondial." ⁶ In 1998, SOCAM's annual report noted "The main cause for termination of business has been either evidence of use of child labour or intolerable working conditions".

Verification by independent quality control and assurance companies

Auditing to check whether a company is abiding by either its own code, or a code developed by others, is carried out by independent companies with expertise in various forms of assurance, such as financial auditing, quality testing, certification that companies are meeting environmental standards, and certification of other standards such as those developed by ISO (the International Organization for Standardization). A number of companies are reported to have been used to verify compliance with codes on labour standards, including child labour. They include ITS (Intertek Testing Services), KPMG, PricewaterhouseCoopers and SGS (*Société générale de surveillance*).

A major source of information checked by verifying agencies consists of the records (paper trail) kept by companies and their suppliers, confirming, for example, that appropriate management systems are in place, or that a certificate confirms each employee's age, and so on.

Because of the limitations of a paper trail, some auditing organisations supplement their examination of the records of a company and its suppliers with other investigative techniques. A US-based organisation, Verité,⁷ maintains links with workers' rights activists and interviews workers as part of its checks. The Ethical Trading Initiative (ETI), based in the United Kingdom, openly acknowledges the shortcomings of existing forms of verification, and stresses that it is still learning from pilot projects which techniques are most effective.

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Verification of specific schemes: Fair Labor Association and SA8000

The Fair Labor Association (FLA) has developed a "Monitoring Guidance" manual which is intended to be used by both companies adhering to the FLA code and independent external monitors. The responsibilities of accredited external monitors which it mentions are listed in the endnotes to this appendix. The manual also offers guidance to independent external monitors and participating companies on how to conduct monitoring as far as both child labour and other standards are concerned. It suggests that the key components of monitoring are: (1) gathering external information, (2) worker interviews, (3) management interviews, (4) capacity review, (5) records review, (6) visual inspection, and (6) analysis and reporting. In relation to each of these, the FLA suggests specific techniques to be used in relation to detecting child labour. For example, in relation to worker interviews, it suggests:

Ask workers what documentation they were asked to show concerning their age. This may provide a useful check against management's statement that it seeks reliable verification of age.

In June 2003, the FLA published details of independent audits of seven major footwear and apparel companies, showing every instance of non-compliance with the FLA Code that was found by accredited independent monitors during the FLA's first year of full operation (1 August 2001-31 July 2002). Non-compliance had reportedly been found in 48 of 185 monitoring visits, which included both unannounced and announced audits in factories in 30 countries on 5 continents.⁸

SA8000

Prior to verification, SA8000 sets out procedures for a company to follow in order to comply with its provisions. This involves making any changes to conditions, policies and management systems required by the standard, and then seeking a "pre-audit" by one of SA8000's accredited auditing firms, before seeking full certification, which is valid for three years once issued.

SA8000 requires verification by an independent auditing body accredited by SA8000. In November 2003, there were reported to be nine organisations accredited to carry out SA8000 certification.

The company seeking accreditation must provide the audit team with access to relevant records as well as the freedom to interview its employees. If any aspect of the company's operations does not meet what is required by the standard, the audit team issues what is called a "corrective action request", indicating what has to be done to bring about compliance. SA8000, like many other verification procedures, categorises corrective action as either "minor" (to be carried out straight away) or "major" (requiring a plan to be drawn up, followed by re-inspection).

Working with others: the ETI experience

Starting with its base code, the ETI shares some of the approaches of other schemes with their own codes. The companies belonging to the

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ETI agree that their implementation of the ETI base code will be assessed through both monitoring and independent verification, and agree to report to the ETI board once a year on their progress with implementation.

Unlike other schemes, however, businesses belonging to the ETI also agree to “engage with other members in the design, implementation and analysis of pilot schemes to identify good practice in monitoring and independent verification and share this experience with other members”. For an approach to count as “practice”, it needs to be agreed as such by ETI’s member companies, trade unions and NGOs.

The ETI itself conducts experimental programmes, in cooperation with member companies and their suppliers, trade unions and NGOs, to identify the most effective approaches to making codes meaningful and credible, in particular as far as monitoring and verification are concerned. Conducting and learning from pilot schemes and disseminating the lessons learnt are said to be the ETI’s core activities, and a high premium is placed on transparency and disclosure. This is initially within a confidential environment, so that a company can discuss the difficulties it is experiencing, for example in persuading a particular supplier to end the use of child labour, in the certainty that other members of the ETI will not leak this information to the media or to its competitors.

Reporting on its main project on child labour in late 2003, the ETI observed that the issue is complex and difficult to detect, and that although incidences were rarely reported in workplace monitoring, its corporate members felt that child labour might be present but out of sight.⁹ These concerns were underlined by NGO and trade union members, who confirmed that the risk of child labour in supply chains was real. The ETI embarked on a project which aimed to eliminate child labour from the supply chain, while contributing positively to the lives of the children affected and their communities. The project was reported to involve five UK-based companies, one ETI trade union member (the Trade Union Congress) and two NGOs belonging to the ETI.

Corrective action when “non-compliance” is detected

When a violation of a company’s code or commitments concerning children is detected, something has to be done about it. The key point here is that care must be taken to ensure that remedial action does not inflict harm on children.

Auditing procedures categorises a business’ failure to comply with the standards it is required to meet as either “minor” or “major”. Different degrees of remedial action are required to address each of these. The ETI envisages three stages of remedial action:

Member companies commit themselves, on the basis of knowledge gained from monitoring to: (a) negotiate and implement agreed schedules for corrective actions with suppliers failing to observe the terms of the code, i.e. a continuous improvement approach; (b) require the immediate cessation of serious breaches of the code,

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and; (c) where serious breaches of the code persist, to terminate any business relationship with the supplier concerned.¹⁰

In cases where the conditions in which young people are working are unacceptable and most other cases of non-compliance, remedial action requires changes and improvements in operations. When children are found to be working who are below the minimum age for entry into employment, the situation is more complicated.

What to do about children working in contravention of standards

The diagram on page 15 of the Executive Summary summarises the particular challenges facing businesses on the issue of child labour. Here are some of the options for what action can be taken when children are found at work in contravention of a company's code or of the law.

Options for children found to be involved in "the worst forms of child labour"

There is no justification for keeping children involved in any of the "worst forms", whatever their age. However, there is a distinction between "unconditional worst forms of child labour" and hazardous work (see Appendix 2 for details). Older children (those aged 16 or 17, and in some countries those aged 15) who are involved in hazardous work can potentially be given training to make hazardous work acceptable.

Options for older working children

In the case of children who are within a year or two of reaching the legally stipulated minimum age for entry into employment, it may be appropriate to look at employment-related options to tide them over until they are old enough to work full-time and can return to work with the same employer. These options could include:

- Supporting the child in attending a vocational training programme or apprenticeship;
- Continuing to work several hours a day in "light work", which they are entitled to do by international standards during the two years before they reach the minimum age for employment (although this provision may not be recognised by national law), while ensuring that they complete their basic education.

Options for younger children found at work

Children aged 12 or younger should be supported in returning to school, unless no suitable school is available locally. In such cases, business themselves can take a lead in providing finance for a community school, or in encouraging a suitable organisation to provide educational facilities. Some schools are unwilling to take back children who have already been at work for several years, in which case the company that has been benefiting from the children's work has a responsibility to do what it can, either to persuade the school authorities to take children back, or to organise other types of remedial education. In either case, it seems reasonable that the company should bear some of the costs.

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Replacing lost income

In the options for both older and younger children, the aim is not for a business to “reward” families for sending their children to work by giving them a financial subsidy when a child is removed, but rather to ensure that implementing employment laws does not cause harm to children who are already at work and who depend on their income to survive. Redundancy payments or other compensation can therefore be linked to initiatives to keep a child in school and ensure that he or she does not start work elsewhere. As such schemes are potentially difficult to administer, it is usually easier for a business to team up with an organisation that has experience of working with children and can help organise such arrangements, such as a local child rights NGO or UNICEF or the ILO-IPEC.

In some circumstances, an acceptable option is to offer a job vacated by an under age child to an unemployed older member of the same family, thereby ensuring that the household income is maintained or increased.

Businesses rarely have much experience at listening to children and knowing how to take their views into account when cases of child labour are detected. However, it is quite inappropriate for companies to assume that they can impose decisions on child workers without finding out what their views are and seeing whether these can be taken into account. The principle now recognised by the international community is that children who are capable of forming their own views have a right to express those views freely in all matters affecting them; furthermore, their views should be given due weight in accordance with the age and maturity of the child concerned (see Appendix 1 for details on this in relation to Article 12 of the UN Convention on the Rights of the Child).

The implication is that a business that comes across under age children at work, or other cases of child labour, has a responsibility to talk to the children concerned and to try and involve them in finding an appropriate solution. There is also a responsibility towards child workers, like adult workers, to provide them with clear information about what is going on, and what options are being looked at concerning their future.

Listening to children's opinions may be more difficult in the case of young children aged under 12, but on the whole such cases are likely to be easier to resolve than those of teenagers. It is chiefly in the case of older children, particularly those who are almost old enough to be undertaking the work they are doing, that special attention has to be paid to finding out what solutions the children themselves favour. As it may not be possible for a company to meet the children's wishes, it is important to clarify this at the outset of any consultations.

In order to ensure that child workers are not too intimidated to voice their views freely, companies may find it appropriate to use the services of NGOs or individuals who already have experience of helping children voice their own views.

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Reporting on compliance – transparency

The amount of information that both companies and those auditing them make public varies a great deal. The principle here is straightforward: businesses should be as open as possible without compromising their competitiveness. This means stating on a regular basis:

- what standards in relation to child labour and other issues a company is committed to;
- what action has been taken to monitor and verify whether these standards are being met;
- whether corrective action has been taken as a result, and, if so, what.

Reports by companies

Over the last few years, the number of governments insisting that companies report publicly on the action they take on social and environmental issues has been increasing. In 2001, for example, the French National Assembly passed legislation requiring major French companies to disclose what they were doing on specified social and environmental issues. A subsequent Decree requires companies to report specifically on the issue of sub-contractors and of what action they have taken to ensure that sub-contractors respect the core ILO conventions (including those on child labour).¹¹

As far as corrective action in cases of non-compliance is concerned, most company reports limit themselves to mentioning the number of times a verifying agency noted non-compliance and required corrective action to be taken. A few go further and indicate the area in which non-compliance was occurring most frequently.

Reports by organisations administering codes and other schemes

The organisations administering standards such as SA8000 or organising schemes such as the Ethical Trading Initiative require corporate members to report in considerable detail.

The ETI's annual report (2001/2002) notes that "Member companies reported and were assessed against the following criteria which reflect their membership commitments":

- match between the company code and ETI base code
- top management commitment to ethical trade
- communication in the company and supply base about ethical trade
- quality of the monitoring programme
- detection of non-compliances

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- corrective action taken where non-compliance is found
- priorities for the coming year
- participation in ETI projects or working groups
- overall standard of the report.

The ETI also reported that it had given detailed feedback to each of its member companies on their performance relative to its other corporate members, and, in the cases where a company was judged not to be performing well, ETI representatives met with a senior company representative to agree the steps that would be taken to improve its performance.

The costs of monitoring and verification

The costs for a company of committing itself to not using child labour, let alone other commitments, are considerable. They include:

- Costs related to the development and adoption of an individual company code;
- Costs related to a code's introduction, such as training of both staff and representatives of suppliers;
- Costs of internal monitoring;
- Costs of external verification;
- Costs of corrective actions;
- Costs related to the withdrawal from their work of children who are involved in work in contravention of a code.

Relatively few of the businesses which have adopted codes concerning child labour explain in published reports exactly what the costs of implementation have been and whether it is the business itself or its suppliers which have born those costs. However, many retailers are reported to require their suppliers to pay much or all of the costs.

In a report published in February 2004, the British-based charity Oxfam criticised retailers for passing on these costs to their suppliers, observing that suppliers, in turn, cut their wage bill in order to pay for verification and corrective actions. Oxfam reported on one of the United Kingdom's largest retailers, Tesco, which was a member of the Ethical Trading Initiative (ETI). It noted that to finance its ethical trading programme, Tesco is reported to require all its suppliers to pay US\$119 every three months for each production site which supplies it¹².

In the case of IKEA, an independent report on labour standards among IKEA suppliers notes that IKEA pays the costs of monitoring and independent audits, but the costs of corrective action have to be born by suppliers themselves¹³. An IKEA supplier who is found to be using child labour will have already signed an agreement with IKEA which

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stipulates that child labour will not be used and that, if it is detected:

A corrective action plan shall take the child's best interests into consideration, i.e. family and social situation and level of education. Care shall be taken not merely to move child labour from one supplier's workplace to another, but to enable more viable and sustainable alternatives for the children.¹⁴

The disadvantage of this arrangement – requiring suppliers to pay the costs of both corrective action and remedial action on behalf of child workers who have to be given “viable and sustainable alternatives” – is that it is designed primarily to be punitive (to penalise a supplier for non-compliance) rather than to ensure that the best interests of children are upheld.

Endnotes – improving monitoring techniques

The New York-based Lawyers Group for Human Rights has recommended various ways to make visits by child labour monitors or auditors more meaningful. These are based on what it calls “best current practices”.¹⁵ They include:

- Exploring factory policies on prohibiting child labour and responding to it when it is discovered, including financial compensation to the child's family;
- Checking that the factory requires age documentation for employees as a condition of employment and keeps the documentation on record;
- Checking whether workers understand the prevailing policies and are informed about the factory's actual response in actual cases of violation;
- Reviewing dismissal records for a period prior to the monitor's arrival, to see if child workers were cleared out in advance;
- Checking for actual tracking of responses in cases where child labour is discovered, including compensation, support for schooling, and record-keeping on discovered cases;
- Checking whether the factory brings in and works with local service organizations when addressing child worker issues;
- For juvenile workers supposedly going to school, comparing school hours and work hours, consulting school records and records of schooling support by the employer.

Possible improvements suggested by the Lawyers' Committee

- 1 Require managers to keep track of the number and type of forged age documents that they detect, in the hiring process or subsequently, and to keep the forgeries (or samples) for inspection. This will help monitors learn to recognize prevalent types of forgeries themselves.

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- 2 Consult with local outside groups not only on child labor norms in the area, but also for any indication of current child labor in the particular facility, common forgery practices, etc.
- 3 Consult with local schools for same.
- 4 Follow up with local schools in cases of discovered child workers to check on whether remediation is successful, both for the child and for the family.
- 5 In discovered cases, when the child involved reaches eligible age, follow up to check whether rehire actually occurs if requested.
- 6 Check whether hiring agent and/or personnel manager suffers any negative consequences when child labour hires are discovered.
- 7 Ask whether there is special supervision for juvenile workers, and interview the designated supervisor(s).

Responsibilities of external monitors

The US-based Fair Labor Association "Monitoring Guidance"¹⁶ identifies the follow 10 responsibilities for organisations seeking to verify whether a business is respecting a code concerning child labour or related issues.

- A. Establish Clear Evaluation Guidelines and Criteria
 - Establish clear, written criteria and guidelines for evaluation of Company compliance with the workplace standards.
- B. Review Company Information Database
 - Conduct independent review of written data obtained by Company to verify and quantify compliance with the workplace standards.
- C. Verify Creation of Informed Workplace
 - Verify that Company employees and employees of contractors and suppliers have been informed about the workplace standards orally, through the posting of standards in a prominent place (in the local languages spoken by employees and managers) and through other educational efforts.
- D. Verify Establishment of Communications Channel
 - Verify that the Company has established a secure communications channel to enable Company employees and employees of contractors and suppliers to report to the Company on non-compliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so.
- E. Be Given Independent Access to, and Conduct Independent Audit of, Employee Records
 - Be given independent access to all production records and practices and wage, hour, payroll and other employee records and practices of Company factories and contractors and suppliers.
 - Conduct independent audit, on a confidential basis, of an appropriate sampling of production records and practices and wage, hour, payroll and other employee records and practices of Company factories and contractors and suppliers.

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F. Conduct Periodic Visits and Audits

- Conduct periodic announced and unannounced visits, on a confidential basis, of an appropriate sampling of Company factories and facilities of contractors and suppliers to survey compliance with the workplace standards.

G. Establish Relationships with Labor, Human Rights, Religious or Other Local Institutions

- In those instances where accredited external monitors themselves are not leading local human rights, labor rights, religious or other similar institutions, consult regularly with human rights, labor, religious or other leading local institutions that are likely to have the trust of workers and knowledge of local conditions. Assure that implementation of monitoring is consistent with applicable collective bargaining agreements and performed in consultation with legally constituted unions representing employees at the worksite.

H. Conduct Confidential Employee Interviews

- Conduct periodic confidential interviews, in a manner appropriate to the culture and situation, with a random sampling of Company employees and employees of contractors and suppliers (in their local languages) to determine employee perspective on compliance with the workplace standards. Utilize human rights, labor, religious or other leading local institutions to facilitate communication with Company employees and employees of contractors and suppliers, both in the conduct of employee interviews and in the reporting of non-compliance.

I. Implement Remediation

- Work, where appropriate, with Company factories and contractors and suppliers to correct instances of non-compliance with the workplace standards.

J. Complete Evaluation Report

- Complete report evaluating Company compliance with the workplace code of conduct.

- 1 For example, a cushion cover on sale in December 2003 carried a label stating that it was made in India, accompanied by a statement that "Our products are made with consideration of environment and welfare of craftsmen. A great care goes into selection of suppliers, who use no child labour to make this product".
- 2 Lawyers Committee for Human Rights (re-named "Human Rights First" in January 2004), *Yardsticks for Workers Rights: Learning from Experience*, 2003. This website contains information about verification procedures concerning the full range of labour rights.
http://workersrights.lchr.org/yardsticks_report/child_labor.htm#introduction
- 3 Laure Belot, "Les distributeurs français se dotent de règles communes", *Le Monde*, 25 September 2003. <http://www.lemonde.fr/web/article/0,1-0@2-3234,36-335382,0.html>
- 4 One such case, involving a British company, is described in "Forgotten on the Pyjama Trail", Appendix 6 in: *International Working Group on Child Labour, Working Children: Reconsidering the Debates*, Amsterdam, 1998.
- 5 General requirements for bodies operating assessment and certification/registration of quality systems (1996).
- 6 Quoted on SOCAM's website when accessed on 21 January 2004:
<http://www.socam.org/socam2001/nav.html#>

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(continued)

- 7 <http://www.verite.org>
- 8 “Fair Labor Association Issues First Public Report: Global Companies Go Public With Independent Audits Of Labor Practices In Factories Around The World”, press release issued by FLA on 4 June 2003, available on FLA web-site, <http://fla.org> The companies involved were reported to be: Adidas-Salomon, Eddie Bauer, Levi Strauss and Co, Liz Claiborne Inc, Nike Inc, Phillips-Van Heusen and Reebok International Ltd.
- 9 ETI Annual Report 2001/2002, available from its website: <http://ethicaltrade.org>
- 10 ETI Principles of Implementation.
- 11 Decree 2002-221 (DÉcret no 2002-221 du 20 février 2002 pris pour l'application de l'article L. 225-102-1 du code de commerce et modifiant le décret no 67-236 du 23 mars 1967 sur les sociétés commerciales), Article 1 (9o) states : ‘ Il indique l'importance de la sous-traitance et la manière dont la société promeut auprès de ses sous-traitants et s'assure du respect par ses filiales des dispositions des conventions fondamentales de l'Organisation internationale du travail. Il indique en outre la manière dont les filiales étrangères de l'entreprise prennent en compte l'impact de leurs activités sur le développement régional et les populations locales. ’
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