The State of Children’s Rights and Business 2019: From Promise to Practice
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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ABOUT THE CORPORATE SECTOR AND CHILDREN’S RIGHTS BENCHMARK SERIES

Global Child Forum and Boston Consulting Group initiated the Corporate Sector and Children’s Rights Benchmark study series in 2013 to fill a gap in research: the purpose of the series is to develop a children’s rights benchmark for the corporate sector and to enable progress to be tracked over time on how children’s rights are addressed by business.

To date, we have produced one global (2014) and five regional studies—the Middle East and Northern Africa (2014); Southern Africa (2015); Southeast Asia (2016); the Nordic region (2016); and South America (2017)—covering 2,500 companies across all major industries. This report is the second global study and involves approximately 700 companies worldwide, across nine industries. For more information about the methodology and the selection of companies included, please refer to the About this study section of the report and the detailed methodology document.
Foreword

The UN Convention on the Rights of the Child, adopted 30 years ago, was a bold international commitment to ensure that every child has the right to a happy, just and prosperous future – and to have a say in the decisions that impact their lives. Twenty years later, in 2009, the Global Child Forum was born with a correspondingly bold mission - to inspire business to drive change to create a better world for children.

To mark these two milestone anniversaries, Global Child Forum, with the support of Boston Consulting Group, has embarked on the most extensive assessment of children’s rights in the corporate sector to date. The State of Children’s Rights and Business: From Promise to Practice is the result of an almost year-long review and analysis of just under 700 of the world’s leading companies, in nine sectors and across 20 children’s rights indicators. While the resulting data can be statistically complex, the underlying ambition was relatively straightforward. We wanted to learn more about how the corporate sector is doing with regard to integrating children’s rights into both their operations and their relationships with the communities in which they operate.

The good news is that, in the past five years, we have seen progress. More companies are beginning to adopt a children’s rights perspective that goes beyond merely having a child labour policy or donating to children’s charities. We are tracking improvements across all sectors, with the largest improvements being found in Oil, Gas & Utilities and Industrials.

At the same time, we note an unfortunate discrepancy between having established children’s rights policies and reporting on the impacts of such policies. Additionally, children’s rights within marketing and product safety remains an area where many companies do not recognise children as a special stakeholder group with distinct interests and needs. To illustrate: as of this writing, researchers warn that, in the next ten years, 250 million children will be obese, giving rise to increased child health issues and imposing greater burdens on health systems. Consumer-facing companies – indeed, all companies – have an indispensable role to play in ensuring the future health of the next generation. Are these trends a worrying sign of stagnation? Do they indicate a mind-set of complacency? Or is tackling the children’s rights issues just too daunting for companies to undertake in a holistic way?

Based on what we learned about the significant number of companies we interviewed for this study, it is clear that companies want to do good; the issue is not one of intent. However, many of them fail to understand the impact their business has on children and the wider community, with the possible exception of addressing and remediating high profile instances of child labour. There remains a gap between understanding children’s rights issues within a corporate context and undertaking the work necessary to address those issues with policies, programmes and reporting. Companies need to shift perspective to recognise that children’s rights policies encompass much more than compliance; they merit a real commitment, one that is implemented across operations and supply chains.

So which companies are leading, and which are lagging? Take a look at the Global Child Forum website for the complete listing of benchmarked companies and their scores. And to help companies along in their journey, Global Child Forum has developed tools and guidance for corporates which can be accessed online at Global Child Forum’s Knowledge Centre.

We want to enable a mindset and culture of continuous improvement around children’s rights and business - showing what’s possible, for companies and communities, when children’s rights are made an integral part of a company’s DNA. The purpose of this report is to raise the bar and push companies to move up the ladder, from “Beginner” to “Leader” - taking us forward into the next ten years.

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Global Child Forum

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Boston Consulting Group, Stockholm
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Key findings - Executive summary

We see evidence that companies care about making children’s lives better. Many companies have programmes in place, donate to charity and adopt policies to safeguard children’s rights, especially around child labour. However, there are challenges to overcome, as evidenced by the following key findings.

1. Overall improvement since 2014, but work remains

When comparing the results of the last global study in 2014 with that of 2019, we see steps in the right direction. Across indicators, there are strong improvements when comparing the 2014 and 2019 results. Progress has been made in almost all aspects: both industries and geographical regions have improved their average scores. The comparison between 2014 and 2019 points to movement towards closing the gap between the industries that were on top and those that scored poorly five years ago: the higher the score in 2014, the lower the rate of improvement has been. This seems to indicate that, when a certain level of development is reached, progress slows.

The improved methodology used this year allows for a more detailed picture of the level of integration within company operations across a range of children’s rights issues, beyond child labour. The results clearly show that companies are better at having policies in place (though these are still primarily focused on child labour) than they are about being transparent on the outcomes and impact of policies put in place to protect children from harm.

2. A marked gap between policies and reporting on impact, calls for more transparency and accountability

The improved methodology used this year allows for a more detailed picture of the level of integration within company operations across a range of children’s rights issues, beyond child labour. The results clearly show that companies are better at having policies in place (though these are still primarily focused on child labour) than they are about demonstrating how such policies are put into practice through implementation and integration into company operations. On the impact side, companies on the whole are stronger at reporting on the various actions and initiatives they are running to improve children’s lives than they are about being transparent on the outcomes and impact of policies put in place to protect children from harm.

Companies are not transparent about their impact on children.
3. Need for more board accountability

Board engagement is a key ingredient to the successful integration of children’s rights issues into operations and supply chains. It is encouraging to see that attention to children’s rights issues has risen to the board level in a number of companies since 2014 (up from 13% to 30%), indicating that more companies are starting to consider children’s rights to be a topic worthy of being addressed at this level of an organization.

And yet, less than a third of companies have a board that assumes such responsibility. Although the increase since 2014 seems to follow an overall trend in which companies in general are more focused on sustainability and human rights issues, action is still called for to improve the extent to which boards are accountable for the implementation of policies related to children’s rights. Board accountability can mean the difference between simply signing off on policies and sustainability reports, for example, and actually requiring reporting back on compliance and developments from operations. The most efficient way of accomplishing this is to integrate children’s rights issues within larger areas of concern, for example, labour rights or community impact, while continuing to recognise the greater vulnerability of children, which requires special attention.

4. Low scores for responsible marketing and product responsibility mean an increased risk for young consumers and a missed opportunity for companies.

How companies view children as consumers remains an area where too few companies recognise and treat children as a stakeholder group with specific interests and needs. Moreover, the results indicate that this area is under the radar in most companies, with the average for the “Marketplace” area, i.e. impact from marketing and products, being significantly lower than the other areas covered.

Though some companies excel in reporting on policies and initiatives regarding responsible marketing and/or making sure that children are safe when coming in contact with their products or services, many still lag behind. This gap indicates that companies are failing to capitalize on significant untapped potential in a world where approximately 25% of the population is under 14. By integrating a children’s rights perspective into their analysis, there are substantial benefits to companies, both in avoiding unintentional negative impacts and in unlocking customer goodwill and loyalty.
1. About this study

692 COMPANIES
Global Child Forum collected publicly available information from 692 of the largest companies, by revenue, across the globe. A full listing of the companies and their scores can be found on the Global Child Forum website.

9 INDUSTRIES
Basic Materials
Consumer Discretionary
Consumer Staples
Financials & Property
Healthcare
Industrials
Oil, Gas & Utilities
Telecommunications & Technology
Travel & Leisure

20 INDICATORS
The collected company information was screened against 20 indicators. The aim is to assess how these companies report on addressing a range of children’s rights issues. For a list of all the indicators, please see the methodology document.

COUNTRIES REPRESENTED

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2 To avoid duplicate results, parent companies have been prioritised over subsidiaries and/or nationally registered companies under the same brand name. As a rule, when the parent company is a holding company without its own operations or reporting, the largest subsidiary is included in the sample instead.

3 For the classification of companies into industries and sectors, the FTSE Russell Industry Classification Benchmark (ICB) is used. To avoid duplicate results, each company is only classified according to the industry representing its largest share of earnings according to Orbis. N.B. Consumer Discretionary was in previous studies referred to as Consumer Goods, while Consumer Staples was referred to as Food & Beverage, and Telecommunications & Technology was referred to as ICT.

4 This study includes information that was publicly available until 30 June 2019. Only reporting in English has been used. Global Child Forum screened the information available for all companies in the sample between January and June 2019. Results were shared with each company for feedback and possible corrections to ensure a fair assessment. Revenue figures are based on 2018 reported results.

5 When creating the corporate sample, emphasis was placed on finding an even industry/regional representation, as opposed to country representation, to ensure that the size of companies falls within the same range. By the same token, industrial representation in each region is not the same. For these reasons, country comparisons and industry comparisons across regions are not possible.
Understanding the benchmark results

In this benchmark study, we increased the number of indicators from previous years and introduced a scoring range (0-5-10). Due to this enhancement of the methodology, we have a more nuanced picture, one that allows for a deeper understanding and comparison of how companies are reporting on various types of children’s rights issues as well as the degree to which these issues are being integrated across operations. The indicators still align with the Children’s Rights and Business Principles and assess company reporting across three main impact areas:

**THREE MAIN IMPACT AREAS**

- **The Workplace - (WP)**
  decent work for young workers, parents and caregivers, and prevention of child labour.

- **The Marketplace - (MP)**
  marketing and advertising, protection from online abuse and exploitation, and product safety.

- **The Community & Environment - (C&E)**
  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.

**CORPORATE RESPONSE**

To assess the degree to which an issue has been addressed and integrated in a meaningful way, the indicators are also grouped into: Policies & Commitments, Implementation, and Reporting & Actions. More information can be found in the Levels of integration of a children’s rights perspective².

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6 A comprehensive framework for understanding and addressing the impact of business on the rights and well-being of children developed by UN Global Compact, UNICEF and Save the Children.

7 This part of the methodology draws on the UN OHCHR conceptual and methodological framework for indicators to assess progress on human rights for states.
## Key Findings - Executive Summary

1. About this Study
2. 2019 Benchmark Results
4. Shaping the Future

### Analytical Framework

<table>
<thead>
<tr>
<th>Impact Areas</th>
<th>Corporate Response</th>
<th>Workplace (WP)</th>
<th>Marketplace (MP)</th>
<th>Community &amp; Environment (C&amp;E)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policies &amp; Commitments</td>
<td>Does the company have a policy on child labour, equal treatment, etc.?</td>
<td>Does the company have a policy on responsible marketing, product safety procedures and safe use of services?</td>
<td>Does the company have an explicit commitment to reducing its negative community impact and increasing its positive contribution to the local community?</td>
<td></td>
</tr>
<tr>
<td>Implementation</td>
<td>Is the board responsible for overseeing these policies?</td>
<td>Does the company consider product safety and/or marketing practices to be a material aspect?</td>
<td>Does the company have an assessment process to gauge its impact on the surrounding community?</td>
<td></td>
</tr>
<tr>
<td>Reporting &amp; Actions</td>
<td>Does the company report on suppliers at risk of using child labour and/or have a programme in place for issues such as childcare?</td>
<td>Does the company report on incidences and remediation of product safety/service breaches?</td>
<td>Does the company report on operations/suppliers that negatively impact children in the community? Does the company have a programme in place to support children’s rights; for example, in the area of health or education?</td>
<td></td>
</tr>
</tbody>
</table>

### Scoring

Each indicator can earn a score of: 0 - no company information found; 5 - the company is reporting on human rights or sustainability for this issue; 10 - the company reports on how they address children’s rights for this issue. We recognise that, depending on the nature of a company’s operations, there are indicators and areas that are more or less relevant. To account for this, weighted scorings are used when calculating the average impact area scores as well as the total average scores. For this same reason, if a company scores 0, it can signify that a particular indicator is not applicable to the company.

More detailed information about the study and methodology can be found in the methodology document, available on our website.
2. 2019 benchmark results

Companies do not consider children’s rights as a strategic imperative.

General findings

1. With an average score of 5.5, corporates are achieving a baseline understanding of children’s rights and business.

Overall the industries score within a narrow range, with average scores ranging between 6.0 and 4.5. Out of the nine industries, Telecommunications & Technology has the highest overall average performance score, closely followed by Industrials and Basic Materials.

The global average score across all industries is 5.5 out of 10. This average indicates that companies are addressing wider sustainability and human rights issues (for which 5 points is given) but that the situation is not optimal when it comes to addressing children’s rights in particular. Taking small steps is not enough to drive meaningful change, and most companies have not yet made the integration of children’s rights a strategic imperative.
2. Although globalisation continues to make our world more interconnected, regional differences in scores are more pronounced than are industry differences.

There is greater variation in average scores across regions as compared to across industries. The average overall scores of the study demonstrate that Europe has the highest average score, Latin America & the Caribbean the second highest, followed by North America.\(^8\) Interestingly, North America stands out compared to regions other than the Middle East and North Africa in an important aspect: a very high proportion of companies don’t report at all on human rights risks generally (80%) and only 11% report on child labour risks or non-compliance specifically. This can be compared with 50% of European companies not reporting, and 37% of them reporting specifically on risks related to child labour, or 65% of companies from Sub-Saharan Africa not reporting at all, and 17% reporting on risks for or incidents of child labour.

It’s possible that this lag on the part of North American companies to report transparently on sensitive issues is related to fear of litigation.

\(8\) The difference in number of companies within each region is due to the sample being cut off at a certain company size to ensure that the size range in the sample was not too large. For more information about this, see the About this study section.
There is much to be gained, by children and companies alike, when business clearly acknowledges the unique vulnerability and special status of children.
### 3. Bigger doesn’t mean better

An intuitive response to the differences in scores between individual companies is that larger companies would do well at reporting given that they often have more resources at their disposal. In reality, however, the results indicate a low correlation between company size and average scores, with the correlation coefficient between the sum of revenue and overall average score at only 0.25.9 So, if size doesn’t matter, then what factors are driving company scores? At this stage, it isn’t possible to answer that with confidence, but initial research on the drivers for companies that perform well point to: executive/board level commitment; a close connection between the core business and children’s rights, i.e. children as customers; a high risk of child labour; and the degree of integration of human rights issues overall.

### 4. Companies are relatively strong on policies, as compared to reporting

The level of integration of a children’s rights perspective is measured through three response areas: Policies & Commitments, Implementation and Reporting & Actions. The total unweighted average score of all companies included in the study demonstrates that companies generally score the highest on Policies & Commitments (6.2), followed by total average score for Implementation (5.2), while the average score for Reporting & Actions is the lowest (4.3). So, while companies often have policies in place, and many companies integrate children’s rights into their processes, companies perform comparatively poorly on indicators that include reporting. For example, there is a startling difference between having a child labour policy and reporting on its outcomes, a topic further explored in the Child Labour Policy: a closer look.

### 5. Children as consumers are largely overlooked

How companies impact children through their marketing practices or the ways in which their products and services are consumed by children, either directly or indirectly, are issues that companies in general fail to report on. The average unweighted impact area scores across industries show us that the average is highest for Community & Environment (5.9), followed by Workplace (5.6) with Marketplace falling significantly behind (3.6)10. Although this to some extent can be explained by the fact that not all companies have marketing or products directed at children, little attention is being paid to the reality that children are more impressionable and vulnerable than adults on a range of things: marketing messages, how they are affected by substances that might not harm adults, or inability to make informed decisions in the same way adults can. There is much to be gained, by children and companies alike, when business clearly acknowledges the unique vulnerability and special status of children.

### 6. The majority of companies refer to international standards

Seventy-seven percent of companies in the study references at least one international standard in their sustainability reporting.11 Among the most commonly referred to standards are UN Global Compact 10 Principles (57%), UN Sustainable Development Goals (51%), UN Universal Declaration of Human Rights (40%) and Conventions of the ILO (37%).

Comparatively, there are fewer companies that refer to the UN Guiding Principle on Business & Human Rights (26%), and a significantly lower number of companies refer to standards that specifically deal with children; ILO Convention 138 or 182 (3% respectively), UN Convention on the Rights of the Child (2%) and Children’s Rights and Business Principles (2%).

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9 As a reference, for a perfect correlation the coefficient is 1.0. For no correlation at all, the coefficient is 0.0.

10 The study recognises that, depending on the industry a company operates in, there are areas that are less relevant for a particular company. When calculating the average score of a company, the average scores for the areas of Workplace, Marketplace and Community & Environment have been weighted respectively.

11 Information has been collected about a maximum of three standards per company. Children’s rights specific standards have been prioritised in the selection.
Industry findings

Basic Materials

Companies in Basic Materials, an industry that includes companies that discover, extract and process different raw materials and are involved in mining, chemical or forestry products. These companies have the capacity to bring positive changes to children’s lives through investing in the communities in which they operate. However, companies working in this sector also have the potential to produce long-lasting negative impacts on children, especially given the greater vulnerability that comes with being in the process of developing physically, socially and emotionally. Our findings indicate that Basic Materials score well on both having a child labour policy (8.9 of 10) and reporting on risks for non-compliance (3.9 of 10 for reporting on child labour). However, there is still a large discrepancy between reporting and policy; this is in keeping with a wider overall trend identified in this study. Overall, the industry seems to have devoted considerable attention to the issue of supply chain management regarding human rights, including child labour.

Consumer Discretionary

The Consumer Discretionary industry includes companies such as home electronic devices, apparel and leisure equipment; companies that provide services and products directly to consumers. Media companies that produce entertainment content are also included in this industry. For Consumer Discretionary, child labour in the supply chain is one of the most discussed risk-areas, and compared to other industries, the average Consumer Discretionary score for assessing their suppliers on issues like child labour is among the highest. However, as child labour is often a systemic issue and therefore beyond the capacity of a single company to address on its own, it is discouraging to note that the industry is in the bottom group when it comes to collaborating with peers and/or private public partnerships (4.6 of 10).

It is important to acknowledge that children warrant special attention in relation to marketing and advertising practices and product safety with regard to many of these products. With respect to commitment to responsible marketing, the industry average score is quite low (2.5 of 10) and is trailed only by Travel & Leisure among the more consumer-facing industries.12

Consumer Staples

Companies within the Consumer Staples industry are consumer-facing companies that provide products and services directly to consumers. Companies that manufacture and distribute within non-durable household goods, such as food and beverages, fall within this industry. It’s important to recognise here that children, as consumers of many of these products, need to be given special attention in relation to marketing and advertising practices as well as product safety. The debate in recent years about so called HSSF (high salt, sugar & fat) food products and a rise in obesity worldwide among children exemplify a recognition of this. In fact, Consumer Staples stands out for consideration of responsible marketing and product safety as compared to other industries. They score above all other industries for marketplace policy (4.3 of 10) and for reporting on incidents related to responsible marketing to children (1.7 of 10). However, while this industry scores the highest, these scores are low when compared to other areas of children’s rights issues.

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12 These include: Consumer Discretionary, Consumer Staples, Telecommunications & Technology, Healthcare, and Travel & Leisure
Financials & Property

While the link between children’s rights and Financials & Property may not be immediately apparent, in fact the sector has a crucial role to play in regard to corporate responsibility and sustainability. Applying a children’s rights perspective to investments can serve as a catalyst to promote good governance in areas that have both direct and indirect impacts on children. Overall, Financials & Property would appear to be performing poorly, but when controlling for the large share of companies based in the Middle East and North Africa (46%) – a region with overall scores notably lower than the rest – the average scores for this industry improve significantly. The indicators that have the biggest increase (more than 2.0 points) are: having a child labour policy, having an anti-harassment policy, conducting supplier assessments; and reporting on environmental impact (emissions).

Most notable, however, when controlling for the Middle East and North Africa is that Financials & Property is the highest scoring industry for programmes related to product safety (6.7 of 10). This is largely due to the initiatives of banks offering financial literacy/education programmes targeting children to teach them about, among other things, interest rates and the monetary system (23 out of 32 companies in the adjusted sample).

Healthcare

The Healthcare sector impacts children’s rights on a wide range of issues, including by eliminating child labor in their supply chains, protecting and improving the health of young people, addressing the right to access to information and privacy, ensuring the safety of young workers and finding innovative solutions to improve access to quality healthcare.

The Healthcare sector, compared to other industries, scores lower than the average on most indicators. This industry scores particularly low on reporting on child labour (1.3 of 10) and workplace programmes (4.9 of 10), on which they score the lowest out of all industries. For non-harassment policies, however, the healthcare industry scores higher than all other industries (8.8 of 10), and they are also among the highest scorers for Board accountability (5.9 of 10). The results of the study indicate that, within the Workplace, this industry is stronger with respect to commitments and implementation than it is on reporting findings and taking action.

Telecommunications & Technology

The explosion of information and communication technology has created unprecedented opportunities for children to communicate, learn, share and access information. But wider accessibility also poses risks to children – both offline and online. Telecommunications & Technology’s high score for industry/public-private collaborations is impressive. Collaborations with authorities to bring communication technology or know-how focused on digital literacy to disadvantaged children are not uncommon. Alternatively, companies collaborate with peers within and/or across industries to combat child sexual abuse online through different constellations, most notably the GSMA Mobile Alliance Against Child Sexual Abuse. Telecommunications & Technology is the highest scoring industry for product safety policy (5.3 of 10), but while this indicates a stronger commitment to product safety compared to other industries, these policies are more often general rather than child specific. Telecommunications & Technology is exceptional when it comes to workplace programmes and is a leader in providing various family-friendly benefits (breastfeeding facilities, parental leave beyond what is legally required, flexible work) to employees.
### Industrials

The industrial goods sector has responsibility to ensure that their products and services are safe for children, have a minimum impact on the community and environment and that policies and practices prohibiting child labour are in place. This industry stands out in comparison to others on Community & Environment programmes having the greatest share of companies among all industries with a programme in place that benefits children. The majority of these programmes focus on education, either by supporting basic education with logistical support such as schoolhouses or supplies, or focusing on STEM (science, technology, engineering and mathematics). In contrast, this industry scores below the overall average in reporting on negative community impacts (1.0 of 10).

### Travel & Leisure

Travel & Leisure is comprised of a range of companies, including airline companies, hotels, restaurant chains and casinos. In this sector, a concerted effort by industry bodies and individual companies is called for to understand how children are impacted by its business operations. While the benchmark indicates that Travel & Leisure has the highest average score on Collaborations with civil society organizations, these collaborations are primarily charity related rather than specifically designed with an understanding of and objective to address the sector’s impacts on children. Travel & Leisure also scores well for product safety programmes; only three companies lack safety initiatives. Examples in the aviation industry include initiatives for children travelling alone and programmes to prevent sexual tourism and human trafficking. For companies within leisure, these programmes could involve quality checks and assurance of age appropriate products and services.

### Oil, Gas & Utilities

Oil, Gas & Utilities companies impact children directly or through impacts on their communities and families. Environmental impacts in particular have a negative repercussion for children, who are more susceptible to environmental hazards, particularly in terms of water and air pollution. Although companies within this industry are often associated with climate change (or can be directly linked to greenhouse gas emissions and planetary impacts), the average score for reporting on environmental impact (emissions) is only 5.9. On the other hand, a majority of companies in the industry are showing a commitment to reducing negative impacts on the environment (9.9 of 10). Despite the fact that the majority of companies in this industry do report on some form of environmental impact, they have the lowest share of reporting on impact beyond their own operations at only 30%. However, the industry is among the highest scorers for workplace programmes, that is programmes involving projects either focused on reducing the risk of child labour or improving working conditions for young workers, parents and caregivers. The results indicate that many companies in this industry are taking steps to promote a work-life balance and/or to improve conditions for working parents in various ways.

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14 This is assessed as to whether or not a company reports on its own and/or supplier impacts, usually through scope 3 GHG emissions.
Workplace, Marketplace and the Community & Environment

A closer examination of the results reveals that, on an indicator level, there are thought-provoking findings among the different impact areas. Overall, companies score best on the Community & Environment area (5.9 of 10), with Workplace a close second (5.6 of 10) and Marketplace considerably behind the other two (3.6 of 10).

Community & Environment: children left out of the picture

The higher score for Community & Environment is mainly driven by a general commitment to reducing negative environmental impact (9.5 of 10), contributing positively to the community (6.3 of 10) and having programmes in place that benefit children, especially in areas of education and access to basic services (8.0 of 10). Notably, having a commitment to reduce any negative environmental impact and reporting on this commitment are indicators that look only at the general issue; they do not address children specifically. It is not surprising that the results show that the uptake of general environmental issues is much further along than children’s rights overall. While there is often concern for community, it does not yet translate into concrete action to address negative impact. Overall, the degree to which companies report on negative community impacts compared to negative environmental impacts is striking. To some extent this could be due to environmental indicators being easier to quantify than community impacts, but it also indicates that disclosing negative environmental impacts is more integrated into reporting systems.

The lack of reporting on negative community impact is striking.
Workplace: unclear impact in protecting children

In the Workplace area, the highest scoring indicator is “Decent working conditions”, which assesses whether a company has a clear anti-harassment policy. This policy statement is used as a proxy for a company’s overall working environment, for example, protecting parents and teenagers who are working legally within a company. Having a policy prohibiting child labour is close behind, with 67% of companies showing this commitment, whereas reporting on this issue is much less frequent. This is further analysed in Child Labour Policy: a closer look.
Marketplace: children overlooked as consumers

Overall, according to the report findings, companies seem to disregard risks and opportunities in relation to children in the marketplace. This can be partly explained by the fact that direct consumer contact with children isn’t an issue for many of the companies in the study. However, even industries that are consumer facing have low scores on these indicators, illustrating the fact that this issue is largely overlooked by the business community. This seems especially relevant when it comes to investigating and reporting on non-compliance, and/or complaints regarding marketing practices and product safety, with specific regard given to children’s higher vulnerability in these matters. Industries in which this would be relevant tend to have more general policies and programmes. There is an opportunity for companies to acknowledge that children constitute a specific stakeholder group with distinct rights that must be supported and protected.

Companies seem to disregard the risks and opportunities in relation to children.

When developing the enhanced methodology, the initial goal was to only include industries/sectors for which Marketplace is a material issue for the assessment in this area. However, given that the area covers not only marketing and direct consumer contact/impact, but also the ways in which a product impacts users along the value chain, it was difficult to find a valid rule for exclusion on industry and even sector basis. For this reason, all companies are assessed against the Marketplace indicators in this study, with the aim of better understanding materiality and possibly finding exclusion criteria to be used in future assessments.
Merck KGaA, Darmstadt, Germany – children’s rights perspective in product development

The science and technology company Merck KGaA, Darmstadt, Germany provides an example that highlights the importance of incorporating a children’s rights perspective in product development. The company works to actively combat Schistosomiasis, one of the most prevalent parasitic diseases in sub-Saharan Africa, and very important in terms of public health burden and economic impact. According to the World Health Organization (WHO), schistosomiasis affects almost 240 million people, mainly in communities without access to safe drinking water and with poor sanitation, with an estimated number of 200,000 deaths per year. The parasites live within freshwater snails and infect humans by penetrating the skin. The disease can lead to chronic inflammation of the organs, which can be fatal but can also lead to anaemia, stunted growth and impaired learning ability, with devastating consequences for the lives of the very young children (under the age of six), which account for more than 10% of the total population infected.

This high-risk group of pre-school age children is currently left untreated. Due to lack of clinical data and of a child-friendly formulation of the standard of care medication, treatment for schistosomiasis is only available to school-aged children and above through current public health programmes.

As one of the flagship programmes led by Merck KGaA, Darmstadt, Germany, through its Global Health Institute, the Pediatric Praziquantel Consortium programme aims at closing this treatment gap by developing, registering and providing access to a suitable paediatric formulation for treating schistosomiasis in pre-schoolers, including infants and toddlers.

The Consortium, established in 2012, combines public and private partners to develop a small, orally dispersible tablet with acceptable taste for very young children that remains stable in tropical climate. The Consortium is currently conducting a clinical phase III study at trial sites in Kenya and Ivory Coast. The formulation is planned to be available in Africa in 2022.
Marketplace deep dive

The fact that one of the areas that companies devote the least attention to is responsible marketing and product/service safety and responsibility can, as previously discussed, be explained in part by the fact that many companies do not have consumer-facing marketing or products, i.e. business to business operations. But even for industries that are consumer facing – Consumer Staples, Telecommunications & Technology, Consumer Discretionary and Travel & Leisure – we see that the percentage of companies that score well on committing to responsible marketing and safe products is low, with even fewer reporting on non-compliance in relation to children. The issues that elicit the most attention from companies include programmes focused on improving product safety and responsible messaging.

Across all industries, a high percentage of companies fail to report on these issues at all, even in a general way; a surprising 61% of healthcare and 58% within Consumer Discretionary do not report. This is concerning given that the products these industries produce are often used by and even made explicitly for children.

The two industries with top scores for the marketplace-related indicators, Telecommunications & Technology and Consumer Staples, both have products with the potential to negatively impact children, specifically through unhealthy food choices and online abuse, whether by adults or children’s peers. These are also the issues that are most commonly addressed by these companies. Although these two industries score well compared to other industries, the scores remain low in comparison with how these industries score for other areas.

Distribution of scores for all marketplace indicators, %

<table>
<thead>
<tr>
<th>Industry</th>
<th>% that score 0</th>
<th>% that score 5</th>
<th>% that score 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer Staples</td>
<td>55%</td>
<td>45%</td>
<td>10%</td>
</tr>
<tr>
<td>Telecommunications &amp; Technology</td>
<td>58%</td>
<td>55%</td>
<td>5%</td>
</tr>
<tr>
<td>Healthcare</td>
<td>30%</td>
<td>37%</td>
<td>48%</td>
</tr>
<tr>
<td>Financials &amp; Property</td>
<td>49%</td>
<td>45%</td>
<td>37%</td>
</tr>
<tr>
<td>Travel &amp; Leisure</td>
<td>61%</td>
<td>30%</td>
<td>9%</td>
</tr>
<tr>
<td>Industrials</td>
<td>32%</td>
<td>55%</td>
<td>10%</td>
</tr>
<tr>
<td>Consumer Discretionary</td>
<td>12%</td>
<td>5%</td>
<td>80%</td>
</tr>
<tr>
<td>Basic Materials</td>
<td>31%</td>
<td>32%</td>
<td>48%</td>
</tr>
<tr>
<td>Oil, Gas &amp; Utilities</td>
<td>28%</td>
<td>30%</td>
<td>42%</td>
</tr>
</tbody>
</table>

19Telecommunications & Technology is a mixed industry, including largely consumer-facing Telecommunications, but also Technology that is mostly not directly consumer-facing.
Orkla – incorporating a children’s rights perspective in responsible marketing and product safety

Orkla is one of the companies in the Consumer Staples industry, the industry that performs best in the Marketplace. Orkla’s Responsible Employer and Human Rights Policy includes a special section covering respect for children’s rights in which the company also references the Children’s Rights and Business Principles. In addition to prohibiting child labour, the company makes a specific commitment to responsible marketing and product safety for children. According to the company, this follows from a materiality assessment as a first step and an analysis of what aspects of the operations and supply chains may have an impact on children.

As a supplier of branded consumer goods to the grocery, out-of-home, specialised retail, pharmacy and bakery sectors, within product categories such as food, snacks, personal care, textiles and detergents, children constitute a significant portion of the company’s consumer base. Recognising that their impact on children’s rights is extended to include product safety and marketing practises, the company assumes responsibility for assigning appropriate attention to these issues.

Across the Orkla Group the companies carry out an annual risk assessment linked to their human rights policy. Companies are required to develop an action plan to address identified risk issues. As part of the risk assessment, workshops are organized to build awareness on the various topics covered by the policy. Furthermore, all companies have strict requirements and procedures for systematic assessment of product safety, including due consideration for all aspects that may present a hazard for children. In addition, Orkla supports the EU pledge for responsible marketing of food and beverages and does not advertise to children under the age of 12 if products fail to meet the common EU Pledge Nutrition Criteria. According to the company, responsible marketing to children has been on their agenda for 20 years.

“We are always asking, what is our impact?”

Ellen Behrens
Vice President Sustainability, Corporate Communications & Corporate Affairs, Orkla ASA

As part of their forward-looking approach, the company’s 2025 sustainability strategy includes a special commitment to reducing the amount of sugar and salt in products, with special attention given to children’s products. Making this commitment has a two-fold positive impact, increasing the level of business responsibility while at the same time enhancing brand reputation.
Measuring what matters: how integrated is the children’s rights perspective?

Policies & Commitments
The first indicator of whether a company has truly integrated a children’s rights perspective is whether the company addresses children’s rights issues through a policy or an explicit commitment in their publicly available texts. Commitments can cover different aspects of children’s rights across the areas of the Workplace, Marketplace and Community & Environment, and might include child labour, responsible marketing to children, product safety or a commitment to contribute positively to children in the local community.

Implementation
The next level of integration of a children’s rights perspective is the extent to which these policies have been integrated into an organization’s processes. For instance, is the board ultimately accountable and does it receive regular updates on developments on these issues? Are children’s rights issues included in materiality analyses? Does the company conduct supplier assessments? In addition, are there grievance mechanisms in place that allow both internal and external actors to report on cases of misconduct in relation to children’s rights issues?

Reporting & Actions
While policies and commitments are important to make clear where a company stands on issues, such statements mean little if there is no periodic review, follow-up on and impact evaluation. To accomplish this, it’s essential that companies report on results (both positive and negative). In addition, companies need to address their impacts, mitigate those that are negative, and contribute to positive development.

Marketplace Example of Integration:
A company has reached the third level of integration of a children’s rights perspective in the Marketplace when:

1. A product safety policy for children is in place.
2. This policy is integrated into the processes of the company (i.e. there is board oversight and/or it is included in their materiality assessment).
3. The company reports on the number of incidents of violation of product safety and/or the company has a programme in place to promote product safety for children.

Note: given the range of issues that companies are expected to report on, we did not expect to find specific references to children’s rights issues in the governance portion of company reporting, but we did look at the overarching issues being considered at the board level and then closely examined how these issues are described in company publications and whether children’s rights are included.
Positive and negative trends: levels of integration across industries

Across industries, we see that companies perform quite well on Policies & Commitments; not as well on Implementation; and poor on Reporting & Actions. Also, compared to the other areas, there is a smaller spread in scores across industries for Reporting & Actions, with Telecommunications & Technology on top with an average score of 4.9 and Healthcare in the bottom with 3.7 (only 1.2 points difference).

The indicators covering implementation aspects show that, while many companies have policies in place, it is concerning to see that almost a third (27%) of all companies in the study are not reporting any kind of supplier assessments to ensure that policies are being complied with. The same pattern is seen for Board accountability and Materiality analysis. The results further show that more companies have supplier assessments than wide-ranging grievance mechanisms. Grievance mechanisms are necessary for capturing information from the community and stakeholders, information which is otherwise easily missed in formal structures around supplier assessments, for example. At the same time, more companies have some type of grievance mechanism in place (60%), although not always for human rights grievances, or not available to the community to make complaints. Yet, only 26% of all companies have a grievance mechanism available to both external and internal stakeholders, which enables reporting of human rights grievances. This points to an opportunity for many to expand these initiatives to ensure better access to information about issues requiring a company’s attention.
Accor – implementing a children’s rights perspective from top to bottom

The hospitality company Accor’s risk management process covers human rights, including children’s rights, both at the operational level involving their partners and hotel owners, as well as at the supplier level. Their risk management process is a key component of Accor’s “Planet 21 program” and it includes assessment, control, action plan and management of warnings. At the first step, children’s rights are being taken into consideration in the company’s human rights risks mapping. Accompanying measures include Ecovadis assessments, on-site audits and monitoring of compliance. The key risks identified are covered in the annual report and receive follow-up at the board level.

Accor identifies child labour as an issue relevant to the company and has policies and procedures in place to address this risk. But the topic identified as being the most critical by the company given their operations is combatting the sexual abuse of children. As part of Accor’s commitment, the company has implemented the “WATCH program”. The implementation of this programme is one of the ten “Planet 21” compulsory actions and is considered fundamental for all hotels. These standard actions impact the annual bonus of every general manager and are closely monitored by the Executive Committee members.
Child labour policies: a closer look

As highlighted previously, there is a discrepancy between having policies in place on the one hand and explaining how they are being implemented and how compliance is monitored on the other. Our results show that the difference between the percentage of companies having a child labour policy and those that report on their findings is striking. If fact, a gradual decline along the three levels of integration is clearly demonstrated. Out of the 67% of companies that explicitly prohibit child labour, only 33% maintain board oversight of children’s rights issues; only 34% identify children’s rights as a material or salient issue for the company. Of the companies that prohibit child labour (67%), less than half (43%) conduct supplier assessments of their impact on children’s rights. Slightly more than half of the companies performing supplier assessments, report on operations and suppliers considered to have significant risk for incidents of child labour or make mention of incidents (26%).

<table>
<thead>
<tr>
<th>Policies &amp; Commitments</th>
<th>Implementation</th>
<th>Reporting &amp; Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>67% explicitly prohibits child labour</td>
<td>67% Child labour reporting</td>
<td>26%</td>
</tr>
<tr>
<td>33%</td>
<td>34%</td>
<td>43%</td>
</tr>
<tr>
<td>Companies that explicitly prohibit child labour</td>
<td>Score 0 or 5</td>
<td>Score 10</td>
</tr>
<tr>
<td>Companies that do not explicitly prohibit child labour</td>
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</tbody>
</table>

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Finnair – addressing children’s rights issues beyond child labour

Finnair is an airline that recognises that children’s rights issues are neither limited to the issue of child labour, nor limited to the sphere of its own operations. According to Finnair, their own operations do not involve significant direct human rights risks or impacts, due to its highly regulated nature. However, the company acknowledges that indirect risks and implications may exist in relation to their supply chain and outsourced operations. As part of their work to prevent violations, Finnair utilises the SEDEX (Suppliers Ethical Data Exchange) system in their sourcing processes and operating methods to improve supply chain risk management, traceability and the assessment of social impacts.

Indirect risks are also linked to their services; trafficking is of real concern in the airline industry, and this is a topic Finnair is increasingly focusing on. The company works closely with governments and with the airports from which they operate to ensure that any suspected trafficking is reported and dealt with appropriately. Training and specific instructions have been provided to crews with procedures to be followed in cases of suspected trafficking. Finnair plans to introduce a human trafficking online training package and make it compulsory to all crew members and ground agents once it is launched.

The company recognises the importance of collaboration, and Finnair is an active participant in the initiatives led by IOM (International Organization for Migration) and IATA (International Air Transport Association) in stopping and preventing human trafficking and in promoting human rights in aviation.

“We understand and recognise that our own business environment and that of our suppliers is constantly evolving. We continue to review our processes and practices to ensure that they are up to date and continue to work with other companies to share knowledge, learning and best practices.”

Anne Larilahti, Vice President, Sustainability, Finnair
Reporting vs. actions

In the previous sections we have seen that companies score lower on Reporting & Action as compared to Policies & Commitment and Implementation. In fact, a deeper look into the indicators that cover whether companies follow-up on policies with reporting on compliance reveal a worse result with regard to reporting. The overall scores for Reporting & Actions are driven mainly by companies’ performance with regard to taking action, e.g. having programmes benefitting children, rather than reporting on impacts.

The overall pattern is that many companies have programmes which benefit children in both the Workplace (54%), and Community & Environment (71%) areas and fewer in the Marketplace area (23%). At the same time, only a fraction of these companies report on their impact around the same issues (WP 21%, MP 1-2%, C&E 4%), calling into question whether the programmes actually address issues that are connected to company operations and impact. A possible explanation is that the drivers for establishing programmes tend to be ad hoc and reflect a company’s perspective on an issue it identifies in society and sees an opportunity to address, rather than linking it to their own impact/expertise.

### Reporting: risk for child labour

- **10=YES**: reports on significant risk for incidents of child labour and/or mentions incidents of child labour, including suppliers.
- **5=PARTIALLY**: only reports on own operation and/or on human rights broadly (not specifically on children’s rights)
- **0=NO**: does not report on operations and suppliers considered to have significant risk for incidents of child labour

### Action: programmes on working conditions

- **10=YES**: has programmes/projects focused on reducing the risk of child labour and/or improving working conditions for young workers, parents and caregivers in its own operations and/or supply chains
- **5=PARTIALLY**: working actively/driving programmes/projects focused on improving working conditions of employees in own operations and/or supply chains (e.g. working hours, wages and other non-monetary benefits, health)
- **0=NO**: there is no evidence of programmes/projects focused on children’s rights in the workplace in own operations or supply chains
Working together: collaborations and industry initiatives

Companies often engage with external actors in order to further children’s rights issues, however there is a significant difference between the number of companies that collaborate with charities and NGOs compared to companies that address children’s rights issues through industry collaborations.

The results show that 68% of companies have some sort of collaboration with a child rights organization, while only 27% have an industry collaboration or a public-private partnership that covers children’s rights. However, with 50% of all companies having an industry collaboration or public-private partnership covering general sustainability or human rights, there is ample opportunity to expand these to also include children’s rights.

Many companies find that there is much to be gained by joining forces and working together to address sustainability issues. Industry initiatives and roundtables offer a way to gain knowledge more efficiently and a space to share know-how and discuss different approaches to sustainability issues with peers. In some cases, industry initiatives have led to the creation of joint standards in a particular industry. In other cases, voluntary initiatives have created rules of conduct for competitor companies covering, for example, human rights. Membership in industry initiatives signals a commitment to addressing particular issues, while not being a member of an initiative could indicate that a company has not chosen to address a certain issue at the same level as other companies. Among the industries included in this study, Healthcare stands out, with 45% of companies involved in industry collaboration.

Programmes vs. donations
There is a difference between making donations and company-led programmes. Programmes are complex, often challenging to implement and the intent of the company is not always matched by the outcome of the programme. Global Child Forum’s Corporate Programs for Children’s Rights - Guidance and Best Practice provides guidance on how corporate children’s rights programmes can achieve maximum positive impact.
BMW Group – the benefits of partnerships and collaboration

“This project was beneficial for the farmers, who improved the quality and the yield of their production. By participating in dedicated training courses, they were able to increase their revenue and we could see a transparent and lean supply chain emerging. In addition to that, we were able to achieve these positive results without increasing the purchasing costs."

Vanessa Buchberger, Kenaf project lead at the BMW Group Purchasing Department

MEMBER OF DRIVE SUSTAINABILITY
The car and motorcycle manufacturer BMW Group is one of the lead partners of Drive Sustainability (formerly known as the European Automotive Working Group). Drive Sustainability brings automotive manufacturers together to improve working conditions and environmental sustainability in the supply chains of the industry by integrating sustainability in the overall procurement process. One of the issues covered by the group is child labour.

Among the first achievements of this industry collaboration was the creation of a self-assessment questionnaire for automotive suppliers. During the past couple of years, the working group has increasingly focused on high-risk materials, including cobalt and palladium.

The BMW Group has witnessed a shift in attitudes towards collaboration within the industry in recent years. The company’s own experiences prompted it to move from an individual approach to a collaborative one, by reducing complexity and setting joint standards. Although this path may be more time-consuming and create more discussions, the BMW Group has found that it ultimately leads to better outcomes.

BEING PARTNERS IN SOCIETY
The BMW Group has also had positive experience with other forms of collaboration. One example of this is a pilot project in Bangladesh focusing on ensuring sustainable growth of kenaf, a natural fibre used in the interior of the BMW i3 electric vehicle. This project was implemented in collaboration with the company’s supplier DRÄXLMAIER and the German Development Agency GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit) and involved all participants in the supply chain.

This project has highlighted some of the key benefits of collaboration and the possibility of bringing about positive impacts in the community. Firstly, its participants found that collaborating with a global and well-established non-governmental organization was positive and that they benefitted from the organisation’s knowledge and previous experience in different regions. Secondly, one of the conclusions drawn from evaluating the Kenaf project was that it was possible to improve working conditions and equality for local farmers in Bangladesh and to engage the entire supply chain in creating transparency and sustainability.

The project has taught them that improving the situations of people in producing countries is key and has a positive impact on the sustainability of the entire supply chain.

In 2014, the first benchmark study on the corporate sector and children’s rights was published and became the starting point for a project that has since assessed corporate reporting on children’s rights in five regions around the world. This year’s new global study allows us to track progress five years after the publication of the first benchmark study.

The sample in the 2019 study aims to be truly global and includes a relatively even share of companies from all regions of the world, whereas the 2014 study was based on the Forbes Global 2000 list and included mainly companies from the United States, Western Europe and Japan.

In the five years since the start of the benchmark project, the need to enhance methodology to obtain a more detailed understanding emerged. The methodology has consequently evolved; it has gone from painting a black and white picture to one in grey scale, assessing not only reporting that addresses children’s rights specifically, but also progress in that direction through taking human rights and sustainability into account. To make it possible to track change over time, the original 2014 indicators are still contained in the enhanced methodology, allowing comparisons for a selection of the indicators covered in the 2019 study.

To control for any results based solely on the difference in the sample, all comparisons between 2014 and 2019 have also been made on a matched sample, using only those companies that were included in both studies. Overall, the results also hold for the unmatched sample.

The indicators compared are:

- Does the company have a child labour policy?
- Is the company reporting transparently on outcomes of policies related to children’s rights?[^23]
- Is the company analysing issues regarding child labour/children’s rights as a risk? (Materiality assessment)
- Is children’s rights/child labour mentioned as part of the board’s responsibilities?
- Is the company addressing child-related issues other than child labour?
- Does the company engage in strategic collaborations with other organizations?
- Is the company driving its own initiatives (programmes) to the benefit of children?

The 2014 study was a starting point to assess corporate reporting on children’s rights.

[^21]: The methodology has been enhanced from an original set of nine indicators with a possible score of 0 or 1, to 20 indicators with possible scores of 0, 5 or 10, as well as weighted scorings. This allows for a finer assessment and focus on issues where companies have the most control over outcomes and where the impact on children’s lives is greatest. For more information about the methodology, please see the "About this study" section.

[^22]: Please note that these differ slightly from the original methodology. Indicator 9 - “Giving to Charity”, from the original methodology, has been excluded here. It was concluded that it skewed the average score towards charity rather than to issues more closely related to the core operations of a company, and that community contributions was already covered by the indicators on own initiatives and collaborations. Likewise indicator 6 - “Refer to international standards”, was excluded from scoring as it was concluded it didn’t show any commitment beyond what is already covered in policies.

[^23]: This indicator originally covered any policy a company might have to address children’s rights, but in practice it tracks reporting on child labour as this is the issue most often covered by business.
Overall improvement, but still work to be done

The overall finding when comparing the 2019 to the 2014 results is that improvement is evident across almost all variables: regions, industries and issues. This is encouraging, showing that a more integrated approach to children’s rights is starting to make its way into the consciousness of businesses worldwide.

Since 2014, the world has witnessed the introduction of the UN Sustainable Development Goals, along with a greater focus on the human rights discourse in the public debate. Sustainability is becoming more of a competitive advantage, and companies are facing increasing pressure from stakeholders such as consumers, governments, stock exchanges, rating agencies and investors.

These pressures, combined with various reporting directives from, for example, governments and stock exchanges, has led to an increased focus on reporting and transparency.

It appears as though the growing attention to sustainability and human rights has had an effect on reporting around children’s rights.

A more integrated approach to children’s rights is starting to make its way into the consciousness of businesses worldwide.
Closing the gap: progress across all industries

The comparison between 2014 and 2019 also shows movement towards closing the gap between the top industries and those that scored poorly five years ago. The higher the score in 2014, the lower the rate of improvement since then, indicating a certain level where progress slows significantly. This is most notable with Consumer Discretionary, which has been overtaken by several industries over the last five years, only improving their score by 0.6. On the other hand, Industrials, Oil, Gas & Utilities, and Travel & Leisure have been making strides in integrating children’s rights, improving their scores with 2.9, 2.6 and 2.3 respectively, with Industrials now placing as one of the highest scoring industries.

The higher the score in 2014, the lower the rate of improvement since then.

One possible reason for the lower rate of improvement among, for example, Consumer Discretionary and Telecommunications & Technology is that integrating a children’s rights perspective might become more challenging with a better understanding of children’s rights. This could be based on several factors, including increased market complexities and constant development within the industry core business. However, in order to draw substantive conclusions on the drivers and obstacles for improvement, more in-depth research is needed.
Children’s rights increasingly recognised: improvement across all indicators

There is improvement across all the indicators included in the comparison between 2014 and 2019. However, progress is uneven, and there is still ample room for improvement, especially when it comes to addressing children’s rights at the highest level of company decision making and integrating children’s rights issues within strategic considerations.

BEYOND CHILD LABOUR

Child labour was already on many company agendas in 2014, and the smallest increase (except for reporting - see footnote 24) is seen in the percentage of companies that have a child labour policy in 2019 compared to 2014. What is encouraging, however, is that a significant number of companies now address children’s rights issues other than child labour, indicating that there has been a realisation among many that children’s rights issues are not limited to this one issue.

CHILDREN’S RIGHTS STARTING TO BE RECOGNISED AT THE BOARD LEVEL

It is encouraging to see that children’s rights issues have increasingly risen to the board level in more companies. Board oversight is an essential aspect of integrating children’s rights issues throughout operations and supply chains. However, it is still the lowest scoring indicator, indicating that more companies need to consider children’s rights to be an important topic, one that should be addressed at the highest levels of an organization.

MORE ACTIVE ENGAGEMENT WITH CHILDREN’S RIGHT ISSUES

Increasingly, companies are actively addressing children’s rights issues in different ways, both internally and externally. There has been a noteworthy rise in the percentage of companies that analyse issues regarding child labour/children’s rights as a risk (materiality assessment). Although less prominent, there has also been an increase in the percentage of companies that have strategic collaborations.

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24 The percentage of companies scoring on all indicators, except for Performance Reporting, has improved. The negative development for this indicator is mainly explained by a change in what information receives a score, which is more stringent in 2019. In 2014, a score was given if a company referenced the GRI indicator on reporting on risks for child labour without examining what information was reported (for example, many companies only reference a child labour policy here), whereas in 2019 a score is only given if a company actually reports on the content of the indicator. However, for transparency, the results are still shown.

25 As a result of the change of methodology in the 2019 study, the results for this indicator might be somewhat inflated, compared to 2014, when fewer children’s rights issues were looked for in scoring this indicator.
The children’s rights journey

The previous section shows that companies, overall, have improved their scores between 2014 and 2019, indicating an increased attention to children’s rights by the corporate sector. But there is still a long way to go. The results also illustrate that progress has been uneven across the indicators. It continues to be the case that it is in the areas of charity and child labour that corporates see a role for themselves in relation to children’s rights. Based on interviews with companies that go beyond this limited understanding of children’s rights, and score well in the study, some commonalities have emerged:

A commitment to sustainability and respect for human rights overall is key

The companies have made a conscious shift from philanthropy and/or corporate social responsibility (CSR) as a separate issue, to integrating sustainability across operations. When sustainability and human rights are truly incorporated into an organization, children’s rights have a greater chance of being noticed and seen as an integral part of a broader commitment.

A conscious move towards increased transparency in reporting

Reporting in a transparent way on issues relating to children’s rights (and human rights/sustainability) serves as a communication tool, letting stakeholders know where a company is succeeding and contributing to society. It is also a means of responding to critical voices, address investor interests, and bring to light issues with the potential to become problems.\(^{26}\)

Internal and external drivers propel change

The shift towards integration of sustainability is propelled by a combination of internal and external driving factors:

- employee engagement and the expectation that the company they work for is responsible;
- internal realisation of a need to be more strategic to get results and be able to show a return on investment/a business case for addressing social impact;
- external pressure groups and media attention;
- investors have started to ask more questions, although they are still more reactive than proactive in their engagement around human rights issues, including children’s rights.

Linking social and environmental impact to the success of the company

An increased will to report on progress and a strategic integration of sustainability into operations has prompted for KPIs linked to sustainability and human rights to be implemented in the organization.

Engagement from the highest level is an enabler

A clear engagement and priority for the issues from the board, giving a green light to drive issues in operations without having to get constant approval or convince higher management why this is important is key for the organization to be able to run with and develop the operationalisation of e.g. a child protection policy.

The common denominator for all of these factors is engagement with the issues and a clear commitment from the highest level in a company. However, when looking at the progress between 2014 and 2019, bringing children’s rights to the forefront of the corporate agenda remains a distant prospect. Despite the fact that the number of companies reporting that their boards are taking explicit responsibility and following-up on performance regarding children’s rights related issues has more than doubled since the first study, it is still the lowest scoring indicator, with only 30% of companies showing evidence of the necessary link between the board and children’s rights.

\(^{26}\) Reporting can also sometimes be directly linked to having received attention for negative impact and/or violations of human rights. It is important to recognise that reporting doesn’t always reflect the actual impact. However, this kind of assessment is beyond the scope of this study.
Wilmar – responsibility as a necessity

The palm oil producer Wilmar operates in an industry that has been regularly criticised for environmental damage as well as poor working conditions on plantations. During the last decade the company has come to the realisation that to survive in the longterm, sustainability and human rights must become part and parcel of the company and how it operates.

A practical example of how this has come about is Wilmar’s child protection policy, which was developed as a response to a realisation that merely having a no child labour policy was not enough to protect children who lived on plantations where the raw material for the company’s product – palm oil – was grown. A systematic collection of data from plantations showed that, despite the fact that the workers had health and safety policies and measures in place to prevent accidents and injuries, their children were still involved in accidents on the plantations. This brought about a changed mindset: from seeing the plantations purely as workplaces, to an approach where the whole community had to be taken into account, and where the children of plantation workers were especially at risk.

With this information, the issue could be raised to the board level, clearly showing that having a no child labour policy and a worker’s health and safety policy were not sufficient. The board then took a decision to adopt a more holistic approach to child protection, giving operations the mandate to develop appropriate measures, with a board approved child protection policy as their tool.

With sustainability being an issue that is wholly integrated into operations, KPIs could also be connected to the protection of children, and support to suppliers on the issue given priority, ensuring that the policy was being implemented and followed-up on, included in the metrics reported to the board on a regular basis.

“To survive as a company, we have to protect the children of those who work for us.”

Perpetua George
General Sustainability Manager, Wilmar
CEMEX – the journey towards shared value as a social impact strategy

During the last decades, the building materials company has been on a journey regarding how they approach social impact, from a philanthropic endeavor to an integrated strategy that is seen as part of the company’s DNA. This strategy seeks to not only to mitigate impacts but also anticipate risks related to the construction materials industry.

The company seeks to develop products and building solutions that foster more sustainable construction practices, while empowering and contributing to the development of local communities by creating shared value through its products and in the value chain, clearly connecting social impact with the core business. Sustainability has been fully embedded in the business and is part of the company’s strategy with clear KPIs connected to sustainability across the operations.

CEMEX has identified the impact on and the relationship with the surrounding community as strategically important, directly relating the sustainability of the business to the well-being and development of the community around them. Almost all sites worldwide have a formal community engagement plan and regularly interact with community members and stakeholders. To ensure local relevance, priorities for these plans are developed at the country level within four areas, all of which affect children’s rights in different ways: responsible site operation; employee volunteering; education and self-employment; and access to high-quality affordable housing. The company acknowledges that by partnering with civil society, NGOs and government, together they can ensure maximum positive impact.

“We have gone from seeing ourselves not only as a building materials company, but as a vehicle to building more resilient and sustainable communities, contributing to build a better future”

Martha Patricia Herrera Gonzalez
Director Corporate Social Responsibility, CEMEX
4. Shaping the future: taking the lead on children’s rights

From our research and interviews with companies it is clear that, despite some successes and improvements, children’s rights continue to be related to the fringes. Perhaps because the corporate sector has a clearer understanding of its impact and responsibility with regard to issues such as human rights overall and environmental concerns, children’s rights tend to be assigned lower priority. This approach to children’s rights, however, underestimates the actual impact on the lives of children exerted by the corporate sector. In addition, it represents a failed opportunity to harness the power of a child-centred perspective in terms of efficiencies. When children’s rights are approached holistically and not as an add-on or a separate issue, the resulting policies benefit workers, children and employers.

As an example, many companies are of the belief that they must first address human rights, and only after doing so turn their attention to specific interest groups, such as children. This approach is misguided and inefficient. Considerable resources are required to achieve acceptable standards with regard to respecting and protecting human rights in a meaningful way. At the same time, new issues and crises inevitably surface, so this approach hinders other initiatives from appearing on a corporate agenda absent a specific incident, e.g. uncovering child labour or similar issues that require being dealt with in an ad hoc manner.

Rather than seeing children as secondary stakeholders, companies benefit when a child rights perspective is integrated with broader issues such as human rights, product safety, marketing, and community relations. Significant efficiencies can be gained given that the majority of stakeholder groups intersect with children’s rights perspective. Importantly though, what distinguishes children is that, in addition to having the same rights and needs as everybody else, they have specific rights (e.g. right to play and right to education) and vulnerabilities (e.g. lower tolerance levels for toxic substances and greater susceptibility to marketing messages). This however, also make them the ultimate benchmark. When protecting children’s rights is an overarching goal, a "big tent" results, where broader issues are also included and addressed.

As we increasingly see sustainability, and to a certain extent, human rights, making their way onto board agendas, there exists a window of opportunity for boards to efficiently future proof their organizations by ensuring that children’s rights are made a strategic priority.
Recommendations for companies

Based on the findings in this report and the gaps identified in company reporting on children’s rights, we have identified five areas for improvement, listed below.

**SUGGESTED ACTIONS**

- Increase knowledge around children’s rights and corporate impact
- Integrate a children’s rights perspective throughout operations/supply chains
- Make sure to include a children’s rights perspective in already existing programmes
- Work together: join or initiate industry initiatives; collaborate with other organizations to create maximum impact
- Report transparently on risks and outcomes, negative as well as positive

**Looking ahead**

The findings of this report point to questions around drivers of the corporate sector’s embrace of children’s rights. We will continue to engage companies to better understand the nature of the obstacles they face. We will also continue to identify gaps that can be addressed by research, guidance, and bringing together stakeholders at future forums.

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