

Child Labour Resource Guide

Executive Summary



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1. Business Case for Managing Child Labour

Globally, it is estimated that:

- 211 million children (aged between 5 and 14) are engaged in some type of work
- 1 in 12 children (180 million young people under 18) are involved in the worst forms of child labour

1.1 Introduction

This guide has been designed to help businesses establish an appropriate response when they suspect or find that children might be working for them or their suppliers. It will also help businesses entering new markets or product areas within which there may be a risk of child labour being present.

To gain a rapid insight into child labour, begin with this executive summary. It highlights the reasons why children work, the types of labour they are involved in and the numbers of children believed to be working today. It makes a compelling case for business action on child labour, offers a basic step-by-step approach to managing child labour risk responsibly and illustrates why shareholders care about child labour.

Throughout the summary, readers are prompted to turn to one of the guide's six appendices for more in-depth information on a particular aspect of child labour.

Appendix 1 considers international legal standards on child labour. It highlights how these standards are directly relevant to business and explains why their priorities and processes should be taken into account when action against child labour is under development.

Appendix 2 examines different types of standards and codes of conduct on corporate social responsibility with specific reference to child labour. Organisations under the spotlight include businesses, trade unions, individual governments and the UN.

Appendix 3 presents examples of usually competing companies which have cooperated in order to reduce the number of children in manufacturing for export.

Appendix 4 highlights the extent to which businesses can investigate, monitor and verify the codes or standards they establish.

Appendix 5 explores domestic law on child labour in two contrasting countries – India and the UK. Unpicking the complexities of domestic legislation, it looks at how these countries are protecting their children.

Appendix 6 considers the examples of four major international companies which have adopted codes excluding the use of under age child workers by their suppliers.

Finally, the guide is complemented by a section detailing expert organisations offering further guidance and support in tackling child labour, together with a comprehensive bibliography.

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1.2 Causes of child labour

Defining child labour

Drawing a line between “acceptable” work and “child labour” can be difficult in practice. Whether or not particular forms of work can be called child labour depends on the child’s age, the types of work and the conditions under which it is performed. In reality the answer varies from country to country and among sectors within countries.

In general “child labour” refers to children who are engaged in work that could be harmful to them. This is in contravention of International Labour Organization (ILO) conventions. The term applies to all children under 18 involved in the “worst forms of child labour”, all children aged under 12 taking part in economic activity and all 12- to 14-year-olds engaged in more than light work. The ILO defines light work as work that is not likely to be harmful to children’s health or development and not likely to be detrimental to their attendance at school or vocational training.¹

“Child work”, which can include simple household chores and other tasks which do not negatively affect children’s health or education, is generally regarded as positive and is not covered in this guide.

The worst forms of child labour

By 2003, ILO Convention No 182 on the Worst Forms of Child Labour had been ratified by 147 countries. The Convention applies to all children under 18 and defines the “worst forms” of child labour as:

- Slavery and forced labour – including forced recruitment into armies;
- Commercial sexual exploitation including prostitution and pornography;
- Illicit activities, including the production or trafficking of drugs;
- Hazardous work which jeopardises children’s lives and healthy development.

“Hazardous” work is defined within individual countries and consequently definitions of it vary.

Why children work

Children work for a variety of reasons. The major factor is often poverty and a child’s need to contribute to the family economy. Conflict and natural disasters such as earthquakes and drought can also determine whether children need to work to support their families. Over the past two decades, HIV/AIDS has had especially severe effects in sub-Saharan Africa. The UN has estimated that by 2001, 13 million children under the age of 15 had lost their mother or both parents to HIV/AIDS, the majority of them in this region. This has compelled many children to become the heads of their households and take on the adult responsibilities which accompany such a role.

Children are also subject to the rules of supply and demand.

“Demand”, can be high for child workers because they work for less pay than adults. Equally important, children can be intimidated into

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obedience, and oppressed child workers are less likely to join trade unions or to insist on their rights being respected.

The “supply” of child workers can be fostered by a lack of educational opportunities and the poor quality of school systems, as well as discrimination against children from particular social groups. Without the opportunity of education, children have little alternative than being propelled into work at an early age.

The impact on children

Child labour can have a lifelong impact on children. Working long hours at physically demanding jobs, often in dangerous and hazardous conditions, robs children of their childhood, affecting their health and future development. One of its most far-reaching consequences is that working children miss out on education. Lacking the skills they need to take them into early adulthood and beyond, working children are also less likely to ensure that their own children attend school and receive an education.

Numbers: global and regional

It is estimated that 246 million children worldwide are involved in forms of child labour which the ILO believes should be abolished.² Of this number, 211 million children aged from 5 to 14 are economically active. A total of 180 million 5- to 17-year-olds are engaged in the worst forms of child labour. This amounts to one in every 12 children in the world.

Numbers of working children by region and economic bloc

Region	Total (millions)	Percentage of total
Asia and the Pacific	127	60
Sub-Saharan Africa	48	23
Latin America and the Caribbean	17.4	8
Middle East and North Africa	13.4	6
Industrialised economies	2.5	1
Transition economies	2.4	1

Source: International Labour Organization

Scenarios: the work that children do

Among the estimated 180 million children involved in the worst forms of child labour, 171 million of them are thought to be engaged in hazardous work. Of these, it is estimated that 111 million are aged between 5 and 14: too young to be engaged in anything more than light work.

This is an alarming picture. It does not mean, however, that every factory in a developing country has children on its premises who should not be working. Many of the 111 million 5- to 14-year-olds are living and working at home or on a family farm or small holding. Some work for part of each day or when there is peak demand for labour, such as during the harvest.

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The invisible children

Many working children are virtually “invisible”. They work in private homes, either as domestic servants (reputedly the largest single type of employment for girls under 18 working outside their own homes), or as part of a household which takes on sub-contracted work as “homeworkers”: stitching footballs for example, or weaving carpets. Most of these children are girls. Others are invisible because they work away from towns and cities in agriculture, fishing, hunting and forestry.

Whilst children working in their own homes and for their own families are in an environment which ought to protect them, some are still subjected to exploitation, or work in hazardous conditions - for example, through the outsourcing of textile work to families in Bangladesh.

The informal economy also draws in large numbers of children. Almost by definition, it is unregulated: labour laws are not observed and governments generally make little or no attempt to enforce them. Child domestic workers, for example, are rarely given a formal contract and are routinely subjected to abuse.

Although no accurate statistics are available, estimates suggest that about 10 million child labourers are involved in producing for direct export. In some countries, children under 15 are reported to play a significant role in the production of agricultural exports including cocoa, coffee, cotton, rubber, sisal and tea³. In addition, the ILO has noted that in Brazil, Kenya and Mexico, under 15s account for between 25 and 30 per cent of the commercial agricultural labour force.

UNICEF's role in protecting children's rights

In 1989 the UN adopted the Convention on the Rights of the Child. The Convention sets out the rights that each and every child has: from the right to an education to the right to protection from exploitation and abuse. It applies to everyone under the age of 18. With reference to child labour, Article 32 in particular states:-

States Parties recognise the right of the child to be protected from economic exploitation and from performing any work that is likely to be hazardous or to interfere with the child's education, or to be harmful to the child's health or physical, mental, spiritual, moral or social development.

In order to make these rights a reality for children, UNICEF is working in partnership with communities, governments and the private sector in 158 countries. Furthermore, the Convention's principles guide all of UNICEF's work with and for children and their communities. UNICEF believes that if children's rights are respected and promoted, they are much more likely to survive and thrive into adulthood. Everyone, including the business community, has a responsibility to ensure that children are protected from abuse and exploitation.

Go to [Appendix 1](#) for information relating to international legal standards on child labour, including the ILO's Minimum Age and Worst Forms of Child Labour conventions.

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1.3 Responses to child labour

This section summarises the responses to child labour from four different groupings:

- a. Governments
- b. International organisations
- c. Concerned groups
- d. Business

a. Governments

The response of industrialised country governments to child labour is usually quite different to the response in developing countries. Governments in industrialised countries generally regard child labour in their country as a problem of the past – sometimes incorrectly.

Fixing a minimum employment age

Generally, governments wishing to stop young children starting work prematurely have fixed a minimum age for employment, usually opting for a lower age, such as 14 or 15, which can potentially be raised to 15 or 16 when the state of the economy permits it.

If the government is committed to ensuring this minimum age is respected, it ensures that attendance at school is compulsory and that the minimum age for leaving school is the same as that for entering employment. This avoids a gap between the age when children are entitled to leave school and the age when they can start work, which almost inevitably results in children starting to work illicitly.

Simply decreeing a minimum age does not usually have much impact on a country where significant numbers of children currently start work when they are younger than the age stipulated. Enforcing minimum age laws by penalising parents whose children fail to attend school, or punishing employers of under age workers are also unlikely to be effective techniques when a large proportion of the children in a country are involved.

Changing public behaviour means modifying attitudes towards the acceptability of children working full-time when they are 13, 11 or younger: or at least changing the attitude of the families and employers concerned. In some societies, this has been achieved by social movements. It also means governments must take action to ensure that the school infrastructure is available to provide places to all children of school age, and to ensure that families whose school age children are at work have an adequate income to feed and house their children without being dependent on the children's earnings.

Enforcing minimum age laws

To actually end child labour, governments have to create the economic and social policies which ensure that children stay at school until they reach the minimum age to start work. The government concerned has to be able to afford this.

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Consequently, many countries have laws governing the minimum age for entry into employment, but they are routinely violated. There are also countries which have laws regulating employment, but which exclude substantial sectors of the economy from any regulation; for example, the law may exclude agriculture, domestic service, or factories below a certain size from the scope of minimum age laws.

In countries where school attendance is compulsory until the minimum age for entering employment, the action required to enforce the law and check what has happened to children who are not attending school is similar to that required to ensure they are not starting work too young. However, in industrialised countries as well as in developing nations, separate government departments may be responsible for school attendance and workplace inspection, allowing irregularities to occur systematically.

Particular problems have arisen in countries where significant numbers of children from minorities or from abroad are found working below the minimum age for entry into employment. In such cases the government may feel little responsibility to ensure that the children concerned attend school, and may even wish to deny them entry into mainstream schools.

“No child labour”

Alongside the efforts of governments to pass/enforce minimum age laws in their own countries, legislation (or the threat of it) by governments of industrialised countries can have a large impact on child labour.

In the 1990s, for example, there were consumer demands for a certificate or label that would confirm that “No Child Labour” had been used in producing a particular product. In the US, the possibility of a law banning imports made with child labour was considered by legislators in 1992. Senator Tom Harkins drafted a Bill, and the mere threat of this “Harkins Bill” had major repercussions, most notably in Bangladesh, where large numbers of girls working in garment factories were summarily dismissed. However, the Bill never became law; instead, President Clinton eventually outlawed imports made by children involved in some of the worst forms of child labour.

Protecting young workers

Governments also have a responsibility to ensure that young workers (who have reached the minimum age for employment) are protected at work. This means passing legislation to stop 14- to 17-year-olds being involved in hazardous work. In many countries this is interpreted to mean that adolescents should not take on night-work or be employed in places such as bars and night clubs.

Compliance with local laws

The governments of industrialised countries have recently started encouraging businesses based in their countries, which invest overseas, to comply with local laws concerning child labour and other labour and environmental standards in the countries where they have

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business dealings or source their goods. In November 2003, the UK's Department for International Development noted that⁴:

"We encourage businesses that invest directly in developing countries, at a minimum, to comply with the various international, national and industrial regulations and codes of conduct. These range from the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises at the international level, to tax and bribery laws in individual countries, to industry-wide codes such as the Extractive Industries Transparency Initiative. If there are obstacles to businesses behaving responsibly in this way (e.g. corruption, bureaucracy, lack of infrastructure, and lack of a healthy and skilled workforce), we would like businesses to use their influence with governments to help demolish these barriers."

Some governments go further and require businesses based in their country to report publicly on the action they are taking to ensure that their suppliers do not contravene internationally recognised labour standards.

b. International organisations

When cases of child labour and other forms of child exploitation were first highlighted, none of the inter-governmental organisations linked to the UN were involved in monitoring what was happening or organising a systematic response. Now the situation is very different. The governments of both developing and industrialised countries have decided collectively that the issue of child labour requires attention, to ensure that children attend school and acquire the education needed to make a contribution to their country's development, and to end the unacceptable exploitation of children that is so widespread.

UNICEF

Since the UN General Assembly adopted the Convention on the Rights of the Child in 1989, UNICEF has taken a lead among UN agencies in efforts to turn child rights into a reality. This has included initiatives to end the economic and sexual exploitation of children, as well as their use in armed conflict and other abusive situations. In recent years, UNICEF has put particular emphasis on education, especially for girls. Education remains a key safeguard for preventing child labour and helping to combat the sexual exploitation and trafficking of children, to which it is mainly girls that are at risk.

In numerous countries, UNICEF runs specific projects to end particularly unacceptable forms of child exploitation. It works closely with local organisations, although not specifically employers' organisations and trade unions.

The International Labour Organization (ILO)

Within the UN system the ILO has particular responsibility for the world of work, and it is the ILO's annual International Labour Conference which has adopted a series of conventions concerning child labour. Responding to increased concern, the ILO launched an International

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Programme on the Elimination of Child Labour (IPEC or ILO-IPEC) in 1992. This has now acquired a great deal of experience of projects and programmes to combat unacceptable forms of child work, from preventing children being recruited into premature work in the first place to providing protection to working children. This includes withdrawing them from work and supporting children's reintegration into school or vocational training schemes.

The ILO has the special advantage of incorporating representatives of both employers' and workers' organisations (trade unions) in its formal structure; both have played a role in implementing ILO-IPEC programmes and projects. ILO-IPEC also involves other locally-based organisations in implementing its projects.

After accumulating experience in running programmes concerning children working in specific sectors of the economy, in 2001 ILO-IPEC launched a series of more ambitious programmes to bring child labour as a whole to an end in certain countries within a specified time. They are known as "time-bound programmes". The first countries selected for this approach were El Salvador, Nepal and Tanzania.

Since 1999, ILO-IPEC has emphasized combating the worst forms of child labour, particularly since its data revealed that a relatively large proportion of working children (both above and below the minimum age for entry into employment) were involved in hazardous work.

According to the ILO, IPEC "stimulates and facilitates practical action on the ground by its many in-country partners", and "supports direct interventions by government agencies, employers' and workers' organisations, non-governmental organisations and other civil society groups to assist child labourers and their families".⁵ By 2002 it was working in 75 countries and receiving financial support from 26 donor countries and organisations.

c. Concerned groups

A variety of organisations and social movements take action when they believe children are victims of economic exploitation. Chief among these are trade unions, at local, national and international level. They play a formal role within the ILO, where national trade union organisations have a right to vote alongside employers' and government representatives. The largest international trade union federation, the International Confederation of Free Trade Unions (ICFTU) headquartered in Brussels, has an ongoing international child labour campaign.

At national level, trade unions also run specific projects and programmes to prevent children entering employment or to provide assistance to those who have started work too young.

Non-governmental organisations (NGOs)

In both industrialised and developing societies, some organisations focus specifically on issues of child labour or the exploitation of children. Others have a mandate which includes the issue of child labour and child rights as part of their broader work.

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In general these are voluntary organisations, also known as “not-for-profit organisations” or “non-governmental organisations” (NGOs). The largest NGO which focuses specifically on children, Save the Children, has independent branches based in many industrialised countries, running programmes and projects to assist children in countries throughout the world.

NGOs concerned about working children advocate different ways of responding to child labour and some criticise the approach of both the ILO and international trade union organisations.

Over the past 25 years, the contribution of these groups concerning child labour has evolved. Initially they were involved mainly in collecting information and publicising cases in which children were working in circumstances that appeared exploitative and unacceptable. Early NGO reports tended to focus on the export sector. This is not surprising. The export sector has tended to come under much more scrutiny than child labour in the purely domestic economy of developing countries. In some cases, this seems to be because it is easier to attract media attention in industrialised countries to the involvement of child workers in the production of goods that have been imported into that country. In other cases, the motive is to highlight the loss of jobs in industrialised countries to developing countries where wages are much lower.

Revelations of this sort have continued to be published by NGOs. Some reports focus on particular areas, some on particular industries, and yet others on specific companies. As in the 1970s, the main focus of reports by NGOs, and also those by journalists, remains child labour in the export sector, particularly in businesses involved in supplying companies based in Europe or North America.

Media focus

The media has played an important role in publicising discoveries made by NGOs, and journalists have themselves taken the initiative to investigate cases of child labour. Unlike NGOs, however, they usually have little interest in bringing influence to bear without opting for publicity: their editors have tended to ask them to focus on sensational aspects of child labour. Once again, investigative journalists representing media based in industrialised countries have usually focused on children working in sectors of the economy which export goods to the journalist’s own country.

Consumers

Publicity about child labour has naturally provoked a reaction from the general public, particularly consumers, in the industrialised countries where the publicity occurs. Public concern has inevitably focused on products imported into their countries, when it appears that children in poor countries have suffered so that consumers in wealthier countries can buy cheap products.

Local projects

In the 1990s, trade unions, faith groups and NGOs also became active at a local level, running projects with various objectives linked to

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working children. They include preventing children from leaving school too soon and supporting working children who want to continue their education, for example in the evening. They also provide various services to working children, usually intended to minimise the abuse to which they are subjected. Some have supported working children to form their own child worker organisations.

During the second half of the 1990s, the focus moved on still further. Trade unions, faith groups and NGOs played a role in devising standards and procedures which businesses were urged to abide by in order to ensure that child labour did not occur.

Some of the groups concerned are keen to work closely with businesses, while others adopt a more confrontational approach in their relations with both business and government. Their approaches are as varied as the cultures they come from.

d. Business

Businesses play a major role in determining what happens in practice and whether children are involved in producing the goods they sell. In both industrialised and developing countries, individual businesses have played an innovative role in identifying ways of reducing and eventually eliminating the incidence of child labour.

During the 1990s, large businesses, particularly those based in industrialised countries, started taking action on child labour and other labour issues when they came under pressure, often as a result of a critical report by an NGO or journalist. This underlines that many businesses in Europe, North America and Japan have perceived the issue of child labour in terms of the risk it poses – the risk of being publicly criticised – and viewed their actions as risk avoidance.

“Cut and run”

There are dangers in the sorts of reaction taken by a business that feels at risk or under pressure: for both the business and for the children who may be working for it or its suppliers. The main danger is that managers will prefer to cut and run, rather than engage with the community where children are working. Under pressure, businesses often feel they have to make a rapid response: a denial that any children are working (sometimes without even checking whether this is true or not), the announcement that all children found working will be dismissed, or (in recent years) the announcement of an expensive scheme to deal with the problem.

The alternative is a much more positive form of engagement, which involves accepting some responsibility for the labour practices of suppliers, and recognising that simply dismissing child workers is not an adequate response. If children are being employed or, as is more probable, are working, but not formally employed, at an age or in a way which is not appropriate, there is a great deal that businesses can do to promote children's education and change labour practices. However, positive contributions of this sort, neither sensational nor

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responding directly to bad publicity, generally receive much less public attention than revelations in the media that child labour is occurring. Positive responses consequently require a high level of commitment by business managers, both specifically to children and to action on social issues more generally.

In pursuit of good practice

It is businesses that are committed to good practice in the area of corporate social responsibility that have played a leading role in devising some of the standards and schemes for confirming that good practice is occurring in relation to child labour and other issues. Inevitably, this has moved them away from a preoccupation with risk to a more substantial commitment to corporate social responsibility and to the communities from which they are buying products and services. On the way, they have to learn a great deal about these communities, as well as about monitoring labour practices. However, as businesses, rather than social development specialists or labour inspectors, the amount that a single company can or should do is limited. They can contribute to changing the world, but they cannot do so single-handedly.

Working in partnership

A key difference that can be noted in initiatives taken by business on child labour concerns the degree to which it commits itself to working in partnership with others. Potential partners include other businesses operating in similar areas or retailing similar products, representatives of the communities where a business has factories or sources its products, and representatives of workers in the form of trade unions. It is becoming increasingly clear that schemes to eradicate child labour which are designed and run in participation with others in the country or community concerned are more sustainable in the long term than those designed and imposed "top down" by a business which is based in another country or continent.

The response of businesses based in countries in Europe, North America and Japan to reports that they are exploiting child labour has gradually increased in sophistication over the past decade, from a purely self-interested one (looking after the company's interests, but not those of its employees or of the workers paid by its sub-contractors) to one of positive engagement with the communities concerned.

The approach taken by companies exporting products from countries where significant numbers of children are reported to work has also evolved. In 1993, garment manufacturers in Bangladesh responded to rumours about the Harkins Bill by dismissing tens of thousands of children working in their factories. Two years later, companies manufacturing footballs in Pakistan came under similar pressure as a result of media revelations that young children were stitching footballs, but agreed to work together with UNICEF, ILO-IPEC and various NGOs in order to bring about change.

The experiences that businesses around the world have acquired to date in trying to eliminate child labour and uphold other labour rights in the workplace demonstrates something that should be obvious: the

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expertise of business involves making money, not social development. Perhaps the most important lesson over the past decade, therefore, is that businesses have learnt how to cooperate with others when tackling issues of child labour and corporate social responsibility. This has involved cooperation with organisations that have expertise on social development and child rights (such as UNICEF), cooperation with organisations representing workers' interests (trade unions), cooperation with social activists that condemn the use of child labour (for example, in the framework of the Ethical Trading Initiative), and support for collective efforts with other businesses, which are usually competitors, in order to find solutions.

Diagram 1 on page 14 illustrates the evolution over the past decade of the response of businesses employing child labour or buying products made by children.

1.4 The business benefits of managing child labour

In a global economy, no company operates in isolation. Every organisation is part of a complex supply network for goods and services. This complexity, coupled with the reality of children's lives in developing countries, means that the potential for child labour to occur in the supply chain is very real. Indeed child labour tends to be more prevalent the longer and more circuitous the supply chain.

The risks to corporate reputations and brand values are significant if child labour is used in the manufacture of a company's products. It is one of the areas of the corporate responsibility agenda that can develop swift and significant reactions from a broad range of stakeholders.

Companies that do not take child labour seriously run the risk of damaging criticism from well informed and organised consumers operating with the support of a receptive and sympathetic global media. In addition, NGOs and activists can and do coordinate campaigns on a global basis to challenge companies on this issue. An example of this was the World Cup Campaign 2002, initiated by an international NGO, the Global March Against Child Labour and involving UNICEF amongst many others. The campaign's explicit aim was to ensure that the sporting goods industry and FIFA kept their promises to end child labour in football stitching and other sporting products. The initiative was effective on a number of counts – petitions and pledges were signed, reports and investigations were commissioned, a network of concerned organisations was consolidated, and various government bodies agreed to put pressure on businesses to clean up their act.

Protecting carefully nurtured brand values and, ultimately, a company's "bottom line" are compelling enough reasons to act against child labour. These are, however, reinforced by additional and equally important considerations; namely that companies have specific obligations and responsibilities in relation to the children and communities in which they and their suppliers operate.

Leading companies put good corporate responsibility at the centre of

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their business. Rather than being a “chore”, confronting the issue of child labour is seen as a leading business practice.

Business benefits and opportunities

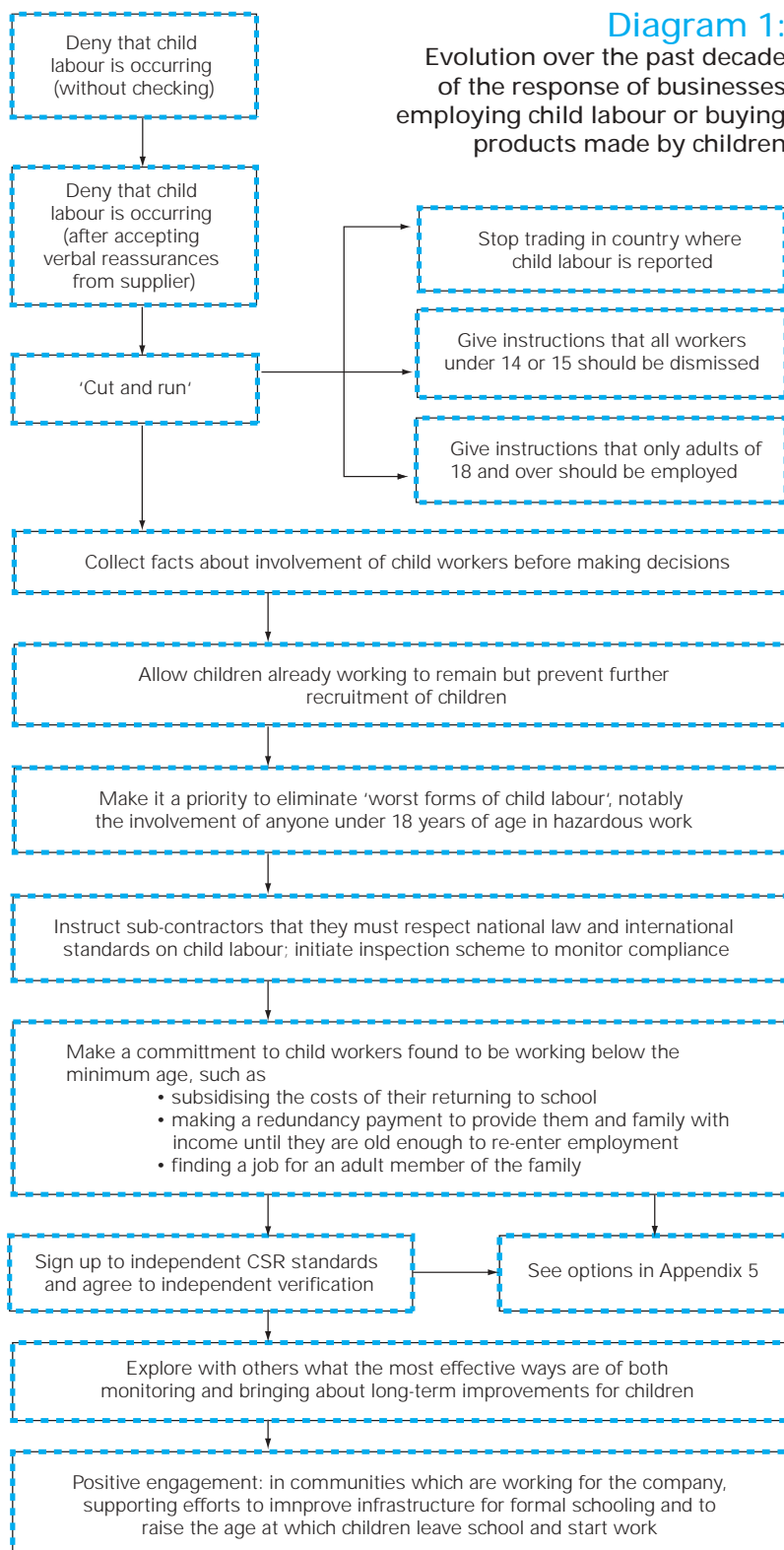
There are clear business benefits for companies openly and actively seeking to address and minimise the potential for child labour to exist in their supply chains. They include:

- Increased brand capital
- Higher consumer/customer reputation and loyalty
- Improved customer relations
- Improved employee morale
- Higher quality of goods
- Reduced health and safety risks
- Reduced investor activism
- Minimised risk of “anti” campaigning
- Reduced risk of governmental intervention
- Support of global socially responsible investors
- Support of NGOs

A good example of some of the benefits gained by addressing child labour is the steps that IKEA have taken, detailed in [Appendix 6](#).

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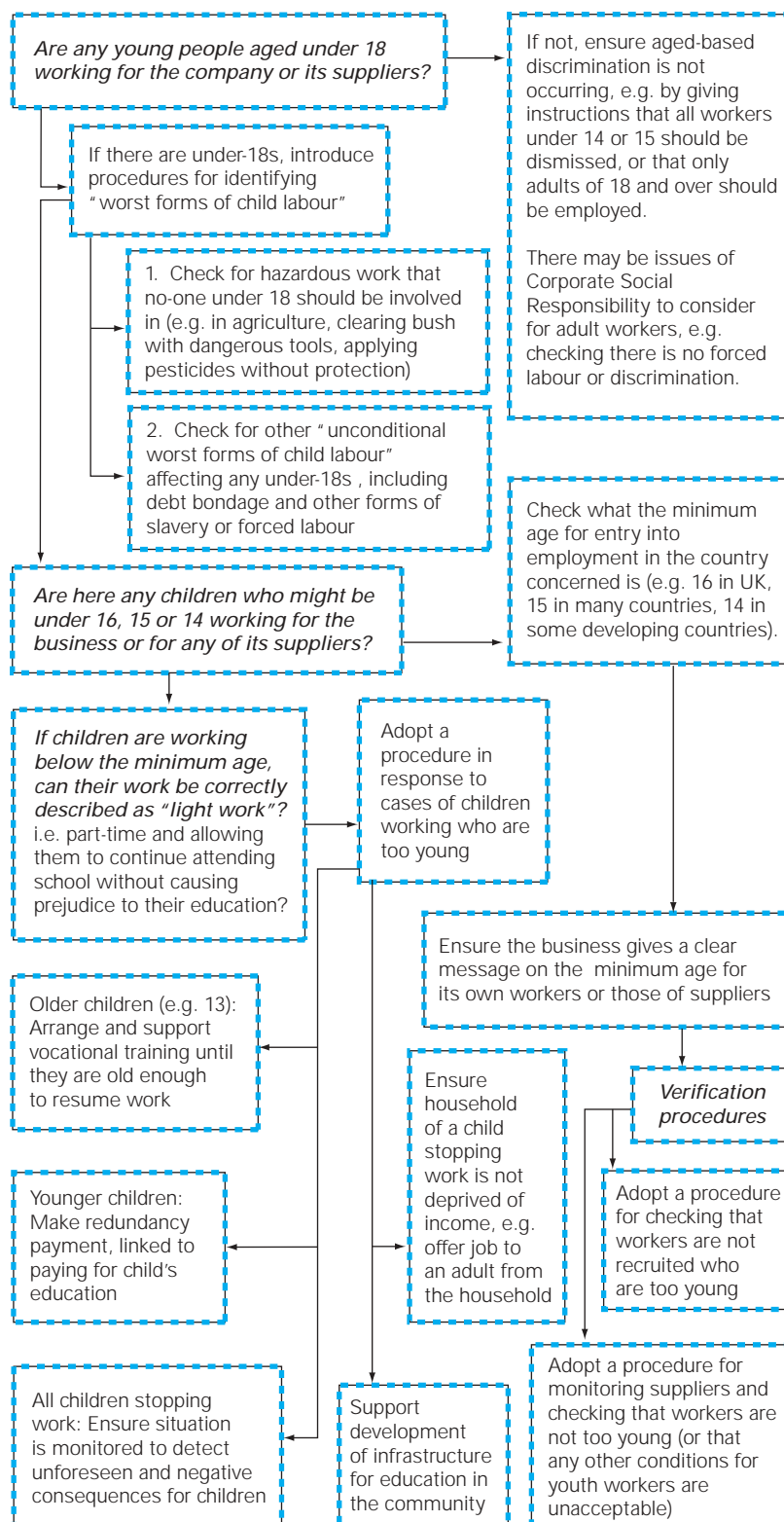


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Diagram 2:

Questions for a business to ask about working children, and possible strategies to follow



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1.5 Strategies for managing child labour risk responsibly

The elimination of child labour, particularly in its worst forms, can be a difficult undertaking. In practice, businesses pursuing this goal have to take the background conditions in the areas in which they operate as a given, and work within these constraints.

Diagram 2 on page 15 suggests questions that businesses should ask about working children and possible strategies to follow.

As in every business objective, companies have a limited amount of resources to devote to achieving maximum impact. In the case of child labour risks in supply chains, resources should be used in the most effective way to reduce this risk as soon as possible. When minimising risk, the priority should be to remove the most serious risk first – instances where children are working in hazardous conditions -- coupled with a longer term plan to reduce the risks of child labour over the supply network. The guiding principle for action should be that all steps are taken with the best interests of children at their core.

Top ten hazards to children prohibited in national legislation

- Working in mining, quarries and underground
- Maritime work
- Work with machinery in motion and dangerous machinery
- Work with explosives
- Work involving heavy weights and loads
- Work in construction and/or demolition
- Work involving exposure to noxious and radioactive substances
- Work with lead/zinc metallurgy
- Work in transportation, operating vehicles
- Work in entertainment, alcohol production and sale

Strategy for taking action – a basic step-by-step approach:

- a. Developing a policy statement or code of conduct
- b. Risk assessment and analysis
- c. Management process and systems
- d. What to do if child labour is found
- e. Reporting and communication

1.6 Developing a policy statement or code of conduct

Many companies, within their statements of core principles concerning labour standards or human rights, have a commitment to removing child labour from their supply chains. Many of these policies are drawn from, or explicitly support, the key ILO conventions, the UN Convention on the Rights of the Child and the UN Global Compact or the ETI Base Code. Examples of companies that have adopted codes excluding the use of under age child workers by their suppliers and taken other action on child labour can be found in [Appendix 6](#).

Company codes should be publicly available and provided to all staff, clearly stating the company's position in relation to the use of child labour.

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1.7 Risk assessment and analysis

Companies, depending on what industry they are operating in, need to assess and identify the key risks. The risks can be estimated by parameters such as:

- Type of industry
- Geographical location of operations/suppliers
- Length and complexity of the supply network

From this, a risk assessment of the supply chain network can be completed and appropriate actions and systems developed from it.

1.8 Management process and systems

The key elements of a management system model for child labour would include the following processes and actions:

- Strategic responsibility for the Policy/Code implementation rests with one or more Board members or senior managers who report directly to the CEO (chief executive officer)
- Policy/Code is communicated to suppliers globally
- Relevant employees (e.g. compliance/audit teams or equivalent, buying teams, managers and workers in suppliers) are trained on the Policy/Code
- Responsible buying practices are incorporated into purchaser's objectives and compensation structures
- Procedures are developed to remedy any non-compliance of the company's code or standards. Subsequent action must be:
 1. Visible
 2. Demonstrable or quantifiable in terms of the measures or steps taken to address allegations effectively
- Visiting/auditing of suppliers is undertaken, with systematic checks on employees including:
 1. Registering employees, including their dates of birth
 2. Proof of age documentation required

For guidance on supply chain management, companies can consult the FTSE4Good's new Supply Chain Labour Standards criteria.

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1.9 What to do if child labour is found

Should child labour be found, a process for dealing with the issue is required which clearly identifies roles and responsibilities. This process should include the following:

- Remove the child from the workplace if involved in harmful activities
- Identify why children are working
- Obtain an assurance that no working child will be dismissed
- Obtain the names of all working children so that checks can be made that they have not been dismissed
- Assess the tasks children are performing and their working hours and conditions
- Identify if the child has access to education and, if not, where and how this can be provided
- Identify key local community partners to monitor and assist in implementation
- Assure management at the workplace that they will not be excluded as suppliers at this point in time
- Develop an “exit” strategy with specified timelines

1.10 Reporting and communication

Child labour is an extremely sensitive issue and can have significant negative outcomes if not handled well. Companies should therefore have a process for dialogue and reporting in place. Reporting should be publicly available and include:

- Details on management systems for implementation of policy
- Board level responsibility
- Description and data on the supply chain
- Details of implementation including: communication to suppliers, training of staff, monitoring and review
- References to instances of non-compliance
- Progress on auditing and performance against objectives and targets
- Details of the methods and proportion of facilities/operations monitored and audited
- Details of remedies provided in cases of non-compliance with policy, and number of incidents reported
- Independent verification of policy implementation and audit report (by an independently recognised third party, such as a professional auditing firm or quality assurance/social auditor)

Undoubtedly it is a challenge for companies to publicly report in this way. Leading companies have reported non-compliance, remedial action, procedures, and outcomes, however, and often use this information as a constructive method of engaging NGOs and other stakeholders in supporting their business to meet its stated policy intentions.

1. Business Case for Managing Child Labour

(continued)

Making this information public also focuses board and senior management attention on the risks posed by neglect or poor management of supply chain labour issues.

Best practice by companies in the reporting process should include the following characteristics:

- An honest and proactive approach, illustrating clear positive steps
- The involvement of key stakeholders
- Clarity with a recognition of the boundaries of what can be achieved (e.g. poverty reduction is not in most businesses' remit or capability, but ensuring that children are not summarily dismissed and then move into more hazardous and exploitative work is)

Companies with exposure to the potential risk of child labour should take systematic steps to remove child labour from their supply chains. This should always be done in a responsible manner. This means ensuring that children working in the most hazardous forms of child labour are removed immediately and that any other child labourers are removed from the workforce according to a well thought out, strategic approach which does not result in unintended consequences for the child's family.

Tackling child labour is difficult, but companies that show openness and leadership in recognising it as a problem will, in the longer term, benefit from the trust and loyalty of a wide range of key stakeholders.

Go to [Appendix 3](#) to find out about how some companies that usually compete have cooperated in order to reduce the number of children in manufacturing for export.

Go to [Appendix 4](#) for further information on how businesses can investigate, monitor and verify the codes they establish.

2. The Socially Responsible Investment Approach to Child Labour

2.1 Introduction

Socially responsible investment (SRI) is one of the fastest growing sectors of the global investment industry. In recent years socially responsible investment communities in the UK, US and Europe have been one of the key motivators for improvements in corporate social responsibility (CSR) in companies.

Socially responsible investment in Europe is attracting a broad audience of investors with a spectrum of different requirements and motivations. Recently published research commissioned by Eurosif⁶ estimates that in Europe alone some 350 billion euros is managed to socially responsible investment strategies. In the US it has been estimated that US \$1 out of every US \$8 is managed to a socially responsible objective. A recent survey conducted on behalf of the UK Social Investment Forum⁷ found that 9 of every 10 UK investors believe that they have a duty to challenge companies on issues such as pay and unethical company practices.

Against this backdrop, both SRI and mainstream asset managers are using company engagement and active share ownership to influence change in corporate behaviour with regard to social, environmental and governance matters, including the issue of child labour.

2.2 The corporate social responsibility map

It is worth describing the relationship between the different aspects of corporate social responsibility that SRI investors are interested in. Companies can therefore assess where their most significant impacts are and thus start to address the strategic implications and requirements for the business.



2. The Socially Responsible Investment Approach to Child Labour

(continued)

2.3 How SRI investors view child labour

Investors see corporate responsibility as something that is entirely consistent with sound financial practice and strong business management because it reduces risk and secures sustainable profits in the long term. The reputation of companies who are exposed as having child labour within their sourcing systems can be seriously affected: hurting profits, destroying brand value and even leading to job losses.

Some companies see the management of child labour risks as a business opportunity as opposed to a threat. Managing child labour and other corporate responsibility risks can benefit investors by increasing returns. This makes for a positive relationship between companies and arguably one of their most important stakeholders – their owners.

SRI funds and child labour

Almost all general socially responsible investment funds sold to investors globally require some sort of impact assessment and screening process for child labour. Often child labour is described within the context of the human rights requirements for companies included in the portfolio of stocks which constitute the funds' "acceptable investments" list.

When a company on this list has been found to have child labour within their supply chain, they are generally not automatically excluded from these funds. In these cases, investment managers seek clarification from the company that they are taking appropriate action to responsibly manage the removal of child labour from their business. Should investment managers have any doubts that this is being done, they normally announce that the company is being removed from their list of acceptable investments and why.

2.4 SRI indices and child labour

Leading global SRI indices such as the FTSE4Good and BITC Corporate Responsibility Index are incorporating into their measurement processes an assessment of how companies are managing the risk of finding child labour in their workplaces and supply chains. For example, the FTSE4Good's Supply Chain Labour Standards provide criteria for businesses with complex supply chains to address the welfare and working conditions of their suppliers' workers.

Failure to provide evidence of managing the risk of child labour in their supply chains can result in a company being removed from the index list or scoring negatively in its rating system. SRI indices are widely followed by investors and the media, as well as other interest groups. In recent years, they have become one of the most important driving forces in encouraging companies to disclose and adopt good corporate responsibility practices.

It is this increased disclosure that is providing investors with more information on which to assess the non-financial risk to shareholder value of a company.

Go to [Appendix 3](#) for examples of companies which have cooperated in order to reduce child labour in manufacturing for export.

3. UNICEF action on child labour

Creating a protective environment

UNICEF believes that the protection of children is crucial to their survival, health and well-being. Unfortunately, millions of children are exploited, abused and become victims of violence. Every day, they are bought and sold, imported and exported as if they were commodities or merchandise. Children are forced to be soldiers, prostitutes and domestic servants, as well as sweatshop workers and field hands.

UNICEF believes that everyone has a responsibility to see that children are safe. A protective environment is one in which everyone -- from parents to businesses to governments -- has the best interests of children and young people at heart and acts accordingly. This way, children are fortified against harm in the same way that proper nutrition and good health care fortify them against disease.

In protecting children, UNICEF endeavours to ensure that all the elements necessary to protect them against a wide range of abuse are in place, rather than focusing narrowly on specific forms to the exclusion of others. It also works closely with other UN agencies which have specific expertise in combating particular forms of abuse, such as child labour.

UNICEF supports programmes to stop the use of children as soldiers and to end the commercial sexual exploitation of children, as well as initiatives focusing on child workers. In countries where significant numbers of children are caught up in conventional forms of child labour, it works to address the root causes of child labour and to promote respect for the rights of the children involved.

UNICEF places particular emphasis on quality education – a critical aspect of children's development and a fundamental right – as a preventative strategy against child labour. Access to education is also the basis of its programmes in support of children who are already working; ensuring that working children have an opportunity to learn, often in “non-formal” schools situated in the heart of their communities.

3. UNICEF action on child labour

(continued)

Hammers and homework: educating child workers in Bangladesh

Hosnara has worked as a brick-breaker since the age of nine. For the last three years, she has spent most of her days hitting square pieces of red stone with a heavy hammer. She makes 35 US cents a day.

"The employer used to cheat me on the length and height of the bricks," Hosnara says. "Now I've learned to count. I learned it at the Hard-to-Reach school."

Hosnara lives in one of the poorest slums in Dhaka, Bangladesh. Her father works as a rickshaw driver; her mother and her sisters are also brick-breakers. Two years ago, an outreach worker came to their hut and told them of classes initiated by UNICEF for urban working children. Hosnara's father never went to school himself, but agreed to let Hosnara and her nine-year-old sister Phaki attend.

"The school is for two hours a day, so my daughters can still work," he says. "It does not hurt us that they go to school."

UNICEF and the Government of Bangladesh developed the "Basic Education for Hard-to-Reach Urban Children" project in 1997. It provides informal education to working children living in urban slums. Over one-fifth of Bangladesh's population, about 26 million people, now live in urban areas. Children account for approximately 56 per cent of slum inhabitants: some 14.6 million boys and girls.

In some families, child labour accounts for a third of the family's income. These children work as brick-breakers, domestic workers, rickshaw pullers, welders or auto mechanics. Some end up as sex workers. The children have little time to go to school, and in most slums there are few schools to attend. They often cannot afford the extra costs of schooling such as pencils, notebooks or uniforms.

The objectives of the Hard-to-Reach project are to provide a basic education to the over 300,000 working children in six Bangladeshi cities and to protect children from exploitative and hazardous work. The learning centres have been set up and are managed by 150 non-governmental organisations. By July 2003, some 11,550 centres in six cities had opened, reaching 339,150 children between the ages of 8 and 14. More than 59 per cent were girls.

Source: UNICEF Bangladesh

3. UNICEF action on child labour

(continued)

UNICEF and business working together for child rights

In 2000, UNICEF and IKEA initiated a three-year child rights project in 200 villages in the “carpet belt” of Uttar Pradesh state in Northern India. Working with both the World Health Organization and the Uttar Pradesh Health Department, the aim is to prevent child labour by addressing the root causes of why children work.

The “carpet belt” is an area where large numbers of children are involved in making hand-knotted carpets for export. The project started in Jaunpur District and was expanded in 2003 to cover an additional 100 villages.

The focus is on working with rural communities, creating awareness and mobilising them around strategies for preventing child labour. School enrolment drives are conducted and alternative learning centres (ALCs) have been established as a transitory measure when formal primary schools either do not exist or are found to be inadequate. Whereas government schools only accept children judged to be the right age into classes, the ALCs accept children who have been working and who have missed one or more years of primary education. UNICEF’s special focus is on “joyful learning”, a method which uses art, craft, song, dance and other activities to teach children language, maths and environmental studies. “Joyful learning” aims both to raise the quality of education and to reduce the drop-out rate.

Through the formation of self-help groups among rural women, the project also helps women to enhance their economic status by improving access to credit and income-generation opportunities, thus reducing the burden of debt, which UNICEF found to be one of the primary reasons why families send their children to work. Women also learn to write and read, learn about children’s rights and get basic information on health and nutrition.

The education component and the establishment of self-help groups have been financed by IKEA.

The project has proved to be very successful. Already, by the beginning of 2003, 24,000 children were attending school and more than 6,000 women generating some income as a result of education and their own microcredit schemes.

Source: UNICEF India

Footnotes

- 1 International Labour Organization, Minimum Age Convention (No 138), 1973
- 2 International Labour Organization, A Future without Child Labour, Geneva, 2002
- 3 DFID and corporate social responsibility, London 2003
- 4 UNICEF, The State of the World's Children 2004, Girls, education and development, New York 2003
- 5 International Labour Organization, A Future without Child Labour, Geneva 2002
- 6 Eurosif, Socially Responsible Investment among European Institutional Investors: 2003 Report, Paris 2003
- 7 See UKSIF's website:
<http://www.uksif.org/J/Z/Z/lib/2003/12/03-press-appg/index.shtml>