
GLOBAL CHILD FORUM IS INITIATED BY
H.M. KING CARL XVI GUSTAF AND H.M. QUEEN SILVIA OF SWEDEN



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CORPORATE RESPONSES TO PROTECTING CHILDREN'S RIGHTS IN SOUTH AMERICA



INTRODUCTION

Companies impact children directly as well as indirectly. Likewise, children impact companies: for example, as consumers in their own right and as citizens and employees of tomorrow. And because today's children are often skilled in their use of technology, they have the tools to be informed and to take action on issues of interest to them.

In an effort to provide insights on how businesses protect – or fall short in protecting – children's rights in South America, this report draws on one of Global Child Forum's essential research products: The Corporate Sector and Children's Rights Benchmark.

In 2017, Global Child Forum, in partnership with Boston Consulting Group, published a benchmark study of the 300 largest companies in the region.¹ This report, a follow-up to the 2017

study, contains an updated benchmark analysis that was conducted on 20 of the region's largest companies.²

Insights are provided across three areas where the corporate sector impacts children's rights:

- **THE WORKPLACE:** decent work for young workers, parents and caregivers, and prevention of child labour
- **THE MARKETPLACE:** marketing and advertising, online abuse and exploitation, and product safety
- **THE COMMUNITY AND THE ENVIRONMENT:** access to health, education and social services, as well as use of natural resources, damage to the environment as a result of land acquisition, and the impact of conflict and emergencies

SUMMARY OF ANALYTICAL FRAMEWORK

CORPORATE RESPONSE	IMPACT AREAS		
	WORKPLACE (WP) Operations & Supply Chain 	MARKETPLACE (MP) Marketing, Products & Services 	COMMUNITY & ENVIRONMENT (C&E) Impact on Surroundings 
POLICY FRAMEWORK Policies in place and publicly available	Does the company have a policy on child labour, equal treatment, etc.?	Does the company have a policy on responsible marketing, product safety procedures and safe use of services, for example?	Does the company have an explicit commitment to reducing its negative community impact and increasing its positive contribution to the local community?
MANAGEMENT STRUCTURE Responsibilities & procedures to implement policies	Is the board responsible for overseeing these policies?	Does the company consider product safety to be a material aspect?	Does the company have an assessment process to gauge its impact on the surrounding community?
REPORTING & PROGRAMS Transparent reporting on impact. Addressing negative impacts and/or making positive contributions	Does the company report on suppliers at risk of using child labour and/or have a program in place on issues such as child care?	Does the company report on incidences and remediation of product safety/service breaches?	Does the company report on operations/suppliers that negatively impact children in the community? and/or Does the company have a program in place to support children's rights, for example, in the area of health or education?

1 "The Corporate Sector and Children's Rights in South America" can be downloaded from [Global Child Forum's Knowledge Centre](#)

2 The Benchmark takes into consideration only publicly available information and does not measure impact or performance. The data used in this study is based on publicly available information as of 31 December 2017.

EXECUTIVE SUMMARY

The overall results from the Global Child Forum benchmarking of the 20 largest companies in South America demonstrate that companies score higher on having policies and implementation structures in place as compared to how they score on transparently reporting their impacts and results of their policies.

When looking at the overall company structures governing responsibility and accountability, it is notable that children's rights issues are on the agenda at the board level in half of the companies. Most commonly, this is in the form of board responsibility for compliance to a Code of Conduct that prohibits child labour. Human rights issues are high on the agenda of most companies in the study and broader human rights issues are identified as material. Nearly half of companies examined highlight a specific child rights issues in their reporting, such as child labour or child safety in relation to the company's products.

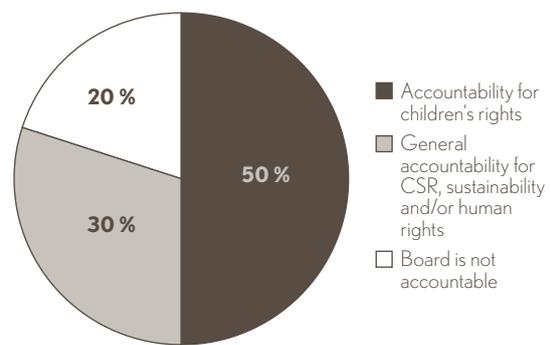
Generally speaking, companies in the study have policies, governance structures and programmes in place in relation to workplace issues, such as child labour, and concerning their impact on the environment and surrounding community. However, scores for marketplace related issues such as marketing and product safety are considerably lower, indicating that companies can do more to ensure that they do not negatively impact children through their marketing or products, even if these are not directed towards children.

The outcomes in this report are similar to those reached in the 2017 report, showing that the main areas of focus on children's rights for the corporate sector in South America is prohibiting child labour and establishing child rights related programmes or donating to charity.³

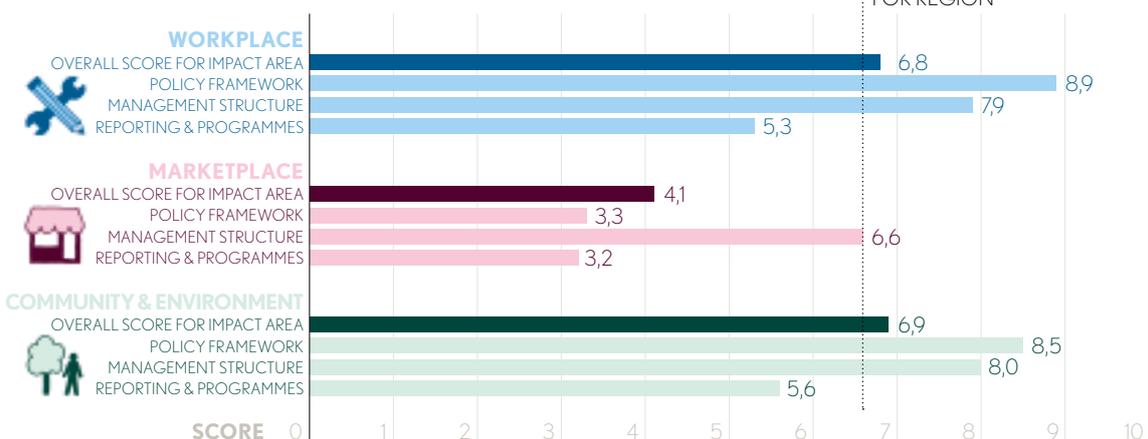
Summing up, in light of this report's findings, businesses in South America have considerable untapped potential to increase their efforts to protect children's rights, especially:

- 1 in the area of impacts tied to marketing and products
- 2 and reporting transparently on impact across all children's rights issues.

BOARD ACCOUNTABILITY



AVERAGE SCORES PER IMPACT AREA



³ This report is based on information from 20 companies and uses a more detailed methodology (20 indicators versus 7) than the 2017 report, which covered 300 companies. Given these differences, a detailed comparative analysis cannot be made. In terms of company size, which is why a detailed comparative analysis cannot be made. This report also uses a more detailed methodology (20 indicators versus 7).



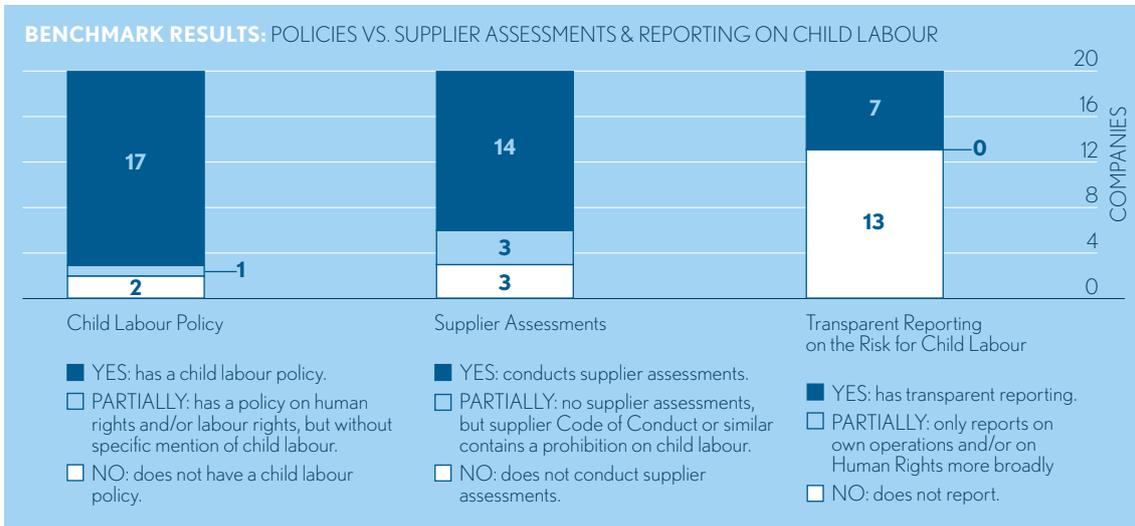
CHILDREN'S RIGHTS IN THE WORKPLACE

Companies have an important impact on children's rights through their operations and supply chains; for example, regarding child labour, decent working conditions for minors and parents, and whistleblower mechanisms.

With only a few exceptions, companies in the study have policies in place against both child labour and abuse/harassment in the workplace. The majority also assess their suppliers' impact on children's rights and/or publicly state their expectations on suppliers to respect children's rights, for example through a no child labour policy. Most have also initiated programmes that focus on children's

rights. Examples of such programmes include reducing the risk of child labour or improving working conditions for young workers, parents and caregivers. However, the majority don't report on the risk of child labour, either in their own operations or with their suppliers.

In summary, the companies in the study have policies, structures, and programmes to control their impact, especially on child labour. However, if they fail to report on the risk of child labour occurring or its results both positive and negative, it is difficult to assess the impact of these measures.



CHILDREN'S RIGHTS IN THE MARKETPLACE

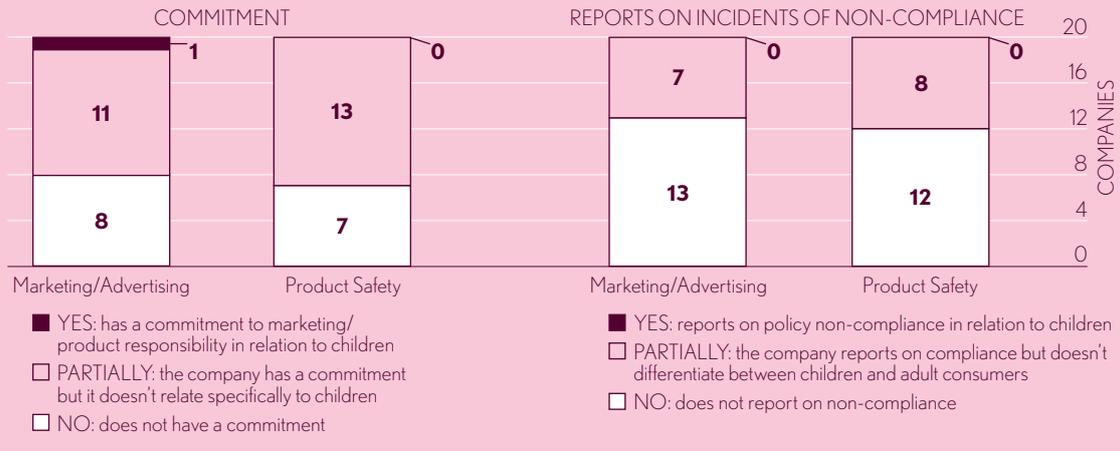
Companies affect children through their products, services and marketing, both directly as consumers and users, and indirectly through exposure to products and marketing aimed at adults and considered unsafe or unsuitable for children.

Although more than half of the companies in the study have general marketing and/or product safety policies, only one has a marketing policy that explicitly references impact on children. Two companies in the study, a mobile provider and a brewery, have programmes focused on improving

product safety for children and reducing their access to products that could harm them.

Nevertheless, children are exposed on a daily basis to both products and marketing not intended for them or prohibited by law for use by children. Examples include tobacco and alcoholic beverages. The task for a great many companies is assessing whether their marketing and products reach children, and if they do, determining possible negative effects.

BENCHMARK RESULTS: FROM POLICY TO REPORTING:



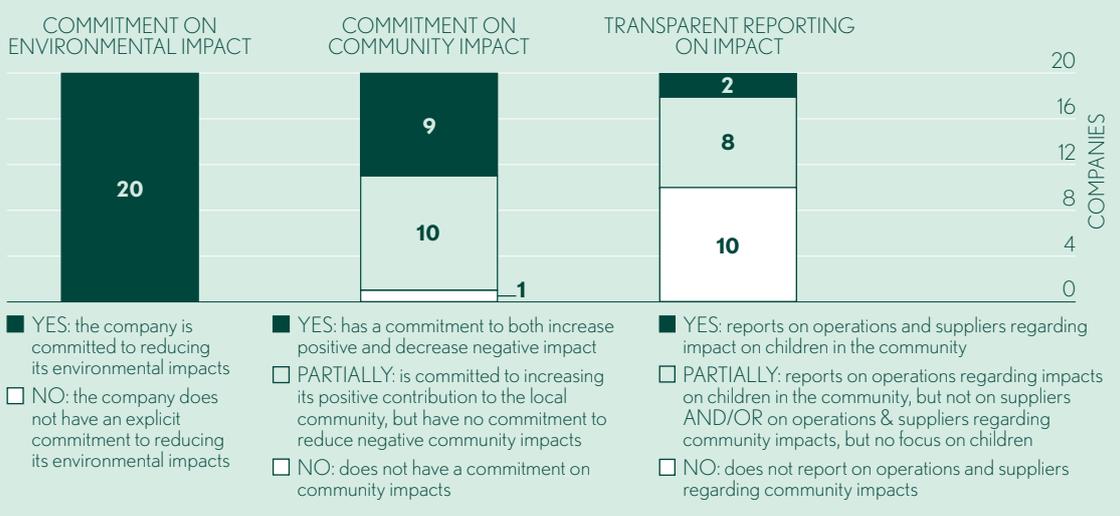
CHILDREN'S RIGHTS IN THE COMMUNITY & ENVIRONMENT

Corporate impact extends beyond a company's operations and can be experienced by a community in a myriad of ways, including how a company interacts with and invests in the local community. Examples include the way in which a corporation manages environmental impacts, such as pollution, or actively builds capabilities and partnerships within the larger community.

Corporate impact on children's rights in the community and environment is the area where the companies in the study score the highest. The issue is clearly on the agenda for many companies: All companies in the study have made a commitment

to reduce their negative environmental impact, an issue that over time will affect children more than any other stakeholder group. In addition, almost half of the companies have made a commitment to not only reduce negative impacts, but also to expand their positive contributions to the communities in which they operate. All but one have grievance mechanisms by which communities can submit complaints about companies' human rights and environmental impacts. However, with regard to actual impacts, companies can improve transparency when reporting on both their own and on suppliers' impact on surrounding communities.

BENCHMARK RESULTS: FROM POLICY TO REPORTING



LATAM AIRLINES: TAKING COMPLIANCE TO THE HIGHEST LEVEL⁴

The Board of Directors of LATAM Airlines takes an active role in executing, monitoring, and following up on compliance with the company's Sustainability Policy and Code of Conduct.

BOARD RESPONSIBILITY

LATAM, Latin America's largest airline, has adopted a Sustainability Policy that includes Corporate Citizenship as one of three dimensions of its strategy. It specifies that the Board is responsible for approving the policy and establishes related targets. The board also

- approves strategies and actions developed by responsible departments; and
- reviews and monitors compliance of the commitments and action plans on a quarterly basis.

DEFINING WHAT'S IMPORTANT

One of the material issues identified by LATAM Airlines is their value chain, with an aim to promote the best ethical and sustainable practices among suppliers and also contribute to the development of the communities with which the group relates.

One important component of fulfilling this commitment is social assessments of suppliers.

The company Code of Conduct clearly prohibits child labour, making it a criterion for all suppliers wishing to

secure a contract. In addition, a Procurement and Supply Chain policy outlines and standardizes the social criteria for contracting and risk management in the supply chain.

ACTIVELY MONITORING RISKS AND COMPLIANCE

The company uses a risk monitoring system that cross checks information on its suppliers with international databases, for example, against reports of exploitation of child labour in a supplier's operations as well as further down the supply chain. This process of cross checking supplier data is performed before a contract is signed and repeated on a monthly basis.

For suppliers considered critical, the group carries out periodic audits to ensure compliance with ethical, sustainability and legal compliance parameters. Third-party suppliers and sub-contractors are also audited for labour compliance, including with regard to children. In the system, suppliers are classified into three risk level categories, and there are predefined measures to be adopted when any irregularity is identified.

In 2016, 14,204 supplier assessments were carried out. In 600 cases, there were assessments conducted based on alerts generated by the system; however, no cases of non-compliance were identified.

For additional company examples, reference the Global Child Forum Case Studies and Deep Dives on Grupo Telecom, Millicom, and CELESC.⁵

⁴ This case is provided as an example of good practice pertaining to how companies report on ways in which they address children's rights issues. It is not within the scope of this study to evaluate the impact of these initiatives. For more information see: Sustainability Report 2016: http://media.corporate-ir.net/media_files/IROL/81/81136/2016SustainabilityReport/LATAM_SustainabilityReport2016-ENG.pdf Code of Conduct: <https://goo.gl/foPg9i>

⁵ All Global Child Forum publications are available in our Knowledge Centre: <https://www.globalchildforum.org/knowledge-centre/>



COMPANY BENCHMARK SCORES PER IMPACT AREA

The scores range from 1 to 10, with 10 being the best. Both area and total scores are calculated as a weighted average: Workplace (WP) 60% / Marketplace (MP) 10% / Community & Environment (C&E) 30% of the total score. More information about the methodology can be found here:

<https://www.globalchildforum.org/other/benchmark-methodology/>

COMPANY	INDUSTRY	SECTOR	COUNTRY	WP	MP	C&E	TOT
BRASKEM S.A.	Basic Materials	Commodity Chemicals	Brazil	6,46	5,36	6,55	6,38
VALE S.A.	Basic Materials	Steel	Brazil	9,08	4,20	7,80	8,21
CENCOSUD S.A.	Consumer goods	Hypermarkets and Super Centers	Chile	6,79	4,91	6,67	6,57
COMPANHIA BRASILEIRA DE DISTRIBUICAO	Consumer goods	Hypermarkets and Super Centers	Brazil	6,50	3,84	6,16	6,13
S.A.C.I. FALABELLA	Consumer goods	Department Stores	Chile	5,96	4,20	5,83	5,74
BANCO BRADESCO S.A.	Financials & property	Diversified Banks	Brazil	8,50	3,48	8,93	8,13
BANCO DE CREDITO DEL PERU	Financials & property	Diversified Banks	Peru	4,50	1,96	5,98	4,69
ITAÚ UNIBANCO HOLDING S.A.	Financials & property	Diversified Banks	Brazil	7,29	4,29	7,29	6,99
AMBEV S.A.	Food & beverage	Brewers	Brazil	6,17	5,98	5,06	5,82
JBS S.A.	Food & beverage	Packaged Foods and Meats	Brazil	5,38	3,30	7,59	5,83
BANMEDICA S.A.	Healthcare	Healthcare Facilities	Chile	3,29	1,34	4,35	3,41
TELECOM ARGENTINA S.A.	ICT	Integrated Telecommunication Services	Argentina	7,79	6,70	7,74	7,67
TELEFÔNICA BRASIL S.A.	ICT	Integrated Telecommunication Services	Brazil	7,08	3,93	7,08	6,77
EMBRAER S.A.	Industrials	Aerospace and Defense	Brazil	8,50	3,84	7,59	7,76
GRUPO DE INVERSIONES SURAMERICANA S.A.	Industrials	Multi-Sector Holdings	Colombia	3,63	2,23	5,54	4,06
ECOPETROL SA	Oil, Gas & Utilities	Integrated Oil and Gas	Colombia	8,54	6,34	9,08	8,48
PETRÓLEO BRASILEIRO S.A. - PETROBRAS	Oil, Gas & Utilities	Integrated Oil and Gas	Brazil	9,08	4,73	9,23	8,69
REFINERIA LA PAMPILLA S.A.A.	Oil, Gas & Utilities	Oil and Gas Refining and Marketing	Peru	7,88	4,02	6,52	7,08
YPF S.A.	Oil, Gas & Utilities	Integrated Oil and Gas	Argentina	6,75	0,63	5,18	5,67
LATAM AIRLINES GROUP S.A.	Travel & Leisure	Airlines	Chile	7,50	7,50	8,21	7,55

DISCLAIMER: The information in this document is based on publicly available information or on Global Child Forum's research and databases. While the information has been arrived at following careful consideration and enquiry, we do not guarantee its fairness, completeness or accuracy. The material in this report is intended only as general information. It is not intended as and does not constitute legal or investment advice, nor do we do not accept any liability for reliance on this information. Any opinions expressed in this report are those of Global Child Forum and are subject to change. All images used are for illustrative purposes only and do not represent the issues or initiatives discussed in this paper.

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