Global Child Forum and GES International have surveyed asset owner signatories to the Principles for Responsible Investment (PRI) in 2014, 2015, and 2017, in order to understand perspectives of the investor community on integrating children’s rights issues into decision-making processes. We are now taking stock of the knowledge generated from these surveys and from recent in-depth interviews with nine investors. The main findings of our work are presented here.

The purpose of this report is twofold: to provide information and inspiration to investors by highlighting the relevance of children’s rights, and to supply concrete tools and frameworks for applying related perspectives. We also present two company examples which serve to demonstrate how investors can work with children’s rights on a practical level.

Investors play a key role in the development of responsible corporate governance and practices regarding environmental, social and governance (ESG) issues. Applying a children’s rights lens to responsible investment is an effective catalyst to further promote good corporate governance; it links easily to related issues such as pollution, climate change, community impacts, health, and product safety.

Children are both a vulnerable target group with unique needs and the consumers and leaders of tomorrow. For this reason, there is a moral as well as a business case to be made for taking into account those situations relating to children. We encourage all investors to recognise their responsibility and take action to understand and advance children’s rights.

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1 2014: Online survey sent to 195 PRI asset owner signatories, 22 respondents; 2015: Online survey sent to 280 signatories, 31 respondents; 2017: Online survey sent to 339 signatories, 35 respondents.
LIMITED AWARENESS OF CHILDREN’S RIGHTS

Our research\(^2\) shows that investors frequently address human rights in their decision-making. However, the topic of children’s rights is not at the top of the agenda, with the exception of the issue of child labour, which is commonly recognised as being pertinent. Indeed, most investors responding to our surveys consider children’s rights to be a subset of human rights, rather than a separate area (see Figure 1).

There is, in general, a continued lack of awareness among asset owners, asset managers and investee companies on what children’s rights are, why they are relevant and how companies can be encouraged to support those rights. In particular, investors emphasise that it is difficult to pinpoint how addressing children’s rights impacts companies’ financial performance.

DO YOU PERCEIVE CHILDREN’S RIGHTS AS PART OF HUMAN RIGHTS IN GENERAL OR AS A SEPARATE AREA?

What are children’s rights then, and why are they relevant?

Children under 18 years old account for almost one third of the world’s population. Nearly 30 years ago, the UN Convention on the Rights of the Child (CRC) came into force, setting out the civil, political, economic, social and cultural rights of every child. Those rights include, among others, the right to an adequate standard of living, health care, education, and play; the right to protection from abuse and exploitation; and the right to live in safe and healthy environments.

In 2012 UNICEF, Save the Children and UN Global Compact launched the Children’s Rights and Business Principles – the first comprehensive set of principles to guide companies on the full range of actions they can take in the workplace, marketplace and community to respect and support children’s rights (see Figure 2).

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\(^2\) Investor surveys in 2014, 2015 and 2017. The 2017 survey was complemented by interviews with 9 investors to gain deeper insights: Achmea, Actiam, Australian Super, CDC Group, Christian Brothers Investment Services, MN, NN Investment Partners, Norwegian Church Endowment, Treehouse Investments. We would like to extend our warmest gratitude to them for sharing their experiences with us.
**CHILDREN’S RIGHTS AND GOOD BUSINESS**

Why should companies take action to advance children’s rights? And is there a business case for doing so? Children are among the most vulnerable members of society, and businesses can impact them in many ways. Child labour is a self-evident example, but businesses’ influence extends well beyond that to include, for example, the impact of a company’s products and services, its marketing methods, and its investments in the communities where it operates. Children are key stakeholders for business – as consumers, family members of employees, young workers, and as future employees and business leaders.¹

The Children’s Rights and Business Principles highlight several benefits that accrue to businesses as a result of addressing children’s rights⁴:

- Improves reputation
- Improves risk management
- Secures a social license to operate
- Contributes to recruiting and maintaining a motivated workforce
- Serves as source of innovation
- Presents new market opportunities
- Develops strong, well-educated communities that are vital to stable business environments

**CHILDREN’S RIGHTS ARE LINKED TO MANY OTHER ISSUES**

The vast majority of the respondents to our surveys⁵ consider children’s rights issues to have a potentially material impact on investments (see Figure 3). Even so, less than half of the respondents have developed or plan to develop a procedure for integrating children’s rights into their investment decision-making.

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1. Meet their responsibility to respect children’s rights and commit to supporting the human rights of children
2. Contribute to the elimination of child labour, including in all business activities and business relationships
3. Provide decent work for young workers, parents and caregivers
4. Ensure the protection and safety of children in all business activities and facilities
5. Ensure that products and services are safe, and seek to support children’s rights through them
6. Use marketing and advertising that respect and support children’s rights
7. Respect and support children’s rights in relation to the environment and to land acquisition and use
8. Respect and support children’s rights in security arrangements
9. Help protect children affected by emergencies
10. Reinforce community and government efforts to protect and fulfil children’s rights

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⁴ Ibid. p.3
⁵ 95% 2014, 94% 2015, 83% 2017.
Some investors believe that the non-inclusion of children’s rights is due to ‘topic-fatigue.’ When various organisations advocate for their specific issue to be taken into account by business and investors, the long-term result can appear to be an endless list of topics vying to be addressed – gender, environment, indigenous groups, et cetera. Even if children’s rights are considered to be material, there are other issues competing for investor attention, some of which are seen as more pressing.

However, rather than characterising children’s rights as just another consideration to be added to an already long list, there is great opportunity to use children’s rights as a lens through which to understand issues in addition to children’s rights. As mentioned previously, links can be readily made between children and many other concerns, such as environmental impacts, climate change, health, education, labour rights, gender equality and consumer safety.

The investors who do address children’s rights (not just child labour) exhibit a deep understanding of this interdependence between societal challenges, indicating good corporate management and a holistic awareness of risks and opportunities.

Norges Bank Investment Management (NBIM) is the asset management unit of the Norwegian central bank (Norges Bank). They manage the Government Pension Fund Global, often referred to as the Norwegian oil fund, and some of Norges Bank’s foreign exchange reserves. Children’s rights are one of their three focus areas. In NBIM’s view, respecting children’s rights is an inherent part of good business practice and risk management. Benefits they see for business include avoiding controversies, strengthening operations and unlocking new business opportunities.

They expect companies, specifically at the board level, to respect children’s rights in accordance with the Children’s Rights and Business Principles and to incorporate children’s rights in strategic planning, risk management and reporting. They have been assessing companies in sectors with a high risk of child labour since 2008. In 2017, NBIM and UNICEF launched a network to facilitate dialogue between leading brands and retailers in the garment and footwear industry on how best to strengthen children’s rights.
COMMONLY USED GUIDELINES AND FRAMEWORKS OMIT CHILDREN’S RIGHTS

There are several global guidelines and frameworks available related to responsible business practices, including the IFC Environmental and Social Performance Standards, OECD Guidelines for Multinational Enterprises (which also includes specific guidelines for some industries), ILO Conventions, the UN Global Compact’s Ten Principles and the UN Guiding Principles for Business and Human Rights.

One reason investors tend to focus mainly on child labour is the fact that it is, more or less, the only specific child-related issue referred to in these guidelines.

The Children’s Rights and Business Principles (the Principles) were launched in 2012, and some of the above-mentioned guidelines were published around the same time. Moving forward, it is recommended that actors developing or updating investor guidelines and frameworks refer to and direct attention to the Principles and the CRC, thereby recognising children as a specific and strategic target group.

TOOLS ARE AVAILABLE TO GUIDE INVESTORS ON CHILDREN’S RIGHTS

There are guidelines that do address children’s rights in a comprehensive way, and we encourage investors to make use of them. For example, the aforementioned Principles are excellent in specifying what actions are expected from investors and from companies in their operations, in their marketing and product safety measures, and in protecting surrounding communities and the environment.

“In 2016, following our 2015 investor survey, GES published Investor Guidance for Children’s Rights Integration. The guide delves deeper into these principles from an investor’s point of view, highlighting specific questions asset managers can include when assessing companies and engaging with them. The guidance also provides a list of actions that investors can take in order to ensure that children’s rights are taken into consideration – see Figure 4 for a selection of these.

Another useful tool is the Children’s Rights and Business Atlas, which is a joint collaboration between Global Child Forum and UNICEF. It is an online risk assessment tool that enables businesses to identify the risk of direct or indirect infringement of children’s rights across 198 countries. Investors can use this tool to understand the main child-related risks in a specific country, and to then take steps to highlight these issues with investee companies in that location.

THE SUSTAINABLE DEVELOPMENT GOALS PROVIDE A COMMON LANGUAGE

In 2015, world leaders adopted the UN Sustainable Development Goals (SDGs), 17 interrelated goals designed to guide global development. Investors and businesses are now getting up to speed in making use of the SDGs to guide them in conducting and supporting responsible business. Attached to the SDGs are 169 concrete targets measured by 230 indicators, of which 50 are directly related to children.
Many investors in our studies emphasise that the SDGs are useful in that they provide a common language. Companies can explain which SDGs are most relevant for their business and track progress towards their targets, and investors can communicate to investee companies which goals they consider the most important to focus on.

By investing in solutions that align with the SDGs, investors can contribute not only to their individual impact goals but also can be part of a clear and powerful global agenda.

However, some investors in our studies noted that many companies are committing to specific SDGs without first conducting a proper analysis of which targets are actually material for them. Companies understand that they should consider how they contribute to the SDGs, but they do not always know how to do this to their full potential.

UNICEF has done a comprehensive mapping of the links and synergies between the SDGs and the CRC. Its point of departure is that all SDGs are relevant to children, even those that do not explicitly mention children. The interactive mapping enables users to look at each of the SDGs and understand the related CRC articles, or to look at each of the CRC articles and understand the related SDGs and targets. Investors can use this tool to identify the most relevant aspects for them, and then highlight these when engaged in assessment of and dialogue with investee companies.

INVESTORS CHOOSE ENGAGEMENT RATHER THAN DIVESTMENT

Only about a fifth of investors responding to our surveys have divested from companies due to misbehavior related to children’s rights (see Figure 5). They are more likely to choose to continue engaging with those companies, supporting them in rectifying the situation. Many investors emphasise that engaging collaboratively with other investors is fruitful in order to have greater leverage to affect change, especially when large, multinational enterprises are involved.

When it comes to children’s rights, engagement is concentrated almost exclusively on various aspects of child labour, for example in the cocoa sector, cobalt mining, and the garment industry. In connection with the garment industry, the conditions for young workers are also addressed by some investors in our studies. Some examples of other child-related issues include collaborations on healthy foods, social housing and digital safety. Many investors are involved in collaborative engagement through the PRI working groups.

“\textit{In responsible investment, you can choose to look at the risks or the opportunities. Working with the SDGs means looking at opportunities; how can you invest in something and also achieve the SDGs? It is two-fold.}”

Investor from the Netherlands
HAVE YOU DIVESTED (OR EXCLUDED FROM YOUR UNIVERSE) COMPANIES DUE TO THEIR MISBEHAVIOUR IN RELATION TO CHILDREN’S RIGHTS?

Figure 5: The majority of investors completing our surveys have not divested due to company misbehaviour on children’s rights.

“*If we have an investee company that is not following their action plan, we can do hard or soft responses. The hard would be to divest and ask them to pay back, but that has never happened in the last 4 years. We can usually affect change by engaging with them.*”

Investor from the United Kingdom
In 1981, Christian Brothers Investment Services (CBIS) was established and now manages USD 7.5 billion on behalf of 600 Catholic institutions. Since its inception, CBIS has engaged with companies to encourage them to conduct their businesses more responsibly. CBIS focuses on forced labour, human trafficking, and child sexual exploitation online.

CBIS has worked on human trafficking issues for more than a decade. They engage with airlines and hotel chains, encouraging them to sign the ECPAT-USA Code of Conduct for the Protection of Children from Sexual Exploitation in Travel and Tourism. This Code commits businesses to taking six essential steps to protect children, including training personnel on how to recognise signs of trafficking.

The online child sexual protection program started in 2016. The aim is to engage with information and communications technology (ICT) companies and encourage them to take greater responsibility for their products and services in relation to their impact on child safety. Possible actions might, for example, include improved parental control methods and enabling the tracking of photos which exploit children. In 2018, CBIS is in the process of forming an investor advisory committee to draft expectations for the ICT sector globally to better protect children’s human rights, including combatting child sexual exploitation and trafficking.

**KEY MESSAGES**

**INVESTORS PLAY A KEY ROLE IN INFLUENCING COMPANIES’ BEHAVIOUR.**

We urge all investors to recognise their responsibility and take action accordingly. Understanding the potential in using a children’s rights lens has widespread benefits for the condition of children globally while also contributing to the creation of sustainable business environments, as underscored by the Children’s Rights and Business Principles.

**CHILDREN’S RIGHTS ARE ABOUT MORE THAN JUST CHILD LABOUR.**

Moreover, children’s rights and unique vulnerabilities are not automatically covered by human rights assessments. To increase awareness and enable investors to broaden their understanding, there are useful tools such as the Children’s Rights and Business Principles, the Children’s Rights and Business Atlas, and the GES Investor Guidance for Children’s Rights Integration. Additionally, the SDGs provide a common platform for identifying concrete targets in conjunction with companies.

**BY ENGAGING COLLABORATIVELY, INVESTORS CAN MAXIMISE THEIR LEVERAGE.**

More work is necessary to ensure the well-being of the world’s children. The most efficient and impactful way for achieving this is by means of collaboration, with both peers and other stakeholders. Through joint efforts, investors, companies, and organisations can share know-how and align their actions in order to deliver tangible solutions for safeguarding children and advancing their rights.

Accordingly, Global Child Forum and GES will continue to raise awareness as to how and why investors should integrate children’s rights into investment decisions and to offer support in related efforts by providing essential knowledge, tools and inspiration. We look forward to participating in more child-related collaborations and encourage investors to contact us with any feedback or suggestions. Investors’ insights are invaluable as we continue to explore developments relating to the investment community’s perspectives on children’s rights.
GLOBAL CHILD FORUM

FOUNDED IN 2009 BY THE SWEDISH ROYAL FAMILY, GLOBAL CHILD FORUM IS A LEADING FORUM FOR CHILDREN’S RIGHTS AND BUSINESS DEDICATED TO INNOVATIVE THINKING, KNOWLEDGE SHARING AND NETWORKING. WE BELIEVE IN THE POWER AND RESPONSIBILITY OF BUSINESS, WORKING IN PARTNERSHIP WITH ALL PARTS OF SOCIETY, TO CREATE A PROSPEROUS, SUSTAINABLE AND JUST SOCIETY FOR THE WORLD’S CHILDREN.

IN ADDITION TO OUR FORUMS, GLOBAL CHILD FORUM DELIVERS RESEARCH PERSPECTIVES, BEST PRACTICES AND RISK ASSESSMENT TOOLS DESIGNED TO UNLOCK OPPORTUNITIES FOR BUSINESS TO INTEGRATE CHILDREN’S RIGHTS INTO THEIR OPERATIONS AND COMMUNITIES.

FOR MORE INFORMATION, PLEASE VISIT: WWW.GLOBALCHILDFORUM.ORG

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