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## Cover

A 5-year-old boy helping his parents on a pepper plantation, March 2021, Gia Lai Province, Vietnam © The Centre for Child Rights and Business

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## **Foreword**

It should be a troubling thought for all of us as consumers – the clothes we wear, the mobile phones we use, and the food we eat may have been produced, manufactured, and transported by workers and farmers who are not paid properly for their work and whose children's basic rights are not respected. This review of 20 different Child Rights Assessments shows that many workers and farmers who produce the goods we use every day struggle to pay for their children's education. The review also documents that many children are forced to work to support themselves or their siblings, missing out on education even though it is the key pathway to a better future.

While the world has made progress in terms of poverty relief and development in recent decades, supply chains have not become fairer. On the contrary, many supply chains have become even more exploitative of the people who work in them. According to Fairtrade, in its boom in the 1970s, the price of cocoa paid to the farmers who grow it accounted for up to 50% of the value of a chocolate bar. This fell to 16% in the 1980s and today, farmers receive only 6% of the value of the chocolate bar. As a result, many of the smallholders, daily labourers or factory workers in the supply chains remain far away from earning a living wage that would allow them to cover their own needs, and ensure their children have enough food, healthcare, and schooling.

Creating fairer supply chains free from child labour requires significant action and investment from all, but not least from companies that profit from these unjust practices. It is paramount for everyone to understand the far-reaching impact that inadequate working conditions and low wages in sourcing countries have on communities, farmers, workers, and their children and how this perpetuates the need for companies to remediate, mitigate and prevent these violations.

Save the Children and The Centre for Child Rights and Business are committed to offering knowledge, guidance and practical support to companies on how they can operate responsibly in their supply chains and thereby strengthen the basic rights of children.

We hope that this report will encourage governments to hold the private sector accountable for its sourcing practices and that it will lead companies themselves to review their buying practices and to assume responsibility for effectively remediating human and child rights violations in their supply chains. The future of millions of children depends on it.



Ines Kaempfer, CEO, The Centre for Child Rights and Business



Florian Westphal, CEO, Save the Children Germany

## **Executive Summary**

As a 2021 global report by the Global Child Forum has shown, most companies still fail to understand the impact their businesses have on children and the wider communities<sup>1</sup>.

To shed a brighter light on the situation of children impacted by global supply chains, The Centre for Child Rights and Business, a subsidiary of Save the Children, has since 2019 conducted a total of 20 Supply Chain Child Rights Risk Assessments for public and private partners in Asia, the Middle East, Africa and South America.

The assessments generally focus on specific areas where children's rights are impacted. This includes child labour, education, childcare, and young worker protection. To get a comprehensive picture, all assessments include other contextual variables such as working conditions, gender, human trafficking and forced labour.

Commissioned by Save the Children Germany, this report conducts a meta-analysis of all 20 assessments. These studies provide an exhaustive data set documenting the child rights situation in today's supply chains. It covers eight sourcing countries<sup>2</sup> within the manufacturing, agriculture and mining industries<sup>3</sup>, and not only assesses key child rights violations and industry-specific challenges but also discloses gaps and good practices in companies' supply chain management.

Every assessment included on-site data collection derived from direct conversations with affected communities. The 20 assessments covered interviews with a total of 2,751 parents and 1,799 children in addition to conversations with various other stakeholders in relevant supply chains and communities.

Through the analysis of data from 20 assessments, we can summarise the key findings as follows:

#### **Child Labour is Almost Endemic**

We found direct evidence of child labour in 10 of 20 assessments and observed a very high risk of child labour in eight of the remaining 10 assessments (that is all except natural stones in Vietnam and first-tier<sup>4</sup> garment facto-

ries in Ethiopia). This result depicts the fact that the vast majority of child labour cases are hidden "below the surface", in deeper tiers of the supply chains and informal sectors of the economy. Children engaging in (informal) work outside their homes are particularly vulnerable to exploitation with lower pay and longer working hours.

Most companies' current monitoring mechanisms contribute little to the reduction of child labour but shift it to the invisible parts of the supply chains. In cases where child labour is reported, few companies have systems in place to allow the child to have access to remedy.

#### Low Income and High Education Costs Drive Child Labour

When we talk about child rights risks, income or wages should also be part of the analysis. The actual wages or income of workers or farmers in all sectors are far below the living wage standards or incomes for an average family in all assessed countries, trapping them in poverty and denying children their right to basic services. Indeed, the larger the gap between workers' and farmers' actual wages or incomes and the necessary local living wage or income, the more likely workers and farmers struggle to pay for basic necessities for their families such as food, education and healthcare for their children. Where this gap is smaller, children have better access to education. On the contrary, where such a gap is relatively bigger, school dropout rates among children are also higher. This situation is further aggravated by high education-related costs. Children often enter work to be able to afford schooling for themselves or their siblings.

The study concludes that insufficient income of parents and high education costs have direct implications for increased child labour risks in all sectors.

## Lack of Formalisation is a Multiplier of Child Rights Risks

All supply chains rely heavily on informal labour. In the agricultural sector, this is especially true for short-term work during harvests. In the manufacturing sector, we observe semi-informal structures where workers are hired as temporary workers. The challenge with all of these forms of informal work is that it often involves low wages, deprives workers and families of access to social security and lacks health and safety protection. As a result, it is a setting in which particularly young workers receive no

<sup>1</sup> The State of Children's Rights and Business 2021, Global Child Forum. See the full report here: www.globalchildforum.org/wp-content/uploads/2021/11/10\_key\_findings\_final\_211207.pdf

<sup>2</sup> Brazil, Democratic Republic of Congo (DRC), Ethiopia, India, Indonesia, Sri Lanka, Turkey and Vietnam

<sup>3</sup> Manufacturing (garment, handicraft, toy), agriculture (cassava, coffee, cocoa, hazelnut, palm oil, pepper, rattan, rose, seagrass, tea, water hyacinth) and mining (cobalt, natural stones). See more on the description of assessments in Appendix 6.2.

<sup>4</sup> Modern supply chains consist of several tiers that build on each other. A tier-1 supplier is a supplier that has a direct contractual relationship with a company that sells a final product (e.g. a car, a pair of jeans, a chocolate bar). A tier-1 supplier is in turn dependent on lower-tier suppliers (tier-2, -3.) who, for example, supply sub-components or raw materials or subcontract individual production steps.

protection and where the risk of child labour increases.

The study also observed that temporary day labourers in factories are likely to work significantly longer hours for less pay and without job security or social protection. Female temporary workers earn significantly less than any other group even though they work the longest hours in comparison.

### Youth is Marginalised by Zero-Tolerance Policies

Young workers, who are above the national minimum working age but under 18, are often completely excluded in first-tier factories as the factories interpret their clients' "zero child labour standard" as a "zero under 18 policy". These young workers are then driven to engage in hazardous work in less regulated sectors. As such, the exclusion of young workers in the formal sector can significantly increase the risk of young workers falling into child labour. In the rare cases that young workers get hired by direct suppliers, there is a serious lack of capacity at workplaces to protect them.

Besides spotlighting observations that are valid for all sectors, we also identify key issues that are more prevalent in certain industries. Below are the most salient ones:

#### Manufacturing Industry: No Access to Childcare

Childcare is a challenge that is faced by working women in all sectors and locations. However, this is a much bigger challenge for factory workers than in agriculture or home-based work settings. Thus, many, particularly female migrant workers, are forced to leave their children in the care of their extended families. Research has shown that these children, left behind with relatives in their home town, are more likely to become victims of labour exploitation and human trafficking. Due to the separation, they often do not receive the necessary parental support and care, so they often drop out of school prematurely and enter the labour market.

## Agriculture: Farmers Depend on their Children's Contribution

Most agriculture communities rely heavily on children's involvement on their family farms. While in some cases this seems to pose only minimal risks to children, for many others, it disrupts their education when they must miss classes to work during harvest. The older children get, the more likely they are to be exposed to hazardous work. Children of seasonal migrant workers face even higher risks of working alongside their parents, dropping out of school early, and being exposed to hazardous living conditions.

While parents often refer to the importance of carrying on traditions to explain their children's involvement in work, the strong linkage between child labour and poverty indicates that references to these value systems are mostly a coping mechanism for families. The underlying problem that needs to be addressed is the economic situation of agricultural communities.

## Mining: Worst Forms of Child Labour

We found the highest child rights risks, including the worst forms of child labour as per the ILO definition, in the mining sector, specifically in artisanal and small-scale mining (ASM) in the Democratic Republic of the Congo (DRC). The cobalt ASM communities in the DRC likely share similarities with many ASM communities where extreme poverty is prevalent and alternative livelihood opportunities are scarce. Children are exposed to hazardous work in this sector, including working underground in polluted air and unsafe conditions.

Overall, the assessments prove that there are significant child rights risks in all sectors. This study sheds light on these layers of risk factors but also gives recommendations for global companies.

### **Recommendations for Companies**

This report offers ways and strategies to identify and deal with child rights violations in global supply chains. This includes identifying gaps in companies' business practices to address child rights violations and finding the right instruments to combat those risks.

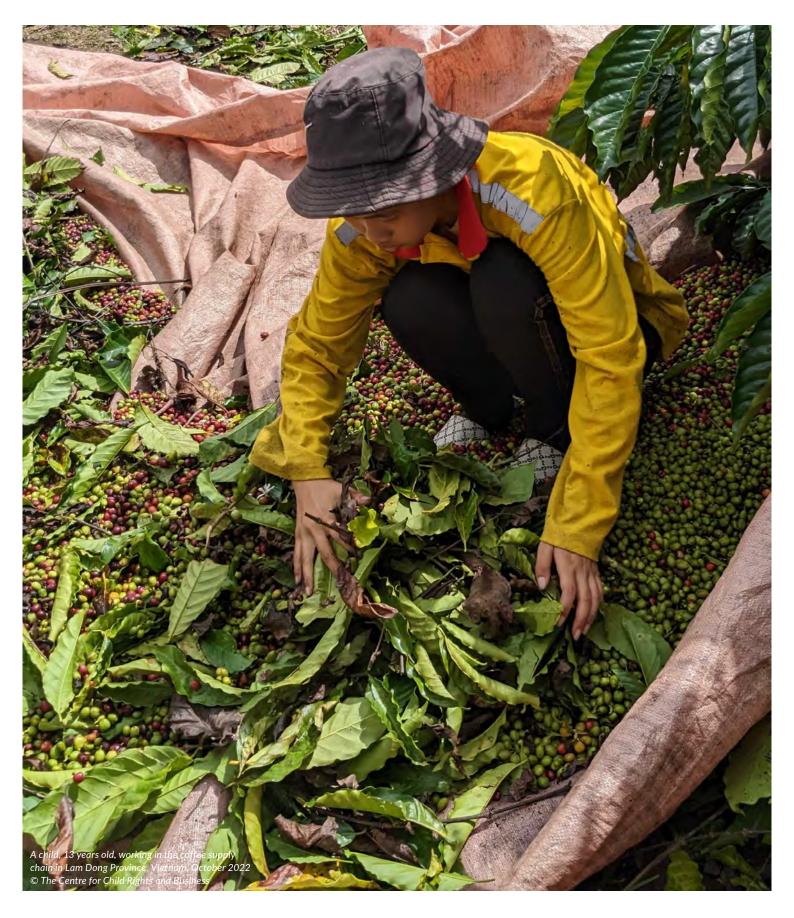
The first step is **to increase the visibility** of child rights risks. It is necessary to acknowledge the child labour risks internally and externally. Even more importantly, it is crucial to encourage and reward transparency and **responsible sourcing behaviour**.

This sounds like abstract advice, so let's briefly specify better business practices (a detailed table of recommendations can be found at the end of this study):

- Establish stronger and long-term partnerships with suppliers that allow for long-term agreements, sufficient lead times and regularity.
- Address existing inequalities in supplier-buyer relationships by ensuring responsible sourcing practices and paying fair prices.
- Enhance and enforce the implementation of policies and procedures that meet international standards and national laws.
- Promote decent work for youth in the formal sector.

As a next step, companies should establish **child rightscentred remediation systems** and look for ways of positive engagement instead of disengagement when child rights issues are identified. To create lasting change, companies need to **invest in** sourcing communities through regular capacity-building training on child rights, making sure children have access to affordable childcare and quality education, providing

workers and their children with access to social security and health care, and proactively engaging in community-based activities to tackle other root causes of child labour (e.g. poverty or infrastructure).



## **List of Abbreviations**

ASM Artisanal and Small-Scale Mining

BHRRC Business & Human Rights Resource Centre

CFS Child Friendly Space

CSO Civil Society Organization

DRC Democratic Republic of the Congo

ESG Environmental, Social, and Corporate Governance

EU European Union

EU CSDDD EU Corporate Sustainability Due Diligence Directive

FCA Fair Cobalt Alliance

FGDs Focus Group Discussions

ILO International Labour Organisation

LSM Large Scale Mining

ISS Institutional Shareholder Services group of companies

MoU Memorandum of Understanding

NBR Norm-Based Research

NGO Non-Governmental Organisations

OECD Organisation for Economic Cooperation and Development

UNICEF United Nations Children's Fund

USD United States Dollars
WFW Watson Farley & Williams

## **Definitions**

Artisanal and Small-Scale Mining (ASM)	ASM refers to formal or informal mining operations with predominantly simplified forms of exploration, extraction, processing, and transportation. ASM is less capital-intensive and more labour-intensive compared to large-scale mining (OECD 2016).		
ASM Formalisation	Formalisation is a process that seeks to integrate the Artisanal and Small-Scale Mining (ASM) Sector into the formal economy.		
Child	The UN Convention on the Rights of the Child defines a child as "every human being below the age of eighteen years unless under the law applicable to the child, majority is attained earlier".		
Child Labour	ILO defines child labour as work that deprives children of their childhood, their potential and their dignity, and that is harmful to physical and mental development. Child labour refers to one or more of the following:  1) Work done by a child who is under the minimum age of admission to employment for the type of work concerned.  2) Work that interferes with compulsory education.  3) Work that is likely to jeopardise a child's health, safety, or morals, known as hazardous work.  4) Other "Worst Forms of Child Labour" besides hazardous work.		
Child Labour Remediation	Corrective measures taken to remove a child from child labour by providing alternatives and ensuring their safety and well-being.		
Child Rights	Children's rights are outlined by the Convention on the Rights of the Child, the International Labour Organization's Convention No. 138 on Minimum Age and Convention No. 182 on the Worst Forms of Child Labour. Children and young people have the same general human rights as adults and specific rights that recognise their special needs.		

Decent Work	Opportunities for everyone to do work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration. It is also important that all women and men are given equal opportunities in the workplace (UN 2018).
Due Diligence	Due diligence is an ongoing process through which companies identify, prevent, mitigate and account for how they address their actual and potential adverse impacts on human rights as an integral part of business decision-making and risk management systems.
Living Wage	Global Living Wage Coalition defines a living wage as the remuneration received for a standard work week by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, water, housing, education, healthcare, transportation, clothing, and other essential needs including provision for unexpected events.
Living Income	The Living Income Community of Practice defines living income as "the net annual income required for a household in a particular place to afford a decent standard of living for all members of that household. Elements of a decent standard of living include food, water, housing, education, healthcare, transport, clothing, and other essential needs including provision for unexpected events."
Hazardous Child Labour	ILO defines hazardous child labour or hazardous work as the work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety, or morals of children. Hazardous child labour is the largest category of the Worst Forms of Child Labour in ILO convention No. 182.
Supply Chain	The supply chain refers to all products and services of an enterprise. It includes all steps in the home country and abroad that are necessary to produce the products and provide the services, starting from the extraction of the raw materials to the delivery to the end customer and includes:  1) The actions of an enterprise in its own business area  2) The actions of direct suppliers  3) The actions of indirect suppliers
Worst Forms of Child Labour	ILO 182 – The Worst Forms of Child Labour Convention defines the worst forms of child labour as:  All forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage, and serfdom, and forced or compulsory labour, including forced or compulsory recruitment of children for use in armed conflict.  The use, procuring or offering of a child for prostitution, for the production of pornography or for pornographic performances.  The use, procuring or offering of a child for illicit activities in particular for the production and trafficking of drugs as defined in the relevant international treaties.  Work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children.
Young Worker	For the purposes of this report, "young worker" refers to a person who has reached the minimum legal working age (usually 15 but can be 14 for some developing countries) but is under 18 (still a child).

## 1. Goal and Methodology

#### **Background**

When companies identify salient human rights risks, they often tend to overlook impacts on child rights and ignore the broader context of child rights risks. Furthermore, child rights are constrained by many corporate activities either directly or indirectly through parents' work.

With this study, Save the Children and The Centre for Child Rights and Business offer a closer look at the key child rights risks in global supply chains. More than this, the study brings to light common gaps in companies' business and sustainability practices.

International companies and other stakeholders can use the findings of the report to identify key issues related to child rights violations in their global supply chains, understand gaps in their business practices to address said violations, and consider specific actions they can take to promote children's rights in their global supply chains.

## Methodology

From 2019 to 2022, The Centre for Child Rights and Business (The Centre) completed 20 Child Rights Assessments in different supply chains in manufacturing, agriculture, and mining, covering eight countries<sup>5</sup> in Asia, the Middle East, Africa, and South America. These assessments aimed to assess the direct and indirect impacts of businesses on children's rights.

This report is based on a meta-analysis of the data gathered in the 20 Child Rights Assessments as well as learnings from The Centre's experience working in supply chains of global companies. Five assessments were carried out in the manufacturing industry including one in a homeworker setting, 13 in agricultural settings and two in the mining sector.

Assessments typically included extensive desk research on the supply chain, and analysis of the company's policies, capacity, leverage and practices. We also analysed on-site observations at the factories and workshops and home-based workspaces, farms, mines, and communities where the relevant economic activities take place.

This study collected data from a wide range of stakeholders such as:

- Factory/farm management
- Workers (parent workers)
- Young workers
- Children of workers or farmers
- Out-of-school children
- School authorities
- Village leaders
- Government officials
- Brand or buyer representatives
- Labour agents
- Middlemen or collectors

Depending on the type of stakeholders, we used qualitative and quantitative interviews, focus group discussions and participatory exercises. As indicated in Table A1 in Appendix 6.2, the 20 assessments covered interviews with a total of 2,751 parents and 1,799 children in addition to conversations with other relevant stakeholders mentioned above.

### How companies can benefit from this study

Six of these assessments were reports commissioned by civil society partners and 14 of the 20 assessments were commissioned by private sector corporations who wanted to understand their child rights footprint in lower tiers of their supply chain in a specific country.

As the global supply chains are intertwined and many companies source from the same locations, the findings and recommendations drawn from the different reports can therefore be feasibly applied to many others.

The report includes good practice examples from various sectors that have created a positive impact on children's rights. We also feature some initiatives that are at the pilot stage. Since their positive impact is limited in scale, we refrain from calling them "good practice cases", as this would require more evidence on the sustainability and scalability of the approach.

Based on these findings, the report defines a set of key recommendations for companies with global supply chains to strengthen the child rights approach as part of their business and sustainability practices.

<sup>5</sup> Not counting China, Malaysia and Bangladesh that were included in a previous study published in 2019: Child Rights and Homeworkers in Textile and Handicraft Supply Chains in Asia (Save the Children/The Centre 2019).

## About The Centre for Child Rights and Business and Save the Children

## The Centre for Child Rights and Business

The Centre, a daughter company of Save the Children, has been a pioneer in the field of consulting businesses on child rights in companies' supply chains for over ten years. By working with hundreds of international companies globally, The Centre has gained unique experience and expertise in how to guide, advise and promote child rights programmes and services to international brands and their supply chains. We are also experts in the practical implementation of child rights programmes in a wide range of supply chain settings.

The Centre for Child Rights and Business

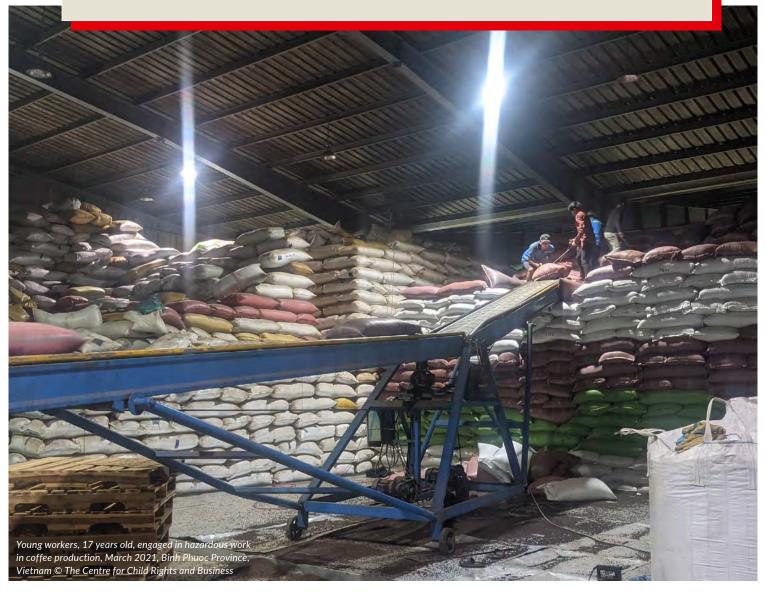
#### Save the Children

Save the Children is the world's leading independent organisation for children. Our vision is a world in which every child attains the right to survival, protection, development, and participation.

To contribute to this vision of our global membership organisation, Save the Children Germany together with The Centre offers a comprehensive range of consulting services to companies to protect children's rights in global supply chains.

#### Save the Children Deutschland

For five years, both organisations have been jointly producing quality research reports to enable public and industry-related discussions, and to offer companies recommendations and practical steps for promoting children's rights in supply chains. Previous research studies have focused on child rights in homeworker settings in Asia and on the situation of children in artisanal and small-scale cobalt mines in the Democratic Republic of the Congo (DRC).



# 2. Key Child Rights Risks and Risk Factors in all Sectors

In this chapter, we take a closer look at the common key child rights risks we identified in our assessments in all sectors. To develop mechanisms to eliminate those risks, it is crucial to first separate them and understand how they might be linked to each other. This then allows us to see companies' gaps in addressing those risks more clearly.

# 2.1 Child Labour Risks and the Lack of Child-Centred Remediation

## 2.1.1. How Common are Child Labour Risks?

Child labour risks are omnipresent in global supply chains.

Our assessments in different sectors, countries and commodities all confirmed the existence of child labour risks, even in the more visible part of the global supply chains.

There is a risk of child labour when children start helping

90% of farmers' children were involved in farm work and

Children of labourers are at risk of working long hours alongside their parents, as labourers are paid a daily wage only if they meet the daily quota set by the estate.

73% of those started to work before they reached the age

on the farm at a young age.

Table 1 gives an overview of the child labour situation of selected assessments in the manufacturing, agriculture and mining sectors. The summaries of the remaining sectors can be found in Appendix 6.3.

While the likelihood and severity varied between the different sectors, in 10 out of 20 assessments we had direct evidence of child labour, and except for natural stones in Vietnam and first-tier garment factories in Ethiopia, we observed a high risk of child labour in all others. Where we had no direct observation of child labour cases in a specific part of the supply chain, it was a common observation that the adult workers often started to work as child labourers in the informal sector, or that their own children or children of co-workers were engaging in child labour. Industry insiders also described a higher number of child labour incidences in lower tiers of supply chains.

It is common for children of cocoa farmers to participate in

children's schooling. But the lack of awareness surrounding hazardous work and suitable working conditions for children creates a risk of children engaging in hazardous work.

The work is largely non-hazardous and does not disrupt

cocoa farming activities.

India 2020: Garment	Sri Lanka 2021: Garment
<ul> <li>There is a low risk of child labour in the formal sector.</li> <li>As the first-tier suppliers arbitrarily raise the minimum age at the factories above 18 years old, children are pushed to work in the informal sector, in less protected and more hazardous conditions.</li> </ul>	<ul> <li>The risk of child labour in the formal sector comes mainly from a lack of protection for young workers.</li> <li>Most child labour cases in the "under minimum age" category are concentrated in the informal sector.</li> </ul>
Multiple countries in Asia 2019: Home-based artisanal work	India 2022: Toy
<ul> <li>There is a significant number of child labourers; many started to work before the age of 12 (29.8%).</li> <li>Young workers between 15-17 years old generally work long hours and under less favourable conditions than adult workers.</li> <li>Children are by far facing the biggest risk of exploitation when employed at someone's home-run business that is not connected to their family.</li> </ul>	<ul> <li>There are no indications of child labour in the assessed tier 1 and 2 factories.</li> <li>Secondary data shows significant child labour risks in lower tiers: Children are performing tasks that are not age appropriate such as stitching, dyeing, cutting, sewing, and embellishing.</li> </ul>
Sri Lanka 2019: Tea	Indonesia 2019: Cocoa

Manufacturing

Vietnam 2019: Seagrass	Indonesia 2019: Rattan
<ul> <li>Children are usually not involved in seagrass harvesting but engage in other tasks such as carrying small bundles of seagrass to the collection points.</li> <li>Older children aged 13-17 help parents with mat weaving and seagrass twining at home, especially during school breaks or they no longer go to school.</li> </ul>	<ul> <li>It is very common for children to engage in rattan harvesting and processing, with all of the tasks being hazardous such as harvesting rattan in the forest, cleaning and washing rattan in the river, and bundling and packing very heavy bundles.</li> <li>In general, it is more common for younger children to be involved in rattan harvesting and processing in Kalimantan than in Sulawesi.</li> </ul>
Turkey 2020: Hazelnut	Vietnam 2021: Coffee
<ul> <li>It is very common for underage children to take part in hazelnut harvesting.</li> <li>Some underage children and young workers engaged in hazardous work and experienced work-related injuries<sup>6</sup>.</li> <li>Due to the poor living conditions of seasonal migrant workers, their children are considered to be engaged in hazardous work when they take part in harvests when under the age of 18</li> </ul>	<ul> <li>It is very common for children to participate in coffee harvesting.</li> <li>As the work is not hazardous and physically less demanding, children by the age of 9 start to participate in harvesting, which is not recommended by international standards.</li> <li>When children are out of school and work as regular labourers in coffee production, they are more likely to be exposed to hazardous work.</li> </ul>
Turkey 2021, Dece	
Turkey 2021: Rose	Brazil 2022: Cassava
<ul> <li>There is a very high risk of children engaging in hazardous child labour in rose harvesting.</li> <li>Many underage workers (as young as 7) were harvesting roses alone or along with their parents, who were seasonal migrant workers and Syrian refugee workers.</li> <li>All the children found in the gardens were identified to be in a situation of child labour due to their ages, intensive working hours and hazardous working and living conditions.</li> </ul>	<ul> <li>There is a high percentage of underage workers involved in cassava farming.</li> <li>Most child labour risks in the cassava sector do not come from children being formally employed but from farm work with their families: Children work and do hazardous tasks while below the legal working age of 16, or as young workers (aged 16-17).</li> </ul>
<ul> <li>There is a very high risk of children engaging in hazardous child labour in rose harvesting.</li> <li>Many underage workers (as young as 7) were harvesting roses alone or along with their parents, who were seasonal migrant workers and Syrian refugee workers.</li> <li>All the children found in the gardens were identified to be in a situation of child labour due to their ages, intensive working hours and hazardous working and living condi-</li> </ul>	<ul> <li>There is a high percentage of underage workers involved in cassava farming.</li> <li>Most child labour risks in the cassava sector do not come from children being formally employed but from farm work with their families: Children work and do hazardous tasks while below the legal working age of 16, or as young</li> </ul>

Table 1: Child Labour Risks: Selected Examples of Global Supply Chains

<sup>6</sup> Turkey declared "seasonal migratory agriculture work" as one of the worst forms of child labour in its national programme due to the hazardous working and living conditions and tendency to disrupt compulsory education of children. So, although hazelnut harvesting is in general not hazardous and young workers are permitted to take part, for children of seasonal migrant workers it is considered hazardous.

## First tier supply chain:

factory clusters, processing plants of agricultural / extractive commodities, well-regulated plantations & mines

**Second, third and deeper tiers:** sub-contracted factories, plantations and farms, mines and other sites

Invisible tier of the supply chain or informal sector of the economy: workshops, smallholder farms, homeworkers, artisanal mining, other raw materials

## Root cause of child labour:

poverty, lack of safety net and living wages for parents/caregivers, lack of childcare and education

Child labour in global supply chains closely resembles an iceberg: only a small portion of the cases are visible "above" water, in upper tiers of the supply chains, while a vast majority of cases are hidden "below" the surface, in deeper and informal tiers of the supply chains, driven by the underlying root causes for child labour.

Chart 1: Child Labour Iceberg

One thing all the assessments showed or pointed to is that traditional assessment methodologies such as audits are not very suitable for getting a full and accurate picture of child labour. This is because they have a strong focus on first-tier suppliers, which only represent the tip of the iceberg.

A vast majority of child labour cases are hidden "below the surface", in deeper tiers of the supply chains and informal sectors of the economy. The 20 assessments in some instances managed to dig a bit deeper, but we are aware that even there we often only get to see glimpses of the reality of our deeper supply chains.

Most companies' current monitoring mechanisms contribute little to the reduction of child labour but shift it to the invisible parts of the supply chains.

# 2.1.2. Companies' Current Monitoring Mechanisms for Child Labour Risks are Insufficient

Many companies adopt a "zero tolerance" approach towards child labour in their business relationships. However, this compliance-based approach is mainly taken from the perspective of the company. The risks are primarily conceived as risks for the company, not for the children whose lives are impacted. Therefore, the measures taken by companies to address child labour risks often focus on minimizing any potential negative impact on the company than on imposing consequences or soliciting improvement plans from the supplier. Based on The Centre's exchanges with international companies on how to strengthen their child labour prevention and remediation policies<sup>7</sup>, the responsibility of remediation and the welfare of the child

<sup>7</sup> In the last three years, The Centre has worked with 65 companies in strengthening and developing corporate child rights and child labour policies and procedures.

often come as an after-thought – or do not feature in the plans at all.

The compliance and risk-based approach usually comes in the form of minimum standards in Codes of Conduct, "no child labour" clauses in contracts and adopting industry pledges or certifications. While this is a first step towards recognising the problem and committing to mitigating child labour risks, a simple "zero tolerance" approach does little to carry out meaningful conversations with suppliers and producers about challenges on the ground. Across the industries, this approach seems to result in the "push-down effect", as described above.

When children are removed or kept away, the factories may meet the clients' social compliance standards. But as a result, if there is no other level of remediation or support, children are then pushed down to the less regulated and less monitored informal sector to find employment.

The consequences of this effect are:

- Children are often exposed to even greater risks of hazardous child labour
- Their working conditions deteriorate
- They are less protected

We could observe this push-down effect within the manufacturing settings in particular: the first-tier factories are nearly child-labour-free, while places such as mills, printing shops and washing houses<sup>8</sup> harbour child labour with increased scale and severity. Likewise, a similar observation was made in ASM where the formalisation of mines often shifted child labour to less formal, less regulated mines without stringent access controls.



<sup>8</sup> Based on The Centre's observation of over 800 reported child labour cases between 2018 and 2022. 27% of these cases have occurred in lower tiers.

# 2.1.3. How Child Labour Risks are Linked to Sourcing Practices

Practices such as aggressive pricing structures, unrealistic turnover time, and unpredictable order volumes increase child labour risks.

Buying practices from companies are not always the direct causes of child labour. However, poor buying practices can create a cash flow crisis and financial and workforce challenges for suppliers that could potentially increase the risks of child labour.

In one of its improvement projects, The Centre came across rattan weaving workers who were paid the same piece prices throughout the year but had to purchase the rattan and seagrass themselves. Largely varying market prices for the rattan meant that at times the actual income was reduced by more than 100%. To manage the fluctuation and loss, the workers would include their children to achieve higher production volumes in times when rattan prices soared.

According to the Better Buying<sup>9</sup> survey, it is common practice for companies to negotiate prices that do not allow for compliant production. 55.2% of the suppliers participating in the survey reported that buyers use high-pressure cost negotiation strategies (Better Buying 2020). After the initial phases of the COVID-19 pandemic, many problems with purchasing practices persisted and even worsened, such as the Monthly Order Variability (Better Buying 2020).

"The original payment term was 60 days; it was increased to 120 days due to COVID and then decreased to 90 days. But still, this is 30 days more than the original term of 60 days. The buyer is refusing to come back to the original term of 60 days."

 A response to the Better Buying survey in 2021 by an anonymous supplier

## Case: Weaving Workers Recorded in September 2019

This case is a clear example of how price fluctuation of raw materials can increase the risk of child labour:

Hoang is a young girl who dropped out of school after finishing 9th grade. She wants to continue her studies, but her mother wanted her to drop out to support the family business (a small beverage stall and home weaving).

Her family sells water hyacinth baskets (which are later sold to European markets) for about 1.2 Dollars for big pieces, and smaller ones for 0.69 Dollars. When the prices of water hyacinth were high, they spent between 40 to 50% of their income on the material. Because of that, Hoang had to help her family. She managed to weave 10 small pieces or 3–4 bigger pieces per day, which she could sell for about 1.2 Dollars. She would love to attend vocational training but thinks she should continue to weave to help her family get through financially difficult times.

\*The child's name has been altered to protect the privacy of the child.

<sup>9</sup> Better Buying is a platform that anonymously collects supplier data on the purchasing practices of global brands and retailers.

# 2.1.4. Lack of Access to Remedy for Child Labour Cases

Few companies consider the impact of pricing structures on producers lives and related child labour risks, and when child labour happens, few companies have systems in place to allow the child to have access to remedy.

Remediation processes often just take place on paper. Only a few companies can provide data to prove the existence of any remediation attempt.

We observed the following gaps in companies' approaches to child labour remediation:

1. Companies often do not pay attention to the lower tiers of their supply chains. This lack of transparency or awareness leads them to assume that remediation is not necessary as child labour does not happen. When evidence of child labour in lower tiers does surface, the link to the company is often not evident and companies reject direct responsibility or opt for one-off projects such as donating a water well or refurbishing a school (Organizing Committee for Assessing Meaningful Community Engagement in Health & Health Care Programs & Policies 2022). This is a practice that seems to be sufficient for most companies in dealing with ESG reporting requirements, consumer risks and reputational concerns.

Some leading brands have taken a step further by investing in community projects to tackle child labour risks and increase farmers' incomes. These programmes include investments in increased production quantity and quality or farmers' other income-generating activities - and some even provide cash rewards to keep their children in school longer (Nestlé 2022). However, buyers rarely consider whether the "market price" the farmers receive for their agricultural commodities is the "fair price" that enables farmers to attain a living income. Helping the farmers to improve the quantity and quality of agricultural production can help them increase their income. But in the long run, increased quantity could also drive prices down even further, and thus, may not be a sustainable approach without including price in the equation (ILO 2011).

- There is a lack of child-centred remediation. Corrective action plans to fight child labour risks such as age verification and access control are important, but they must also include access to remedy for affected children and families.
- 3. Multi-stakeholder initiatives often lack effectiveness. Many companies rely heavily on certification memberships, non-binding pledges, or multi-stakeholder initiatives. As both our assessments<sup>10</sup> and other research have shown, the pledges often remain unfulfilled and many multi-stakeholder initiatives have only limited results to show for. Even in the cocoa sector where we observed some of the strongest multi-stakeholder initiatives and far-reaching pledges, child labour is on the rise (NORC 2020).



<sup>10</sup> For example, we observed that farmers in certification programmes in Indonesia did not perform better in terms of child labour remediation processes or prevention of hazardous work for youth. We observed similar results on Vietnam coffee farms. In the DRC, we could see that multi-stakeholder initiatives that did create some positive impact on health and safety have mostly shifted the child labour issues to other sites rather than tackling it head on.

## **Good Practice Case: A Company using The Centre's Remediation Services**

The company is an affordable fashion retailer. It worked with The Centre on a variety of programmes including policy development, capacity building and risk assessments. Most noticeably, the company developed a child labour remediation mechanism with The Centre.

Strong child labour policies and procedures\* and internal buy-in

- Staff received clear mandates, extensive capacity building and guidance in implementing the relevant processes, tools and mechanisms.
- There was an in-country presence established enabling on-the-ground expertise and a clear understanding of risks.
- Staff were empowered and supported to operationalise child labour prevention and remediation programmes.
- Various business units coordinated and supported each other in constructively engaging suppliers and applying pressure when needed.

## Child rights-centred remediation systems

The company has introduced procedures to remediate child labour cases. There are two levels of remediation:

- Individual remediation for the concerned child
- Systematic remediation in the form of improved recruitment systems and management of young workers in the factory

Remediation focuses on the children and their immediate and long-term needs. It is guided by the overarching principle that all action must be in the best interest of the child.

It clearly defines that both the company and their supplier are responsible for covering all remediation costs. This includes reintegration into school and living stipends or cash transfers until the child reaches the minimum working age to compensate for lost income. In addition, children are supported by inde-

pendent case managers. By providing financial support, the remediation programme eliminates the need for families to rely on their children's income in the first place and therefore reduces the risks of the children returning to work.

## Strong due diligence approaches in high-risk areas and strong partnerships with suppliers

The company established partnerships with local experts where child labour is a country-level risk. The company was able to develop processes, tools and internal capacities to respond to risks such as unauthorised subcontracting. It also placed an emphasis on cultivating long-term relationships and trust with suppliers and deliberately encouraged a culture of transparency, problem-solving and responsible behaviour among its suppliers. This was reinforced by strong policy commitment and business leverage. Additionally, the company made progress in extending its efforts beyond the first-tier suppliers and into the deeper supply chains.

# Linking child labour response with responsible business practices

The company is conscious of creating the correct incentive structures for suppliers and managing its purchasing practices responsibly. Coordination and collaboration between the commercial and ESG arms are strengthened to better understand the linkage and associated risks in supplier management. Some efforts are also made towards better engaging suppliers in conversations around purchasing practices, such as order forecasting and predictability.

\*Policies and procedures conform with international conventions, local laws, and best practices. They are supported by senior management.

## 2.2 Living Income and Wages

Poverty is widely accepted to be one of the root causes of child labour. It also remains one of the most obstinate barriers to education (UNICEF 2023) and denies children their basic needs such as food, clean drinking water and health services. As our assessments took place in different sectors covering both hired labour and wageless work such as smallholder farming and artisanal mining, we not only cover workers' wages, but also families' incomes and financial well-being.

# 2.2.1. Key Observations Relating to Poverty and Living Wages

What we commonly found in different sectors and countries is that many workers, farmers and miners alike do not earn enough to pull their families out of poverty. In fact, they earn so little that they struggle to pay for basic expenses such as food and education.

In all sectors and assessed countries, workers or farmers earn less than the living wage or living income for a family. This traps them in poverty and denies children their right to basic services.

In Charts 2 and 3, we take a specific look at the gap between local wages and living wages in the garment (Chart 2) and agriculture (Chart 3) sectors. We conducted Child Rights Assessments in these countries from 2019 to 2022. In all countries, we see a gap between living wages and the actual wages of workers or families. In general, workers and farmers earn less or much less than what is needed to have a decent life – and often even to cover basic needs, as is illustrated in the charts below:

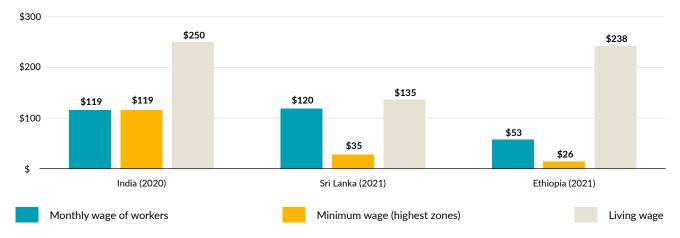


Chart 2: Comparing garment workers' wages with minimum wages and living wages<sup>11</sup>

Minimum wage data is from government sources for the same year that the assessment took place. Living income estimates: India www.globallivingwage.org/wp-content/uploads/2020/06/Update-Report\_Nilgiris-India\_2020.pdf
Sri Lanka www.globallivingwage.org/wp-content/uploads/2019/07/Updatereport\_Sri\_Lanka\_August2021\_final.pdf
Ethiopia www.globallivingwage.org/wp-content/uploads/2018/05/Updatereport\_Ethiopia\_2022\_3May2022.pdf

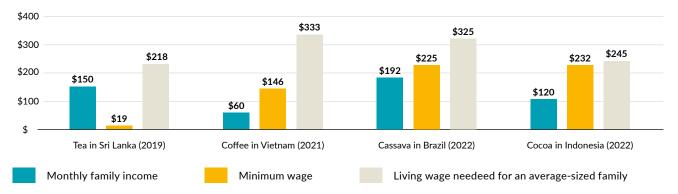


Chart 3: Comparing family income of smallholder farmers with minimum wages and living income needed for average-sized families<sup>12</sup>

"I am living with my mother, and I don't have to pay rent but even so, I'm unable to do anything for myself, even the very basic things like buying clothes or shoes. I only buy things for myself once in a while and with the help of my friends. The payment in this factory is so low that I don't know how to make ends meet with my pay check."

 A young mother in a garment factory in Ethiopia in 2021 who spoke about the difficulties she faces due to her low salary.

## 2.2.2. Income or Wages by Sectors

### **ASM Communities**

The finding of our assessment in cobalt ASM in the DRC likely reflects the situation of many ASM communities, namely that poverty is the main root cause of child labour. ASM miners do not earn enough to absorb income shocks or other external shocks such as the COVID-19 pandemic, making their children highly vulnerable to child labour as parents rely on their labour as a coping mechanism.

## Manufacturing

In the manufacturing sector, many global brands and buyers lack awareness of how their purchasing practices have implications for child labour risks. High-pressure cost negotiations, order and payment volatilities undermine suppliers' ability to provide living wages and better working conditions for their workers.

## **Agriculture**

In the agriculture sector, companies often fail to acknowledge the fundamental imbalance in the supply chains. Low commodity prices paid by international buyers have a direct impact on the social and environmental conditions of farming communities. Conventional projects favoured by some brands such as income diversification or productivity improvement may marginally improve conditions. But they do not address the fundamental issue: the lack of a living income for farmers.

No amount of due diligence or transparency drives can mitigate the impact on families and communities of not having a living income.

As all our assessments took place in global supply chains, the results above show that, in most cases, global companies failed to ensure that the workers and farmers in their supply chains earn a decent income to support their families' basic needs. A decent income is one of the key factors to combat child rights risks. Unfortunately, international supply chains tend to race to the bottom, where the pursuit of the lowest labour costs and highest profit margins often run fundamentally contrary to lofty sustainability goals.

<sup>12</sup> Minimum wage data is from government sources for the same year that the assessment took place. Living wage estimates:

Sri Lanka <a href="https://www.globallivingwage.org/wp-content/uploads/2019/07/Updatereport\_Sri\_Lanka\_August2021\_final.pdf">https://www.globallivingwage.org/wp-content/uploads/2019/07/Updatereport\_Sri\_Lanka\_August2021\_final.pdf</a>

Vietnam <a href="https://www.globallivingwage.org/wp-content/uploads/2018/04/Update-Report\_Rural-Vietnam\_2020-FINAL.pdf">www.globallivingwage.org/wp-content/uploads/2018/04/Update-Report\_Rural-Vietnam\_2020-FINAL.pdf</a>

Brazil <a href="https://www.wageindicator.org/salary/living-wage/archive-no-index/brazil-living-wage-series-september-2019">www.wageindicator.org/salary/living-wage/archive-no-index/indonesia-living-wage-series-september-2019</a>

Indonesia <a href="https://www.wageindicator.org/salary/living-wage/archive-no-index/indonesia-living-wage-series-september-2019">www.wageindicator.org/salary/living-wage/archive-no-index/indonesia-living-wage-series-september-2019</a>

## **Noteworthy Initiative: Fairphone Paying Fair Salaries**

Fairphone is a Dutch electronics manufacturer that designs, produces and sells sustainable, built-to-last smartphones. They participate in creating a market for ethical phones and motivate the industry to act more responsibly. Since 2019, it has run living wage programmes to provide workers with an income that allows them and their families to have a decent standard of living (WFW 2022).

On May 25, 2022, an alliance of over 60 companies and NGOs called on the European Parliament to include living wages and incomes as a human right in

the final EU Corporate Sustainability Due Diligence Directive (EU CSDDD). The letter, initiated by Fairphone, was signed by companies, investors and initiatives of different industries, countries and sizes, ranging from multinationals to small and medium-sized enterprises (SMEs). Signatories included companies like Schneider Electric, Unilever, Axfood, Nudie Jeans, Fairphone, Tony's Chocolonely, L'Oréal and Nestlé as well as initiatives such as UN Global Compact, Fairtrade, Fair Wear Foundation, Solidaridad and more (BHRRC 2022).

## How Living Wages / Incomes Relate to Children's Rights

Low incomes directly pose a risk to children's right to survival, protection, education and health.

In every sector and country of assessment, we found a significant portion of workers and farmers struggling to pay for the basic needs of their families.

As described in Chart 4, the bigger the gap between the actual wage and estimated living wage<sup>13</sup>, the more likely families are to be unable to afford basic expenses for their families. For example, 92% of surveyed garment workers in Ethiopia claimed their wages were not enough to cover their family's basic needs. This coincides with a large gap (78%) between workers' salaries and the local living wage.

On the contrary, significantly fewer home-based artisanal and handicraft workers in multiple locations in Asia reported having insufficient incomes to cover basic needs. This is because most of these homeworkers are part of an pay than other homeworkers.

% of respondents whose family income is insufficient to cover basic needs

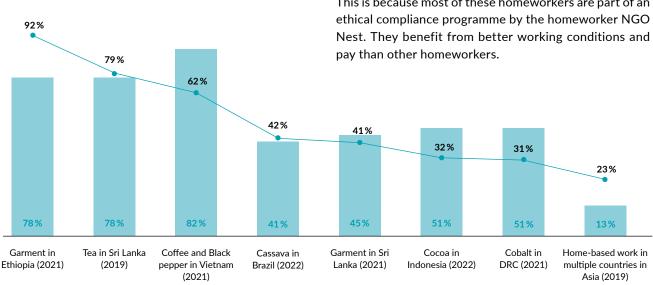


Chart 4: Gap between actual income and living income vs % of surveyed workers/ farmers who feel income is insufficient<sup>14</sup>

Gap between actual income and living income

<sup>13</sup> The difference is calculated as follows: If the actual wage corresponds to the living wage, the difference is 0%. If the wage is significantly below the living wage, this is indicated as the difference in %.

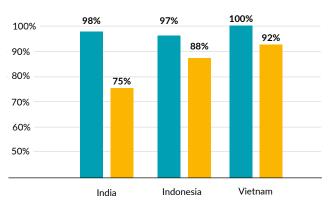
<sup>14</sup> Asia living wage www.asia.floorwage.org/living-wage/calculating-a-living-wage/ DRC www.delvedatabase.org/uploads/resources/BGR\_Cobalt\_Congo\_2019\_en.pdf

### Implications for Access to Education

Where the gap between workers' or farmers' actual wage and living wage is smaller, their children have better access to education. Conversely, where such a gap is relatively bigger, school dropout rates of children are higher.

Education-related costs<sup>15</sup> are the main barrier to education in many locations. We routinely observed that when families cannot afford the education costs for all children, some have to earn money so that they or their siblings can continue to go to school. Among most children in these situations, this will result in them dropping out of school early, thereby trapping them deeper into the vicious cycle of poverty. Across countries, regions and sectors we heard from parents and children that the main reason for children to discontinue school is economic.

To further understand the connection between families' income and children's access to education without the effect of the COVID-19 pandemic, we looked at the examples from Child Rights Assessments in 2019. As mentioned above, one positive example we found is the results from our study on homeworkers in Asia, where the secondary school enrolment rates of homeworkers' children were significantly higher than the national school enrolment rates (Chart 5). This is because their parents were paid a higher wage and worked in better conditions than other homeworkers.



Secondary school enrolment rate of home-based workers' children

National secondary school enrolment rate

**Chart 5:** Comparing secondary school enrolment rates of homeworkers' children with the national average (2019)

## Families whose income could not cover their basic expenses had more children dropping out of school.

Another example to illustrate how wages impact children's access to education is our data from the agriculture sector, which showed that hired labourers on small and medium tea farms earn significantly less (57 USD per month) than farmers who work on their own land (150 USD). That meant the gap between wage and living wage was significantly larger for the hired labourers. Coincidentally, the children of tea farm labourers were significantly more likely to drop out compared to those of farmers with land (Chart 6). The same assessment in the tea supply chain also showed that families whose income could not cover basic expenses had more children dropping out of school. In fact, all but one surveyed family had children drop out of school before the age of 18 because they could not afford their basic living expenses.

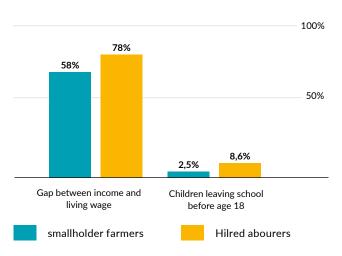


Chart 6: Comparing smallholder tea farmers (who own their farms) and hired labourers in Sri Lanka (2019)

## **Implications for Child Labour**

## Insufficient income of parents has direct implications for increased child labour risks in all sectors.

As already mentioned, there is a strong connection between insufficient income and child rights risks. When families struggle to afford education for children, those children tend to work longer hours in hazardous work once they drop out of school. This risk is increased in countries where education-related costs are significantly higher, as the families would need a higher income to afford education for their children. It is reported that close to one-third of corporate controversies connected to child labour iden-

<sup>15</sup> For more information on education costs, please refer to section 2.5. Education Costs and Lack of Access to Education.

tified by ISS ESG NBR<sup>16</sup> are linked to a failure to respect workers' rights to an adequate living wage (ISS 2021).

#### **Child Labour in the Garment Sector**

In the 2021 assessment of the garment sector of Sri Lanka, we observed that even when international brands manage to prevent child labour in their supplier factories, child labour in the affected communities cannot be easily eradicated without addressing the root causes:

- 52% of parent workers cannot cover their basic expenses as a family
- 34 % of their children are out of school

Discussions with workers during focus group discussions (FGDs) provided clear indications that these children of the garment workers were working other jobs (not in the garment sector) because their parents' wages from the garment factories were not enough, as the quote below highlights.

"My father's income was insufficient to spend on the education of 4 children. So, I started to work at 14 so that my two younger brothers could attend school."

 A 17-year-old girl working in the garment sector in Sri Lanka in 2021

In the agriculture sector, we have routinely observed

that smallholder farmers cannot afford to hire external labourers. This is the case even if they are producing for leading international buyers of agricultural commodities. High reliance on family members increases the risk of their underage children participating in hazardous farm work (both in terms of hours and hazardous conditions). In fact, the poorer the smallholder farmers are, the higher the risk of children participating in farm work at a young age.

Observations from our 2019 assessments of the tea supply chain in Sri Lanka and seagrass and water hyacinth supply chains in Vietnam found that: 73% of farmers' children in Sri Lanka started to engage in farm work before the age of 12. In Vietnam, children as young as 4 to 5 started to engage in simple tasks to help their parents. Some older children were given a daily production quota by their parents and had to work in the evenings.

In Vietnam, our 2021 assessment of the coffee supply chain found that 37.5% of surveyed children were involved in coffee production with their families.

And our 2022 assessment on cassava farms in Brazil observed children as young as 7 years old involved in farm work such as planting, weeding, harvesting, stacking and loading.

## Case: A Young Boy Working on a Pepper Farm

Voan\*, a boy born in 2009, was found working on a pepper farm during the onsite child rights risk assessment on March 5, 2021. The boy moved around with his parents in Vietnam during the harvest season to collect pepper for farm owners. He had been working on the farm with his parents since October 2020, firstly harvesting coffee, now pepper.

The boy's parents could collect around 100 kg of pepper daily and the boy around 15 kg. They were paid by volume at a rate of around 0.14 Euro or 0.15 USD per kg. He had the same working hours as his parents: 7:00 a.m. – 11:00 a.m. and from 1:30 p.m. to 4:30 p.m.

His main task was to collect pepper. When he felt tired, he could take a rest and then continue working. He was not forced to deliver an adult's daily quota. He would climb 3 to 5-metre-high ladders to pick pep-

per and once fell from one. Fortunately, he was not injured. His mother received the salary on his behalf and used it to pay for living expenses.

The boy had never been to school as his family had not been able to afford the tuition. He said that he wanted to go to school like his friends and felt very sad seeing his friends go to school while he could not. When asked why he worked on the farm with his parents, he said that he wanted to earn money to buy candies, cookies, clothes and shoes.

When asked about his plan for the next five years, the boy said that he just wanted to continue collecting pepper or coffee to earn money.

\*The child's name has been altered to protect the privacy of the child.

<sup>16</sup> Institutional Shareholder Services group of companies (ISS) empowers investors and companies to build for long-term and sustainable growth by providing high-quality data, analytics and insight. ISS ESG Norm-Based Research (NBR) assesses corporate involvement in alleged or verified failure to respect the Children's Rights and Business Principles.

## Child Labour in Artisanal and Small-Scale Mining (ASM)

In ASM, children work in or around the mines or quarries during financial hardships as a coping mechanism. Our 2021 assessment of the cobalt ASM sector in the Democratic Republic of the Congo (Save the Children / The Centre 2021) found increased school dropout rates since the 2019 cobalt price slump and the COVID-19 pandemic.

Consequently, the child labour rates were also on the rise. In our survey, parents and children were generally all aware of the risks of working in ASM. For families who are struggling and who decide to send their children to work in the mines instead of school, it is always seen as a last resort. We will elaborate on this fact later in Chapter 3.2.1.

## Good Practice Case: Tony's Chocolonely Paying a Fair Cocoa Price

To break the cycle of poverty and ensure a living income for farmers, Tony's committed to paying a fair price for cocoa beans. The company partnered with Fairtrade to set a Living Income Reference Price (LIRP), which is around 150 USD per ton of cocoa in Ghana and 160 USD per ton in Côte d'Ivoire. The company then pays a living income that is 18% higher than the existing farmgate prices in Ghana and over 68% higher than the farmgate price in Côte d'Ivoire.

According to the Child Labour Monitoring and Remediation System (CLMRS) data from Tony's Chocolonely, this step has also prevented crises from significantly impacting child labour rates. In fact, even though the COVID-19 pandemic had a significant impact on cocoa prices and poverty levels in both countries, there has not been a significant surge in child labour cases in the company's long-term partner co-ops. This is partially attributed to the fair pricing of cocoa beans with the living income premiums, as well as concerted efforts to prevent and remediate cases when they arise<sup>17</sup>. However, it does not mean Tony Chocolonely's supply chain is 100% child labour free. Tony's Chocolonely found 1,700 child labourers in newly partnered cocoa farms in 2021, a sharp increase from 387 cases in 2020. This is a reminder that child labour is a complex problem that needs long-term interventions.

Acknowledging the problem is the first step in solving it. We believe the transparency that Tony's Chocolonely demonstrates in its supply chain is a good indication of its commitment to addressing the issue of child labour. A problem as complex and large-scale as child labour needs industry-level action. Tony's estimates that it would cost around \$1 billion annually – a mere 0.7% of global chocolate revenues – to pay a price that enables all cocoa farmers to earn a living income.

Dies all Cocoa harmers to earn a living income.

17 Interview with Tony's Chocolonely representatives, conducted on March 17, 2022.

Cocoa beans in a smallholder farm in East Lampung, Indonesia, 2021

O' The Centre for Child Rights and Business

# 2.3 The Most Salient Child Rights Issues are Hidden in Informal Work and Lower Tiers of Global Supply Chains

# 2.3.1. Child Rights Risks in Informal Work and Lower Tiers of the Global Supply Chains

Children engaging in informal work outside their homes are highly vulnerable to exploitation with lower pay and longer working hours. They are also less likely to be covered by social protection schemes and more prone to dropping out of school.

As already mentioned, while companies have managed to drastically reduce child labour amongst their direct suppliers, the problem has been shifted to the indirect suppliers in lower tiers of the supply chains, which are largely invisible to international companies.

Most child rights risks occur in unregistered factories, in home-based work and artisanal mining. However, even in the formal sector, informal employment relationships are common if not on the rise in some countries. Day labourers and temporary workers either do not have a direct labour contract with the factory and/or have a temporary status. This leads to wage discrimination, the negation of job security and in the case of young workers, a lack of protection at work.

"I started working here when I was 13 years old. I was still going to school until I was 16 but dropped out last year. My parents are friends of the business owners, and we live close by. I now live here and work about 9 hours a day, in busy times even 13 hours. I don't get any salary. My boss says I still have to learn and once I am a professional in this work, they want to give me a part of the business. I want to keep working here. I get meals and a place to stay. I am fine with this job and don't have any other wishes for the future."

 A 17-year-old male worker who participated in a homeworker study in Asia. At the time of the interview, he had been working in the same family-run business for four years without pay (2019).

To give an example of the extent of informal work: In the Asia Pacific region, more than half of the employed population engages in non-agricultural informal employment which stands at 59.2%. If agricultural employment is included, the share of informal employment reaches 68.2% (ILO 2018).

Most people enter the informal economy not by choice, but because of a lack of opportunities in the formal economy and no alternative means to make a living. Workers in informal employment often work outside of normal working hours. At the same time, they are not covered by labour laws and regulations, which are often lacking in effective implementation.

For companies, it is important to understand that the impact of informal work on child rights risks can be direct or indirect: either children are working themselves in the informal sector, or their parents are working there for an insufficient income. Again, this leads directly to higher rates of school dropouts and higher risks of child labour.

Since direct evidence of child labour in the informal sector is already shown in Chapter 2.1, below we highlight examples of indirect connections between informal work and child rights risks:



	Multiple Countries in Asia 2019: Home-Based Artisanal Work	Sri Lanka 2021: Gar	ment	India 2022: Garment
Manufacturing	<ul> <li>The risks of dropping out of school are much higher when children leave home to work in an informal setting, irrespective of age.</li> <li>They are also more likely to be exploited with lower pay and longer working hours.</li> </ul>	<ul> <li>Manpower workers<sup>18</sup>, especially female workers, earned significantly less than formally employed workers even though they worked longer hours.</li> <li>Nearly half (45%) of the manpower workers did not earn enough to cover the basic expenses for their families, increasing the risk of child poverty and consequent child rights risks.</li> </ul>		<ul> <li>High incidences and the likelihood of child labour exist in the informal ready-made garment (RMG) sector, where most of the interviewed workers confirmed having witnessed underage children working.</li> <li>In general, the garment sector lacks the necessary systems needed to protect juvenile workers (e.g. non-hazardous work, no overtime or night shifts).</li> <li>Additionally, social security coverage for workers in the informal sector remains a challenge.</li> </ul>
	Indonesia 2019: Rattan	Vietnam 2021: Pepper		Brazil 2022: Cassava
Agriculture	<ul> <li>Farmers as well as workers at the processing factories are all employed as casual workers without employment contracts.</li> <li>Access to many employment benefits as stated under Indonesian law is hindered.</li> </ul>	<ul> <li>Pepper farm workers are generally under weak or loose contractual protection. 97% of the surveyed workers have no written contracts but oral ones.</li> <li>Although this is legal for a work duration of less than a month, the lack of formal protection is known to create greater risks for young workers who often, due to their age, have less social leverage to defend their rights at work.</li> </ul>		<ul> <li>No contracts are signed between employers and workers and the work relationships are informal.</li> <li>No workers reported having been asked for ID cards prior to starting the work. Such informal employment practices increase the risk of child labour.</li> </ul>
	DRC 2021: ASM Cobalt	remely hazardous and er in the price of ores mercy of the traders, omic shocks from  Such informalisatic between the team proper monitoring clusively to all wor		ones
Mining	<ul> <li>The illegal and informal nature of ASM working conditions of miners extremel difficult to prevent child labour.</li> <li>Miners have no negotiation power in they sell and are at the complete mercomaking them vulnerable to economic scobalt price changes.</li> </ul>			orkers had contracts with their employers.  In might constitute wage-conflict risks leaders and informal workers: without to ensure payment systems are applied in- ters, informal workers risk unfair payment. Impacts families in particular as parents' and indirectly related to child rights risks.

Table 2: Risks of Informal Work - Selected Examples of Global Supply Chains

The precarious conditions of informal work put children in even more vulnerable situations at work, especially if they work in small, less regulated factories, workshops, or family-run businesses (outside their homes), or if they engage in seasonable agricultural work, informal mining or quarrying.

## **Informal Work by Sectors**

Labour relationships are mostly informal in the agricultural sector especially for short-term work during harvests, which increases the risks of child labour and hinders the protection of young workers.

In the **manufacturing sector**, temporary day labourers in factories are likely to work significantly longer hours for less pay without job security or social protection. Female temporary workers earn significantly less than any other groups even though they worked the longest hours in comparison.

"I am a manpower worker. I have no contract and I work up to 12 hours a day, six days per week. I earn about 850 to 1100 LKR per day (roughly 2.3–3 USD). My husband takes care of my child while I am at work. I was suspended from work without pay when I got pregnant while I was working at my previous garment factory."

- A 39-year-old female garment worker in Sri Lanka

<sup>18</sup> Manpower workers are hired through manpower agencies on a day-to-day ad hoc basis earning daily wages.

In agriculture settings, the use of informal workers is common during the harvest season, regardless of the agricultural commodity or the countries we assessed. There is a huge lack of formal agreements between agricultural workers and employees. This informal nature of employment increases the risk of child labour and prevents young workers from availing of protection at work.

The **mining sector** is mostly comprised of informal artisanal and small-scale mining (ASM), employing about 44.75 million people across more than 80 countries. Artisanal production accounts for 25% of the total global market, 18–30% of the world's cobalt, 20% of the world's gold and 80% of the world's sapphires. **80–90% of ASM activity is informal and not covered by labour legislation.** 

Miners operate almost exclusively in dangerous and difficult conditions (World Bank 2020), with the risk of the worst forms of child labour. We can see that the risk of child labour is much higher in the cobalt sector in the DRC than in the natural stone sector in Vietnam, which consists of formally registered small and medium companies. However, even in the more formal mining sector in Vietnam, informal labour relationships are very common as most workers do not have employment contracts. This informalisation of the labour relationship is a major vulnerability factor for miners in terms of wage negotiations and social benefits (Table 2).

## Noteworthy Initiative: The "CARING Gold Mining" Project (ILO 2020)

The CARING Gold Mining Project ran from 2015 to 2020. It aimed at addressing child labour, decent work deficits and working condition issues in artisanal and small-scale gold mining (ASGM) in the Philippines and Ghana by taking an integrated area-based approach.

The project design included four main outcomes or components consisting of laws, policies and action plans to address child labour and working conditions in the ASGM sector. More precisely, some of the following steps were taken:

- Giving vulnerable ASGM households access to social protection and livelihood services
- Implementing mechanisms to monitor child labour and working conditions in mining supply chains
- Tapping into global networks to reduce child labour
- Improving working conditions in the ASGM sector

At the end of the project, the following good practices helped to achieve a high level of stakeholder ownership, which translated into success and sustainability:

- The project took a community-centred approach
- The project was built on existing structures
- The project worked closely with local governments
- The project engaged with a wide range of existing and active stakeholders

More specifically, the good practices identified in Ghana were as follows:

- The project drove a successful increase in school attendance and a reduction in child labour through school clubs
- The project engaged with representatives of the ASGM sector to promote activities aimed at addressing child labour and poor working conditions

Even though the project successfully engaged local stakeholders to create positive impact for children and local communities, we believe this impact could be more sustainable in the long run if private sector companies were involved – especially the downstream buyers (including retailers and brands). Without a push from downstream companies, it is difficult to create a fast and large-scale movement towards formalisation that is urgently needed in the ASM sector, especially for minerals from high-risk regions.

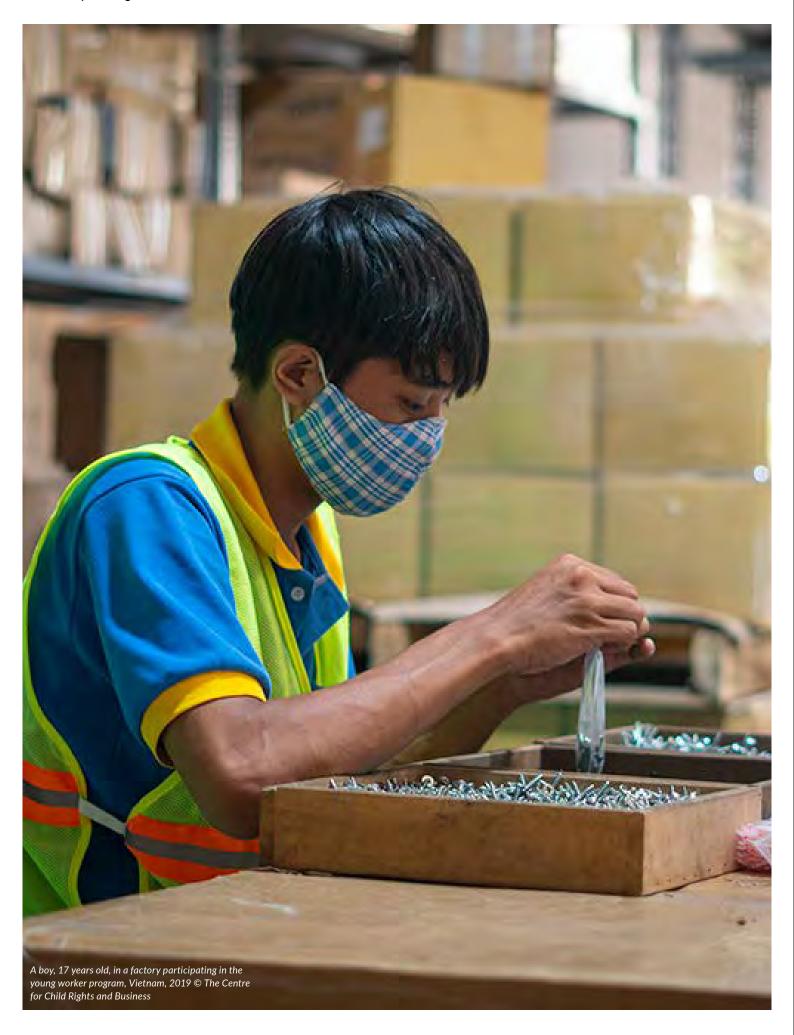
As a matter of fact, the mining sector lacks successful examples that link to sourcing practices and increased responsibility and investments from buyers.

# 2.3.2. Companies' Understanding of the Lower Tiers of their Supply Chains

Whether manufacturing, agriculture, or mining, global companies often do not know the full extent of their supply chain or the origin of the commodities in the first place. They also have limited capacities in production countries and even less direct contact with farming communities. In mining, many companies have seen significant progress in terms of their mineral supply chain policies and transparency in recent years. However, there is still a huge gap in providing access to remedy to the affected rights holders.

One way for companies to have a better understanding of the lower tiers of their supply chain is meaningful engagement with affected communities and civil society groups. An example of a meaningful engagement is a bottom-up communication structure where the company trains and selects community facilitators together with NGO partners to undertake household visits, engage with key community members (e.g. teachers, civil society organisations, farmers) and provide insights on human rights and child rights risks and impacts in supply chains.





# 2.4 Decent Employment Opportunities for Young Workers

## 2.4.1. Lack of Access to Decent Employment Opportunities

When it comes to child rights risks, we also have to consider the working conditions of young workers under 18. In all location assessments, we observed a systemic exclusion of young workers from the formal sectors, because factories interpret their clients' "zero child labour standard" as a "zero under 18 policy". This leads to young workers finding employment under the false pretence of being adult workers (using fake IDs) or being denied decent employment opportunities and being driven to do hazardous work in less regulated sectors.

"As we don't have much land here for agriculture plantations, the younger generation is struggling and has to look for work elsewhere. Many moved to bigger cities in the south for factory work like our sons and daughters."

- An elderly female coffee farmer from Vietnam who was interviewed in 2021

In addition to the formal sector's reluctance to hire young workers, the formal and informal workplaces in manufacturing and agriculture lack substantial work security and protection. To be more specific, they generally:

- Lack proper training and induction for young workers
- Do not have a list of (non-)hazardous tasks
- Have a limited understanding of the working hours and other conditions suitable for young workers

Table 3 shows examples of hazardous working conditions and a lack of opportunities for young workers in manufacturing, agriculture and mining. The summaries from the rest of the assessments are included in Appendix 6.5.

#### India 2020: Garment Sri Lanka 2021: Garment Ethiopia 2021: Garment Formal factories hesitate to hire It is a common practice to increase Young workers under the age of 18 the minimum recruitment age to 18, voung workers and above the age of 15 (minimum while 14 is the national minimum legal age to work) are routinely If they are hired, they are not suffiage by law. excluded from formal factories deciently protected spite low enrolment rates of lower There is a lack of functioning grievsecondary education (48%) ance mechanisms and orientation/ training systems Indonesia 2019: Cocoa Brazil 2022: Cassava Vietnam 2021: Pepper It is increasingly difficult for people Youths in all regions visited lack The pepper sector lacks practical to get a decent job without a high guidance documents that define protection at the workplace and are school certificate protection measures for the youths facing severe risks of injuries and show farmers how to imple-Out-of-school youths tend to do Youths in rural areas, in general, lack ment decent work for them hazardous farm work, working in vocational education opportunities the informal sector with less social This can be traced back to insufand access to alternative jobs protection ficient implementation of existing legal and policy frameworks Girls are more likely to get married earlier. They are also hired as seasonal or casual workers for other farms DRC 2021: ASM Cobalt Vietnam 2022: Natural Stones There are few opportunities for young people in communities 72% of working children aged 15-17 in ASM communities work as artisanal miners around natural stone quarries ASM communities generally lack vocational education Many young people migrate to other provinces in search of opportunities and alternative jobs job opportunities in light manufacturing such as garment and shoes

Table 3: Lack of Decent Work Opportunities for Young Workers - Selected Examples of Global Supply Chains

# 2.4.2. Unintended Consequences of Companies' Risk-Based Approach Towards Young Workers

The inequalities in supplier-buyer relationships can manifest both through buyers' purchasing practices and sustainability efforts. Buyers' demands for higher human rights and child rights standards from their suppliers can create inequalities in supplier-buyer relationships if buyers make demands on suppliers without investing resources to help suppliers achieve these standards. As a result, suppliers may take measures to address requests from buyers without properly considering the impact on their workers – like the "zero tolerance to child labour" approach and its already-mentioned negative consequences.

The focus on first-tier production sites also has potentially negative consequences. The tremendous investment and efforts to keep child labour out of assembly factories have pushed underaged workers into lower tiers of the supply chains, to subcontractors, small workshops, and informal parts of the supply chain.



## Noteworthy Initiative: Inclusion of Young Workers in IKEA's Supply Chain

The Youth Development Support Programme (YDSP) is a direct response to the challenges faced by young workers in accessing decent working opportunities. This programme was piloted in five IKEA factories in Vietnam in 2018 and replicated in five others in 2019.

The programme supported factories to hire young workers (16–17 years) and carried out in-house youth development training. It aimed to:

- Create decent employment opportunities and inclusive, safe workplaces for young workers
- Provide support to enable youth development through ongoing technical and life skills training and mentoring
- Help factories cultivate a multi-skilled, dynamic, and dedicated workforce for the future.
- Prevent hazardous labour for the youth, which is considered child labour

The programme has been particularly effective in removing young workers from hazardous positions, thereby directly contributing to a reduction in child labour. The programme has also offered important benefits to factories by helping them to train and recruit workers. The 2019 programme achieved the following outcomes:

- 77 youths hired and 21 removed from child labour situations
- 92% of young workers said they gained new skills and 87% felt more hopeful about their future development
- All factories reported **improved compliance** and **relationship** with clients
- Factories observed increased productivity and enhanced skills from young workers (The Centre 2019).

Although the programme has a relatively small scope and only reached a limited number of factories and young workers, the positive impact can be replicated in other similar settings. IKEA is looking to expand its project beyond Vietnam and The Centre is currently working across the globe with five international companies to replicate this approach.

# 2.5 Education Costs and Lack of Access to Education

Education-related costs are the main obstacle to education and an important indicator of potential child labour risks. In fact, the higher the costs, the higher the dropout rates and involvement in work in informal and hazardous conditions.

The cost of education is not an issue caused or affected by company operations. However, as access to education is proven to be highly associated with child labour, cost of education is one of the indicators companies should refer to when assessing the risks of child labour.

As we discussed earlier if parents are not earning a living wage or income to be able to afford the cost of education, the risk of child labour increases. The situations in different countries create different barriers to education as well as different types of financial costs for parents to deal with those barriers. Our assessments in the DRC, Vietnam, India, Ethiopia and Indonesia all showed that even in countries with free compulsory education, parents might have to pay for school uniforms and/or books. When those costs are covered, they might have to pay for transportation. There might not be public schools nearby or the quality of public education could be poor. Then parents might have to rely on private education as in the case of many families in rural India. Many schools have official classes for only half a day and may charge families extra for "tuition classes" to keep students in school longer.

All these costs, some of which are more invisible than others, account for a significant portion of family expenses and often exacerbate families' struggles to afford these expenses.

"The school has agreed to give us time to pay the fee. However, I am not even in a position to buy books for my children. The books cost around INR4,500, which is more than we currently make in a month."

- A female worker in India who was interviewed in 2021 as part of an assessment

Sometimes, the costs of education lead to higher dropout rates and child labour risks. Other times, children combine school with work to fund their education. As we observed in cobalt ASM communities in the DRC, when families struggled financially, older children of secondary school age often engaged in mining work to pay for their education, while the younger children of primary school age were forced to drop out of school (Save the Children / The Centre 2021).

Based on what we observed, it is important to note that when companies invest in community-based initiatives to address the obstacles to education, they should be aware that even a small change in family income and expenditure could be a deciding factor in whether or not a child can continue with school. Conditional cash transfers in education are widely utilized social policy tools aiming at facilitating enrolment and regular attendance in education. In return for their children's regular attendance at school, families receive a payment (UNICEF 2020). Despite being proven to be an effective approach in community development programmes, it is so far mostly limited to initiatives led by international organisations or NGOs.





# 2.6 How Crises Enhance Child Rights Vulnerabilities

COVID-19 has created significant challenges for parent workers and their children in global supply chains. Millions of families have faced problems that have increased child rights risks, such as:

- Job insecurity
- Reduced income
- Inadequate social protections
- Reduced access to decent work opportunities for adults
- III-health
- Prolonged school closures (with no or limited remote learning options)

Some models predicted that between 8.9 to over 40 million more children would be in child labour at the end of 2022 because of the pandemic (UNICEF 2020-2).

The education crisis children initially faced due to poverty and school-related costs was aggravated by the challenges brought on by the COVID-19 pandemic, leading to an increase in child labour. Children of working age (15 and up) were particularly impacted, with many dropping out of school permanently and entering the labour market. Given their incomplete education and limited opportunities, many were forced to find employment in hazardous and exploitative conditions.

"Things got complicated during lockdown. Mom no longer went to the mine, so we didn't have the money to pay for school fees, and they sent me back home. I couldn't go to school anymore."

- From a focus group discussion in 2021 with out-of-school children in the DRC's cobalt mining community

## Companies' Responsibilities in Crises

Companies play a critical role in addressing child rights risks related to COVID-19. The pandemic has highlighted shortcomings in businesses' responses to crises. The gaps and weaknesses in companies' child labour responses and strategies were further exposed and worsened during the pandemic. The limitations have become particularly acute in several dimensions. Modest efforts to increase supply chain transparency have been turned down during the pandemic. The impact of the pandemic also revealed fundamental limitations of supply chain initiatives that are divorced from responsible business practices – they address the symptoms instead of the root causes of child labour.

The COVID-19 pandemic has posed significant challenges for supply chains globally both for buyers and suppliers. Unfortunately, in many cases, brands or buyers failed to address the pre-existing inequalities in buyer-supplier relationships. Instead, they pushed financial liability on their suppliers to reduce their own financial losses. Order cancellations, monthly order variability and payment term extensions not only increased the financial pressure on suppliers but brought significant sustainability impacts.

## Noteworthy Initiative: Company Invests in Child Benefit Allowance Initiative in Sri Lanka

In 2022, The Centre for Child Rights and Business Sri Lanka in partnership with Save the Children Sri Lanka and English Tea Shop (ETS) signed a collaboration to develop a Child Benefit Pilot Initiative that provides child benefit allowance/incentives for parent workers.

The pandemic and economic crisis in Sri Lanka led to an escalating level of child poverty. This resulted in an increased need for social protection programmes that are child sensitive. This Child Benefit Pilot Initiative serves as a private sector-led social protection mechanism that will pave the way for a public-private sector partnership in the future. The pilot initiative is being carried out from July 2022 to June 2023.

The Centre and ETS consulted parents to understand their key concerns arising from the economic crisis in the country. These were the results:

 56% of parents said their biggest worry is that children are missing out on education or that the quality of the education they receive is poor. 62% of parents mentioned that they would invest a child benefit allowance in their children's education, school transportation and early childhood care development.

During a focus group discussion with children of the ETS employees, they mentioned that children in their communities are not regularly attending schools and dropping out of school due to financial issues. According to the quarterly review conducted by ETS, parents invested 53% of child benefit allowances in children's education, pre-schools and transportation for sending their children to schools.

Through this pilot initiative, English Tea Shop/Amazon Trading Pvt Ltd is supporting their workforce to invest in their children's welfare by providing a child benefit allowance/incentive for all staff and workers who have children under 16 years old. This initiative reached 143 children (63 boys, 80 girls) below the age of 16 in the first year<sup>19</sup>.

19 For more information, please refer to www.childrights-business.org/impact/the-centre-save-the-children-and-english-tea-shop-launches-first-ever-company-invested-child-benefit-allowance-initiative-in-sri-lanka.html

Women and their children at a tea estate.

Sti Lonka 2018 S Structhe Children

## 3. Sector-Specific Child Rights Risks

In this chapter, we will highlight specific child rights risks and risk factors that stood out when examining the assessments by sector. While none of these child rights risks are exclusive to each sector, they are prominent results across the different assessments within these industries. For manufacturing, we observed that across regions and commodities, the limited access to childcare was of particular concern to workers and their children, often constituting a root cause of child labour, increasing the risk of school dropout and creating significant child protection challenges. Children's involvement in family farm work (sometimes also linked to the absence of childcare) is a key challenge in the agriculture sector. And in mining, child rights are severely impacted by the hazardous nature of the work and the negative environmental impact it has on communities.

3.1 Manufacturing – Access to Childcare

A lack of access to good quality, affordable childcare, puts children at greater risk of neglect, abuse and stunted development. It also locks women out of the formal workforce.

Childcare is a challenge that is faced by working women in all sectors and locations. However, this is a much bigger challenge for factory workers than in agriculture or home-based work settings. Formal childcare facilities are not common in most communities of factory workers, and most workers rely on family members and sometimes other informal options such as friends or neighbours. In some locations, factories with a certain number of workers are required by the law to provide a childcare centre for workers, which in theory could help solve the childcare challenges of workers. However, our observations in many factories found that the factory-based childcare centres were not operational or functional due to a lack of necessary equipment and/or trained care staff. The factories would often explain the lack of usage as a lack of demand from parents, which contradicts what parent workers have told us.

The manufacturing sector often attracts migrant workers in search of higher salaries either in different parts of their country or in a neighbouring country. Whether they move to a nearby town or further away, they often lose the childcare support they would otherwise get from their families and friends. Thus, many are forced to leave their children in the care of their extended families. Research has shown that these children, left behind with relatives in their home town, are more likely to become victims of labour exploitation and human trafficking. Due to the separation, they often do not receive the necessary parental

support and care, so they often drop out of school prematurely and enter the labour market.

"Me and my husband work in the factory. Sometimes we have the same shift and that means we don't have anyone to look after our child. When that happens, my husband will try to change his shift. We can't hire anyone else to look after our child because our income is very low."

 A female garment worker in Ethiopia who was interviewed in 2021

Our assessments of the garment sector in India (2020), Ethiopia (2021) and Sri Lanka (2021) highlighted the lack of quality and affordable childcare options for factory workers:

- In India, families struggle to find childcare in their communities and the sporadic factory childcare centres are not a solution as the factories are usually 30–40 km away from workers' communities, which makes it difficult for parents to bring their children to factory childcare.
- In Ethiopia, factory-based childcare is very limited, and garment workers generally cannot afford to send their children to a proper childcare facility.
- Similarly, in Sri Lanka, few factories provide childcare services for workers.



### Good Practice Case: An Example of a Sustainable Childcare Solution – Child Friendly Spaces

The Centre's Child Friendly Space (CFS) programme works with suppliers to establish safe and secure childcare facilities at factories and farms to support parent workers. CFS enables the children of workers to play, access learning opportunities, develop social skills through interactions with other children and participate in joint activities with their parents.

Each summer holiday, there is a spike in the number of children left unsupervised and in dorms or work camps, and of children on production floors or on harvesting fields.

Launched in 2015, CFS responds to an urgent need to provide childcare when children are out of school, keeping them away from production areas and ensuring they are well looked after. This allows parents to put their minds at ease during their work shifts. CFS also enables migrant parent workers and their children to spend valuable time together during the summer school holiday period. CFS operates during the

summer but can also run on a year-round basis and/ or as an after-school centre.

For suppliers, CFS helps prevent the risk of children being brought to production areas and hence reduces major compliance risks including children's involvement in work.

Close to 100 factories in China have opened Child Friendly Spaces so far, supporting over 10,000 parent workers and their children, with the majority continuing to run the programme independently after the first year, and some even extending the service to a year-round after-school centre<sup>20</sup>. The CFS programme is being replicated in other countries by The Centre's programmes, not only in factory settings but also in agriculture. The Centre will continue to explore the most practical programme designs to meet the needs of parent workers, farmers and miners in different locations and contexts.

20 More on impact: www.childrights-business.org/family-friendly-workplaces/child-friendly-spaces.html

### 3.2 Agriculture – Children on Family Farms and Seasonal Migration

Child labour in agricultural settings is widespread.

Although many families lack awareness of the perils of working at a young age, child labour in this sector occurs in a context of poverty and financial hardships, which are the root causes of child labour.

While children's involvement in family farm work may not necessarily be something to discourage if done right, in almost all agricultural settings, we found risks that can categorise such involvement as child labour.

It is common for farmers' children to help with farm work regularly, especially during the harvest season.

Schoolchildren typically spend more time on farm work during weekends and holidays and are pretty used to working at the farm.

"I like harvesting cocoa, because I can get pocket money from my father, and it is not very difficult."

- A 7-year-old boy from Indonesia, interviewed in 2022

As shown above, the risks for children are particularly great when there is excessive involvement in farm work, especially during the harvest when children can miss out on school. In our assessment of coffee supply chains in Vietnam (2021), teachers complained about children missing school for up to six months because of the successive harvesting season of different crops. Earlier, we mentioned that smallholder farmers often rely on their family members for agricultural work because most of them cannot afford to hire (enough) labourers.

Another risk for children comes from farmers' lack of understanding of what constitutes hazardous work for their children. Different commodities and the type of work also have an impact on the age at which children can start to get involved and the likelihood of children being hired. In the following paragraphs, we will describe these risks in more detail.

### 3.2.1. Agricultural Communities Have an Insufficient Understanding of Hazardous Work

Several ways make children's involvement in family farm work hazardous:

- They start to work when they are too young younger than the age permitted for light work by local labour laws or ILO recommendations (whichever is lower)
- They work longer hours than permitted by the local labour laws or ILO recommendations (whichever is lower)
- They engage in work that is considered hazardous regardless of their age (as long as they are under the age of 18)

As summarised in Table 1, we found children engaging in hazardous agricultural work in hazelnut and rose gardens in Turkey, pepper and coffee farms in Vietnam, rattan harvesting and processing in Indonesia, and cassava farms in Brazil.

"The children who help their parents go to the farm at 6am and return at 9am and they do not go every day. Generally, we take our children to the farm when we cannot hire a worker (externally) to do the job. The children do the lightest job: pull the (irrigation) hose (for installation), unclog the hose."

- Cassava farmers interviewed in Brazil in 2022

Many farmers do not realise that their children's involvement in family farm work could be considered a form of child labour under certain conditions. Even some local associates of the buyers were not aware of the risk of child labour in family farm work. For example, during our assessment of the cocoa supply chain in Indonesia, small-holder farmers and the buyer's local associates believed that cases of children working were only child labour when they were hired to work by non-family members. Three years after the initial assessment, the second assessment of the cocoa supply chain in Indonesia found that children still engaged in hazardous work such as using sharp tools, handling fertilisers and chemicals or carrying heavy bags.

In many communities, traditional values and cultural practices affect parents' understanding of children's rights and how to protect them from hazardous work.

In all agricultural settings, there is a general social acceptance of child work among parents. It can often be considered a coping mechanism in response to the economic need of getting children involved in work early. However, their awareness of how to protect their children from hazardous work may vary by location as well as the education level of parents.

For example, compared to Indonesia, coffee farmers in Vietnam (2021) had a higher awareness of hazardous work. Many of them were aware of the need to protect their children, and that children need extra protection at work. 76% of parents said they are providing children with protective equipment. Even the 20% of parents who struggled economically and whose children are
no longer or only partially attending school, support the
idea that children's involvement in work should not interfere with their education and that children should complete the 9-year compulsory education. This indicates that
it is not their lack of awareness of the importance of education but their financial circumstances that forced them
to discontinue their children's education.

### Parents' Perspective on Child Labour by the Age of Children

Our conversations with parents in many agricultural communities indicated that their perception of what age constitutes a child is not legalistic but contextual, meaning that children who pass certain milestones in life are considered adults, and thus are expected to take up the productive and reproductive role as an adult. For example, most surveyed cassava farmers in Brazil (2022) thought that only those under 13 years old are children. Once children are above 13, they can start working on the farm. Some farmers mentioned that their children were assigned the same work tasks as adults, such as harvesting and loading, once they turned 15 or 16 years old.

"We can only call those [children] who sit in the elementary school. The 15 to 16-year-olds are adults; we can let them marry. Those studying in junior high school (12–15 years old) can help their parents already."

- A male rattan farmer in Indonesia, interviewed in 2019

While it is true that traditional values play a role in what parents expect of their children, it is more likely also a "symptom" of poverty where child labour is a coping mechanism for families who need their children to grow up faster than they should to take up adult responsibilities. Hence, we caution against assuming that lack of awareness and cultural norms are the main causes of child labour when other root causes of child labour are largely present. Any initiative that only aims to raise awareness without addressing the economic problems of agricultural communities will likely have a very limited impact on reducing child labour. This observation, while particularly strong in the agriculture sector (where many projects focus on awareness raising) is equally valid for parents we met within the manufacturing and mining industry.

#### "If my children were not working and helping me, it would be a disaster. It is not fair, but life itself is not fair."

- A father of five children (aged from 8–21, all working) working in rose gardens in Turkey (2021)

During a field visit in the DRC, The Centre's staff observed how school-aged children in an ASM mining community were sitting on benches wielded from metal scraps by the students' parents – a very visual reminder of the length many parents go to try to support their children's schooling. This aligns with the DRC study results where interviews with parents clearly showed that taking children out of school and engaging them in work is nearly always a very last resort for parents.

### 3.2.2. Children's Involvement Could Vary in Different Agricultural Commodities

Younger children are more likely to be involved in work that is physically less demanding.

In agricultural settings, different commodities carry different levels of risk in terms of child labour. When the work is less physically demanding, children are more likely to participate at a younger age both in their families and outside. For example, in the rattan supply chain in Indonesia (2019), we found that children are more likely to be involved in the harvesting of small-diameter rattan (Kalimantan). Conversely, in areas with large-diameter rattan (Sulawesi), children are less likely to participate in the heavy production processes.

A similar example was found in Vietnam comparing sea grass and water hyacinth. As seagrass harvesting is more physically demanding than water hyacinth, children are much less likely to be involved. However, even in the seagrass supply chain, children still help parents with simple weaving work after school and spend long hours on holidays. Out-of-school children usually work full-time helping parents with seagrass weaving. In comparison, water hyacinth is less physically demanding, and children as young as 4 or 5 years old are reported to start helping parents with simple tasks. Some children even reported that they were given quotas by their parents and had to work long hours to finish the work.

Looking at these differences, we can conclude that different commodities and tasks carry different types of hazards for children. Less physically demanding work attracts more children and enables them to start engaging at a young age and for longer hours, but it is the more labour-intensive work that carries greater dangers and health hazards for children regardless of their ages and hours worked. It is this more physically demanding work

that older children, usually boys, start to engage in once they are considered "adults" by their communities even though they are only 15–17 years old.

### 3.2.3. Children of Seasonal Migrant Workers are Highly Vulnerable to Exploitation

Whenever migrant labourers are hired at the farms, their children are highly vulnerable to all sorts of child rights risks:

- Working alongside their parents at a young age, in hazardous conditions and/or for long hours
- Having to drop out of school early
- Being exposed to hazardous living conditions
- Facing child protection risks and having no access to childcare

In most other agricultural settings we assessed, the risk of child labour mostly comes from farmers' children involved in family farm work. However, in countries like Turkey and Vietnam where seasonal migration is widespread in agriculture, children's rights are threatened by a whole new set of challenges.

#### **Turkey**

In Turkey, working in mobile and temporary agricultural labour (except for the family business) is identified as one of the worst forms of child labour by the National Programme on the Elimination of Child Labour (2017–2023) due to the nature of seasonal agricultural work, which exposes families to a wide range of risks that children are most susceptible to (ILO 2023).

In both of our assessments of hazelnut (2020) and rose (2021) supply chains in Turkey, we found that underage children of seasonal migrant workers working was a widespread issue. In hazelnut gardens, we observed more girls working in the gardens than boys, and they also tended to start working at a younger age than boys. Girls were also more likely to drop out of school earlier than boys to support their families, a decision deeply rooted in the stereotypes around gender roles and the conservative culture of seasonal migratory communities.

Children in hazelnut gardens engaged in hazardous work, like picking hazelnuts from branches on the slopes where there was a risk of falling and working in extremely hot weather (40 degrees Celsius on some days). Similarly, children in rose gardens also worked long hours (on average 9.5 hours daily) under intense heat and sunshine, while carrying heavy sacks on their waists.

"Falling is part of the nature of this work. Once a hazelnut rolls under your feet you fall easily." "I fell two or three times. If they hadn't held me at the time, I would have fallen off the cliff." "If the gardens are steep, that tires you. I fell the other day when we were in a steep garden. I cut my legs."

 Feedback from a group of young workers working in hazelnut gardens in Turkey

In both hazelnut and rose supply chains, there is a very high risk of young children being neglected while parents work in the gardens. In hazelnut gardens, children of seasonal workers (aged under 12) were left at the campsite with the cook or their siblings or they were brought to the gardens by their parents. Similarly, in rose gardens, young children aged 2–10 were left at the campsites alone.

Whenever workers live in campsites, there is often no running water, proper toilets, or shower facilities. The hygiene conditions are extremely poor.

#### Vietnam

Through our assessments in Vietnam with coffee and pepper farmers and workers, including young workers under the age of 18, who migrate seasonally during harvests, we found that their living conditions were not suitable for children, neither for young children of migrant workers nor for young workers themselves. Children of seasonal migrant workers often faced neglect due to a lack of appropriate childcare options. They were either left at the workers' camps without adult supervision or brought to the field where their parents worked. Young workers who travelled during harvest engaged in many types of hazardous tasks on coffee and pepper farms.

### Noteworthy Initiative: Tent-Based Child Friendly Spaces for Children of Seasonal Migrant Workers

Turkey is one of the most important producers of rose oil in the world. Every year thousands of seasonal agricultural workers, including refugees, travel together with their families to the southwest of the country, where the majority of rose gardens are concentrated. During the harvest season, workers live in basic conditions where their children lack access to childcare, safe play areas and education opportunities. This not only creates risks for the children, but it also creates challenges on a business level: as these children have nowhere to go, they follow their parents to the rose gardens where there is a risk of them getting involved in underage work and sustaining injuries.

Identifying this clear need to address workers' childcare needs in the rose supply chain, an organic raw materials sourcing company partnered with The Centre and Save the Children to develop an innovative solution to this challenge: a tent-based Child-Friendly Space. In collaboration with local partners, a tent-based child-friendly space was set up and bilingual staff were trained to cater to the needs of refugee families

The tent-based childcare facility offered free childcare services for seasonal migrant parent workers, and a safe space for workers' children to play, access learning opportunities, develop social skills and participate in family activities. At the same time, it significantly lowered the risk of child labour and other compliance issues related to children in rose production areas<sup>21</sup>.

<sup>21</sup> For more information, please refer to: <a href="www.childrights-business.org/impact/debuting-innovative-approaches-to-childcare-in-turkeys-rose-supply-chain-tent-based-child-friendly-spaces.html">www.childrights-business.org/impact/debuting-innovative-approaches-to-childcare-in-turkeys-rose-supply-chain-tent-based-child-friendly-spaces.html</a>

## 3.3 Mining – Artisanal and Small-Scale Mining and the Worst Forms of Child Labour

Due to the hazardous nature of work, mining is considered one of the worst forms of child labour.

ASM is the main source of livelihood for at least 44.75 million people across 80 countries worldwide, and at least 134 million people work in related industries that support the ASM sector. Despite significant contributions to major global mineral supply chains, **ASM miners are some of the world's most marginalised workers.** The informality of the sector and especially the illegal nature of the work in many locations leave ASM workforces around the globe exposed to dangerous working conditions (World Bank 2020). It is where the most salient human rights and child rights issues including the worst forms of child labour are concentrated.

It is therefore not permitted for anyone under the age of 18 to work in mining. Because of the risks such as blasting, rockfalls, landslide and flooding, mining sites are dangerous for all children even those not working as miners. This hazardous nature of mining is not only limited to ASM. For example, although natural stone extraction and processing in Vietnam is more often done with diamond-beaded wire sawing machines than by using explosives, the processes are still highly hazardous. The assessment did indeed indicate that, even though the likelihood is small, young strong boys aged 16 or 17 do occasionally get involved in these processes.

It is not only mining that is hazardous; even just living near mining areas has the potential to negatively impact children's health. For example, our study in cobalt mining in the DRC found that many ASM sites are located close to residential areas. Some are even in the middle of residential areas, which means that children are often close to the mining pits even though they may not necessarily engage in mining activities.

Additionally, the air pollution caused by transporting ores from the mines to roads could potentially have a lasting negative impact on children's health. Apart from the negative impact on physical well-being, mining can be morally and psychologically hazardous for children. The same study found that 88% of the children working in ASM experienced at least one type of negative emotion that they felt most of the time. The most common negative emotions were stress (49%), anger (46%) and worry (39%) (Save the Children / The Centre 2021).

"I am forbidden to go play at the mine because my sister almost died there. She went with her friend to sell doughnuts, and on the way down, she slipped. Fortunately, a dad was there to rescue her."

- Feedback from children during a workshop in the DRC

Most ASM work takes place without proper monitoring and in areas without fences and barriers. Additionally, ASM miners move around and do not necessarily work in one site for long. These characteristics of ASM make it extremely difficult to track the workforce and monitor child labour.

As we observed in cobalt ASM in the DRC, even when efforts were made to remove children from the mining sites, they were not very effective due to the lack of systemic remediation mechanisms. This is compounded by the fact that there are currently no long-term efforts in place to tackle the root causes of child labour – e.g. poverty, lack of alternative employment opportunities and access to education – means child labour issues will persist.

The dire situation of most ASM communities creates an urgency to engage in ASM with full force to realise its potential to offer more inclusive and sustainable economic growth, productive employment, and decent work. This is where the concept of "ASM formalisation" comes in, which refers to attempts to capture, galvanise, and improve the sector's relationship to formal economic structures. However, current formalisation projects are limited in scale and mostly run by NGOs. The regulatory environment, the opaque supply chains, market volatility and downstream companies' reluctance to engage with ASM makes it difficult to move towards a more robust and scalable ASM formalisation in most locations. Current projects to eliminate child labour in ASM do not sufficiently increase the income of ASM families that would allow for a sustainable impact. When the scale of formalisation is limited, like in the DRC, and even when some projects do succeed in keeping children away from formal sites, children just end up finding work in more informal and less monitored sites, where they are exposed to extreme situations that take a heavy toll on their psychological and physical wellbeing.

### 4. Summary of Risks and Risk Factors

This section summarises and ranks the link between international companies' business practices and key child rights issues in terms of causing and/or multiplying the risks and having the power to mitigate them. The purpose of this exercise is to show that it is not only relevant to the companies when they directly adversely impact child rights. But there is a usually less obvious link when business practices multiply the existing risks or fail to use their business leverage to address the child rights issues in their supply chains.

Risk Factors	Associated Child Rights Risks	
Wages/incomes below the living wages/incomes	Child labour School dropout Poor health and nutrition Child poverty	
Informal employment	Child labour Hazardous work Child poverty	
Lack of decent employment for youth	Child labour Hazardous work Child poverty	
Education-related costs and lack of access to education	Child labour School dropout	
Vulnerability to income shocks e.g. the COVID-19 pandemic	Child poverty Child labour School dropout Poor health and nutrition	
Lack of access to suitable childcare	Child protection Early childhood education School dropout	
Migrant and left-behind children	Child protection School dropout Poor health and nutrition	
Family (home-based) farm work	Hazardous work	
Low-skilled and less physically demanding work	Child labour	
Seasonal migration for agri- culture	Child labour Hazardous work Child protection School dropout	
Artisanal and Small-Scale Mining	Child labour Hazardous work Child poverty School dropout Poor health and nutrition	

Impacted Sector(s)	High-Risk Countries	Business Impact on the Risks	Business Leverage to Mitigate the Risks
Manufacturing Agriculture Mining	Any country where the minimum wage is significantly lower than the living wage/income (from our assessment: DRC, Ethiopia, India, Indonesia, Vietnam)	Manufacturing: High Agriculture: High Mining: Low	Manufacturing: High Agriculture: High Mining: Low
Manufacturing Agriculture Mining	All countries, but South America and Sub-Saharan Africa have the highest levels of informality <sup>22</sup>	Manufacturing: Medium Agriculture: Low Mining: Low	Manufacturing: High Agriculture: Medium Mining: Low
Manufacturing Agriculture Mining	All researched countries	Manufacturing: High Agriculture: Low Mining: Low	Manufacturing: High Agriculture: medium Mining: Low
Manufacturing Agriculture Mining	DRC, Ethiopia, Indonesia, India	Manufacturing: Low Agriculture: Low Mining: Low	Manufacturing: medium Agriculture: medium Mining: medium
Manufacturing Agriculture Mining	All researched countries	Manufacturing: High Agriculture: Low Mining: Low	Manufacturing: High Agriculture: Low Mining: Low
Manufacturing	All researched countries	Manufacturing: High Agriculture: High Mining: Low	Manufacturing: High Agriculture: High Mining: Low
Manufacturing	Indonesia, Sri Lanka, Vietnam	Manufacturing: High Agriculture: High Mining: Low	Manufacturing: High Agriculture: High Mining: Low
Agriculture	All researched countries	Manufacturing: High Agriculture: High Mining: Low	Manufacturing: High Agriculture: High Mining: Low
Manufacturing Agriculture	All researched countries	Manufacturing: High Agriculture: High Mining: Low	Manufacturing: High Agriculture: High Mining: Low
Agriculture	Turkey, Vietnam	Manufacturing: High Agriculture: High Mining: Low	Manufacturing: High Agriculture: High Mining: Low
Mining	India, China, Indonesia, DRC, Tanzania, Sudan, Ethiopia, Ghana, Burkina Faso, Nigeria, Zimbabwe, Brazil, Madagascar, Colombia, Niger, Pakistan, Côte d'Ivoire, Mali, Zambia <sup>23</sup>	Mining: Low	Mining: Medium

<sup>22</sup> For more information, please refer to <u>www.imf.org/en/News/Articles/2021/07/28/na-072821-five-things-to-know-about-the-informal-economy</u>

<sup>23</sup> Sorted by number of ASM miners over 500,000. Source: <a href="https://www.artisanalmining.org/InventoryData/doku.php/country:country?srt=%5Easmdata.asm\_miners\_estimate">www.artisanalmining.org/InventoryData/doku.php/country:country?srt=%5Easmdata.asm\_miners\_estimate</a>

### 5. Recommendations for Companies

The Child Rights Assessments presented in this study depict a range of challenges and risks for children linked to the supply chains of companies. While a lot of challenges can be traced back to root causes like poverty, these root causes are complex and require all available resources from governments, civil society and the private sector to tackle. But – and this is important – the supply chain practices often act as an aggravating factor. Insufficient pricing leads to increased poverty risk, aggravating the unsafe working conditions and insufficient support for the children's parents.

It is also important to stress that companies directly impact child rights risks and can therefore create a significant positive impact if they take those risks seriously. We would like to focus on three key points:

- 1. Increase visibility
- Understand and act upon the strong links between business practices and impacts on child rights
- 3. Ensure child rights-centred remediation systems

These are all very practical steps that help work towards a world where global supply chains and the profits they generate are not built on the suffering of children in sourcing communities.

### 5.1 Increase Visibility

Whatever practices, programmes or systems are built, the first step must be making child rights risks more visible. In a lot of sectors, especially in the informal ones, it is still not unusual for children to drop out of school, help on the farms or work in private small factories. There is a huge need to create awareness on all levels of the supply chains – and encourage actors to report it. The second step of this phase is to collect the data and findings.

#### Increase Visibility

General Approach	What it Means in Manufacturing	What it Means in Agriculture	What it Means in Mining
Acknowledge child labour risks both internally and externally, and encourage and reward transparency and responsible behaviour.	<ul> <li>Acknowledge that child labour is a challenge that needs to be addressed in partnership with suppliers.</li> <li>Suppliers should be encouraged to disclose problems and find solutions.</li> <li>Long-term business relationships withwsuppliers also help to build trust and a culture of transparency. Proactively identify risks, disclose data and progress against clearly defined goals.</li> </ul>	<ul> <li>Acknowledge that many child labour issues in agricultural supply chains are systemic.</li> <li>Set coherent and interlinked sourcing strategies to address such risks.</li> <li>Proactively map all farms and sourcing areas, identify child rights risks hotspots, disclose the data and progress against clearly defined goals.</li> </ul>	<ul> <li>Acknowledge the importance of ASM for the livelihoods of millions of families in many different mineral supply chains instead of focusing on mitigating the reputational risks of being associated with child rights and child labour risks in ASM.</li> <li>Actively identify hotspots and directly engage stakeholders on the ground to create positive improvements.</li> <li>Proactively identify risks, disclose data and progress against clearly defined goals.</li> </ul>
Strengthen data collection on child rights.	<ul> <li>Build and promote a robust understanding of child labour issues within business operations and relationships.</li> <li>Collaborate with local stakeholders and collect information on the local living wage, school enrolment rates, risk factors and vulnerable groups.</li> <li>Encourage suppliers to identify key child rights issues. This includes the needs and challenges of the parent workers, challenges related to young workers, and challenges in their production facilities.</li> </ul>	<ul> <li>Direct engagement with communities and bottom-up communication.</li> <li>Promote the digitalisation of the data and facilitate its sharing with national child protection systems or with downstream business partners.</li> </ul>	<ul> <li>Direct engagement with communities and bottom-up communication.</li> <li>Engage in ASM formalisation processes and include them in the formal supply chain.</li> </ul>

### 5.2 Understand and Act Upon the Strong Links Between Business Practices and Impacts on Child Rights

The next step after acknowledging and identifying child rights risks and collecting relevant data is to find suitable practices and solutions to lower the risks. Just as there are multiple factors that endanger child rights, so too should companies implement a variety of strategies, procedures and changes.

### Understand and Act Upon the Strong Links Between Business Practices and Impacts on Child Rights

#### What it Means in Manufacturing What it Means in Agriculture What it Means in Mining **General Approach** Establish stronger Work closely with factories, Establish long-term relation-Engage ASM as part of the provide sufficient notice for ships with farmer groups supply chain to push for forand long-term partnerships changes in orders, and allow through suppliers, so that inmalisation. formation from farmers can be factories to plan ahead whenwith suppliers to ASM formalisation efforts collected to provide targeted address existing ever possible. should push economic partnerinequalities in support on e.g. productivity, Work with suppliers to ships between LSM and ASM income diversification, access supplier-buyer strengthen subcontractor to improve productivity and to education and childcare. relationships, enmanagement. safety. suring responsible Continuously assess the Avoid aggressive pricing Avoid aggressive pricing sourcing practices income/wage levels of farmers strategies, and commit to strategies and promote wage and paying fair and labourers. Check how it increasing workers' wages to payment standards that allow prices. relates to purchasing practices a full living wage (at least in workers to receive a living and if any corrections need to first-tier factories), optimising wage. be taken to allow for decent wage calculation structures Ensure workers receive wages living conditions of farmers and and wage systems to achieve that are equal to or are above labourers in farming commuand promote a living wage for the minimum wage, even when nities. workers. they are recruited by labour Promote providing living contractors. income differentials. Provide child benefit allow-Provide child benefit allowances/incentives for parent ances/incentives for parent workers. workers Ensure workers at a minimum receive wages that are equal to or above the minimum wage, even when they are recruited by labour contractors. Enhance and Develop or enhance suppliers' Develop or enhance the child Develop or enhance the child enforce the and factories' child labour pollabour policy and procedure labour policy and procedure implementation icies and procedures on child on child labour prevention and on child labour prevention and remediation (e.g. minimum age of policies and labour prevention and remediremediation (e.g. minimum age procedures that ation that meet international requirements, young worker requirements) meet international standards and national laws. protection, light work regula-Ensure a clear understanding standards and tions) Ensure suppliers and factories of the policies/procedures by national laws. fully understand the brands' Ensure a clear understanding of staff at all tiers, especially the standards and know how to the policies/procedures at the managers at mines. implement them. farm level, especially smallholders' understanding of how and Where loopholes are identified when their children are allowed in suppliers' / factories' manto help with farm work. agement systems, brands are to guide them on how to fulfil their child rights due diligence.

### Promote decent work for youth.

- Create policies which permit the recruitment of children who have reached the national legal minimum age for work.
- Adopt special protective policies and procedures for young workers, e.g. develop a list of non-hazardous work for young workers or manage their working conditions.
- Build capacity with a cascading training model on young worker protection among factory management and workers; stress that special protection is needed for children who have reached the minimum working age, and that such young workers enjoy legal protection at work.
- Use the business/commercial leverage and promote the decent work agenda for youth among the supply chain, peer business and other business partners to gradually trigger systematic improvement.

- In rural communities with limited opportunities for youth, pilot "decent work for youth" programmes, ensuring young workers do not take up hazardous work.
- Identify age-appropriate job opportunities in different tiers of the agriculture supply chain.
- Build the capacity of suppliers and factory management, ensuring they understand that most mining activities are hazardous for youth and therefore not appropriate for anyone under 18.
- Identify and promote age-appropriate job opportunities in the upper tiers of the mining industry (e.g. apprenticeship opportunities in suppliers' offices)
- Use the business/commercial leverage and promote the decent work agenda for youth among the supply chain, peer business and other business partners to gradually trigger systematic improvement.

#### Regular capacity-building training on child rights, especially child labour prevention and remediation measures.

- In line with the policies and procedures, regular training for direct suppliers and lower tiers to ensure they fully understand and know how to implement child rights due diligence efforts (e.g. age verification and young worker protection to prevent child labour), especially after major changes in social or economic conditions (e.g. the COVID-19 outbreak).
- Create (in line with the guideline) a comprehensive training programme ensuring the protection of children engaging in light work, especially children of smallholders and young workers in agriculture settings.
- Develop an awareness-building programme on child labour that addresses the different key stakeholders (children, parent workers, farm holders, labour agents, buyers), and that happens through a range of channels (onsite training, leaflets, short online bite-sized videos).
- Organise industry-wide workshops to increase awareness amongst stakeholders on how to contribute to the elimination of child labour and support child rights through the development of decent work for youth.

 Create (in line with the guideline) a comprehensive training programme ensuring the protection of young workers in the mining industry and emphasise the minimum age to engage in any work in the mining industry and how to implement age verification.

### Facilitate children's access to quality education.

- Strengthen and facilitate access to education through in-factory programmes, such as regular and long-term scholarships, educational funds, factory-based after-school courses or homework tutoring.
- Use leverage with the government to ensure children of migrant workers have access to quality compulsory education.
- Strengthen and facilitate children in the community to have access to quality education through regular and long-term scholarships, educational funds, child benefits/incentives, community-based after-school courses or homework tutoring.
- Facilitate youth in rural areas access to technical training opportunities.
- Investment in ASM communities should focus on improving access to education and reducing school fees.
- Facilitate access to technical training opportunities for youth in mining communities.

Provide or improve access to quality and affordable childcare for children in the supply chain.

- Improve access to quality, affordable childcare for workers'
  children. When affordable and
  quality childcare options are
  limited in the neighbourhoods
  surrounding the manufacturing
  facilities, buyers, factories and
  industrial parks, with the support of CSOs and government
  institutes, could work together
  to establish factory-based or
  industrial park-based day-care
  facilities for factory workers
  who have pre-schoolers.
- On farms with a high number of hired labour, especially migrant workers, create and pilot Child Friendly Spaces (CFS) or after-school centres where the childcare or after-school demand is urgent.
- For ASM, where young mothers are often heavily involved in mining activities, provide community childcare for infants and toddlers to deter workers from taking their children with them onto work sites.
- For communities close to mining sites, set up after-school centres for children to deter them from venturing onto the mines and to increase their access to education.

Facilitate access to social security/ health care for workers and their children.

- Strengthen workers' access to social security/healthcare, incl. those of temporary/migrant workers.
- Strengthen and facilitate workers and their children's access to basic healthcare, incl. those of seasonal/migrant workers.
- Strive to prevent negative environmental impact of business activities on children in the operating communities, ensuring the community has access to medical care for the specific illness caused by business operations.
- Strive to prevent negative environmental impact of business activities on children in the operating communities, ensuring the community has access to medical care for the specific illness caused by business operations.

Proactively engage in community activities to tackle other root causes of child labour (e.g. poverty, infrastructure)

- Consider and support factory workers in the community context e.g. support for migrant worker communities who live in makeshift housing, family-friendly activities that also benefit workers with migration backgrounds or community investments in surrounding communities that increase workers' overall well-being.
- Invest in community operations to improve the infrastructure (e.g. roads, electric grid) and living conditions of smallholders/workers (e.g. access to safe drinking water, WASH)
- LSM investments in ASM communities to improve the living conditions (e.g. infrastructure) should not only be considered a philanthropic contribution but to be expected as part of a human rights due diligence process.

### 5.3 Ensure Child Rights-Centred Remediation Systems

Child rights-centred remediation systems often just exist on paper, if at all. Since child rights risks appear in all observed sectors, on different levels, companies must set up a child rights-centred remediation system. Business partners and smallholders should be engaged in child labour remediation programmes.

General Approach	What it Means in Manufacturing	What it Means in Agriculture	What it Means in Mining
Set up a child rights-centred re- mediation system.	<ul> <li>Ensure the suppliers and their factories have a child labour remediation procedure, that could guide their actions after the identification of child labour.</li> <li>The child labour remediation mechanism should be childrights based, preferably with support from external CSOs/child rights organisations and ensure the protection of the concerned children and families. The cases should be timely and appropriately referred to and remediated, with the best interest of the children as a key determining factor.</li> </ul>	<ul> <li>Set up a child rights-based child labour remediation mechanism in commodities where under-age children are widely employed (such as hazelnut, rose, pepper, and coffee).</li> <li>Ensure all tiers in the supply chain have a child labour remediation procedure that could guide their actions after the identification of child labour.</li> <li>The child labour remediation mechanism should be childrights based, preferably with support from external CSOs/child rights organisations and ensure the protection of the concerned children and families. The cases should be timely and appropriately referred to and remediated, with the best interest of the children as a key determining factor.</li> </ul>	<ul> <li>Set up a functional child labour remediation system as part of ASM formalisation efforts.</li> <li>The child labour remediation system should be child-rights based, preferably with support from external CSOs/child right organisations. It must ensure the protection of the concerned children and families and the cases should be timely and appropriately referred to and remediated, with the best interest of the children as a key determining factor.</li> <li>Ensure all tiers in the supply chain have a child labour remediation procedure, that could guide their actions after the identification of child labour.</li> </ul>
Positive engagement instead of disengagement.	<ul> <li>Positively engage the concerned business partners with child labour remediation programmes and child labour prevention solutions.</li> <li>Disengagement should be considered a last resort when business partners refuse to cooperate and implement any corrective actions.</li> </ul>	<ul> <li>Positively engage the concerned business partners/smallholders with child labour remediation programmes and child labour prevention solutions.</li> <li>Disengagement should be considered a last resort when business partners refuse to cooperate and implement any corrective actions.</li> <li>Engagement with smallholders on remediation should focus on understanding the causes of child labour and have a targeted remediation plan for the individual or community.</li> </ul>	<ul> <li>Positively engage the concerned business partners with child labour remediation programmes and child labour prevention solutions.</li> <li>Disengagement should be considered a last resort when business partners refuse to cooperate and implement any corrective actions.</li> </ul>

The Centre has just introduced new **Due Diligence Principles for Child Labour Remediation**, providing a clear and practical framework for companies to take action on child labour in their supply chains. By following these guide-

lines, companies can play an essential role in remediating child labour issues in their supply chains. Please see Appendix 6.1 for the full text for the principles and explanations.

### 6. Appendices

### 6.1 The Centre's Due Diligence Principles for Child Labour Remediation

Every company has the responsibility to both prevent and remediate child labour. These Due Diligence Principles For Child Labour Remediation<sup>24</sup> provide high level guidance for businesses to drive practical action covering responsibilities to deliver child labour remediation in supply chains.

The Principles aim to drive child labour due diligence which results in sustainable outcomes and puts the rights of the child at the centre of remediation approaches.

### The Rights of The Child

1.

The rights of the child are always prioritised over commercial or other interests.

### The Responsibility of Companies

- 2. Establish a comprehensive child labour policy.
- 3. Establish multi-tiered supply chain monitoring capacity in all sourcing countries.
- 4. Ensure monitoring programmes are adapted to supply chain risks and structures.
- 5. Prevent and mitigate business practices that directly or indirectly increase the risk of child labour.
- 6. Establish a remediation mechanism that ensures access to appropriate remedy for victims of child labour.

#### **Key Elements of Child Labour Remediation Management**

- **7.** Remediation responds to the needs of the child.
- **8.** Remediation responds to the scale and severity of each case.
- **9.** Child labour cases are remediated with professional support from independent child rights experts.
- 10. Access to adequate remedy is provided to ensure appropriate support for each case.

#### **Links to Government Structures**

11.

Where functioning government structures are available, companies shall support and build on these.

<sup>24</sup> The full text of The Centre's Due Diligence Principles for Child Labour Remediation: <u>Due Diligence Template\_FINAL.pdf (childrights-business.org)</u>

### **6.2 Table A1: Child Rights Assessments Included in the Report**

Industry	Assessment Name	Product/ Commodity	Country	Year	
	Child Rights and Homeworkers in Textile and Handicraft Supply Chains in Asia	Textile and Handicraft	Multiple in Asia	2019	
	Child Rights Rapid Assessment: Readymade Garment Industry Supply Chain in India	Garment	India	2020	
ring	Assessment Report on the Situation of Child Rights in Ethiopia's Garment Manufacturing Industry	Garment	Ethiopia	2021	
Manufacturing	Child Rights Risk Assessment of the Textile and Apparel Sector Supply Chain in Sri Lanka	Garment	Sri Lanka	2021	
Manı	Social Needs Assessment of Toy Supply Chain in India	Toy	India	2022	
	Child Rights Risk Assessment of Cocoa Communities in South Sulawesi, Indonesia	Cocoa	Indonesia	2019	
	Child Rights Risks Assessment in Rattan Supply Chains in Vietnam	Rattan	Vietnam	2019	
	Child Rights Risks Assessment in Rattan Supply Chains in Indonesia	Rattan	Indonesia	2019	
	Child Rights Risks Assessment in Seagrass Supply Chains in Vietnam	Seagrass	Vietnam	2019	
	Child Rights Risk Assessment: Tea Industry Supply Chain in Sri Lanka	Tea	Sri Lanka	2019	
	Child Rights Risks and Worker Needs Assessment in the Homework Setting (Seagrass and Water Hyacinth)	Seagrass, Water Hyacinth	Vietnam	2019	
	Child Rights Risk Assessment in Hazelnut Supply Chains in Turkey	Hazelnut	Turkey	2020	
	Child Labour Risk Assessment in Rose Petal Harvesting in Turkey	Rose	Turkey	2021	
	Child Labour Risk Assessment of the Vietnam Black Pepper Supply Chain	Black Pepper	Vietnam	2021	
	Child Labour Risk Assessment of the Vietnam Coffee Supply Chain	Coffee	Vietnam	2021	
	Child Labour Risk Assessment in Cassava Supply Chain in Brazil	Cassava	Brazil	2022	
Agriculture	Human Rights and Child Labour Risk Assessment in Cocoa Farming in Indonesia	Cocoa	Indonesia	2022	
Agric	Children's Rights in the Palm Oil Supply Chain in Indonesia	Palm oil	Indonesia	2022	
0.0	Opportunities for Businesses to Promote Child Rights in Cobalt Artisanal and Small-Scale Mining	Cobalt	DRC	2021	
Mining	Human Rights Risk Assessment In Bluestone Supply Chain in Vietnam	Natural stone	Vietnam	2022	
	Total				

542 39	0	39	Yes	Save the Children
39		)		
	•		No	UNICEF
58	0	)	No	Save the Children
150	2	225	Yes	Save the Children
189	0	)	No	Private corporation
49	5	59	No	Private corporation
18	7	7	No	Private corporation
29	6	52	No	Private corporation
16	1	19	No	Private corporation
566	5	552	Yes	Save the Children
49	2	24	No	Private corporation
29	1	L43	No	Private corporation
79	1	105	No	Private corporation
196	7	74	No	Consortium of private corporations
183	1	150	No	Private corporation
43	3	31	No	Private corporation
250	0	)	No	Private corporation
22	3	31	No	Private corporation
207	2	209	Yes	Save the Children
37	1	1.9	No	Consortium of private corporations
2751	. 1	1799		

## 6.3 Table A2: Child Labour Risks in the Rest of the Assessments (Complementary to Table 1)

Vietnam 2019: Water hyacinth (homework)

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# Ethiopia 2021: Garment Child labour was not identified as a key risk area. However, considering the current recruitment practices, the risk of child labour could arise during peak season, during times of labour shortage or when urgent orders have to be met. Workers were not interviewed or asked about their ages. Only workers' ID cards and passports were checked. Workers could borrow ID cards from other people or provide a falsified ID.

## Children as young as 4 to 5 started to help with simple tasks; some older children were given a daily production quota by their parents and had to work in the evenings, occasionally until midnight when there were many orders. As such, we could observe that some children worked long hours, which is likely

to cause harm and potentially result in early school dropout.

## Younger children under the age of 15 were normally not involved in the rattan harvesting process as the harvesting spots are far from home and work is heavy. However, children sometimes helped their parents with harvesting during the summer holidays when they were free.

#### Indonesia 2022: Cocoa

#### Indonesia 2022: Palm Oil

Vietnam 2019: Rattan

18% of the parent farmers said their children under the age of 18 helped them with informal and unpaid farm work, and 59% of those started to do so before they reached the age of 13. This is classified as child labour under ILO standards and Indonesian labour laws regardless of the hours they work per day.

Child labour risks were identified during the assessment. The risks mostly did not stem from children being formally employed but resulted from children engaging in palm oil work with their families. Children were more likely to help their parents on the plantation during high crop seasons. Children usually picked up loose fruits from the ground, pushed trolleys, and moved leaves or emptied fruit bunches.

## \griculture

### 6.4 Table A3: Risks of Informal Work (Complementary to Table 2)

# Manufacturing

	Toy 2022: India	Ethiopia 2021: Garment
,	There is a grey area of informal work: 80% of the surveyed workers were contract-based hires through outsourcing companies and undertook core production activities all year long (contradicting local law), a situation that increases the risk of labour exploitation. These risks were exacerbated by the fact that the temporary status affected the welfare situation of contract-based workers in terms of bonuses, gratuity, maternity benefits, and other social benefits and at the same time sent an atrocious message that workers are disposable.	No data
	Vietnam 2019: Seagrass and Water hyacinth (homework)	Vietnam 2019: Rattan
	The informal nature of work made it easy for children to participate in their parents' work. Even though the tasks were not hazardous, the prolonged hours of work were not suitable for children and posed a risk to their health.	Even though the risk of children participating in rattan harvesting was found to not be high, there is still a lack of prevention and remediation mechanism in rattan-growing communities.
	Indonesia 2019: Cocoa	Sri-Lanka 2019: Tea
	Like in other agricultural settings, children informally worked on family farms and reported having a low health status and high safety concerns.	The overall informality of parents' work leads to a very widespread lack of employer-based insurance coverage. The majority of parents and children were not covered by any insurance. Most parents (71.7%) paid for their medical expenses out of pocket.
	Turkey 2020: Hazelnut	Vietnam 2021: Coffee
	Labour intermediaries informally manage workers employed at the hazelnut gardens. Regulation on labour intermediaries requires all intermediaries to obtain their work permits and register with the Turkish Labour Institution. In practice, however, only a small number of intermediaries were registered. This informal nature of work allows the widespread use of child labour in hazelnut harvesting.	The informal nature of work makes it easy for children to participate in farm work. 37.5% of children in surveyed households informally engaged in families' coffee production, and nine of them also worked as hired labourers in coffee production. Compared to pepper, coffee production is less hazardous, and children are more likely to participate in coffee harvest than pepper. Even though the tasks are not hazardous,
		prolonged hours of work are not suited for children and can pose a risk to their health.
	Turkey 2021: Rose	prolonged hours of work are not suited for children and can
ı	Turkey 2021: Rose  No contracts were signed between labour intermediaries and workers, or between farm owners and labour intermediaries. During and after the recruitment process, none of the farm owners kept seasonal migrant workers' records, nor did they know the workers' names. All aspects related to worker management were handled by labour intermediaries together with the village head and police, who kept copies of workers' IDs. As workers travelled with their children and get paid per weight of the rose they harvested, it was very common for children to help their parents with work even though they were not officially employed.	prolonged hours of work are not suited for children and can pose a risk to their health.
•	No contracts were signed between labour intermediaries and workers, or between farm owners and labour intermediaries. During and after the recruitment process, none of the farm owners kept seasonal migrant workers' records, nor did they know the workers' names. All aspects related to worker management were handled by labour intermediaries together with the village head and police, who kept copies of workers' IDs. As workers travelled with their children and get paid per weight of the rose they harvested, it was very common for children to help their parents with work even though they were not	prolonged hours of work are not suited for children and can pose a risk to their health.  Indonesia 2022: Cocoa  The informality of labour and business relationships and the apparent lack of grievance mechanisms in the supply chain (farms, buying stations/units and suppliers' warehouses) may still pose some risks such as underpayment, delay of payment and unaddressed grievances. This may create some risks relat-

## 6.5 Table A4: Lack of Decent Work Opportunities for Young Workers (Complementary to Table 3)

Multiple countries in Asia 2019: Home-based artisanal work	India 2022: Toy
There are potential opportunities for young workers to engage in artisanal work at their own homes with proper training on health and safety as well as a regular monitoring programme. However, outside their homes, engaging in artisanal work in home-based or small workshop settings has a very high risk of exploitation and does not provide decent employment opportunities for young workers.	Similar to the garment sector in India, assessed tier 1 and 2 factories had set the minimum age of recruitment to 18 years old, thus denying young workers access to decent employment opportunities. Lack of access to decent job opportunities can drive youth into informal sectors with weaker protection.
Vietnam 2019: Seagrass and Water Hyacinth (Homework)	Vietnam 2019: Rattan
In rural communities that grow seagrass and water hyacinth in Vietnam, children of poor(er) households have a higher tendency to drop out from school from Grade 9 (15 years old; some even drop out earlier). As there are hardly any job opportunities for the youth in their villages, most of them go to bigger cities/other provinces to work, but because of their low educational level, they are more likely to work in the informal sector with no or less social protection.	Similar to other rural communities growing seagrass and water hyacinth, there are few job opportunities in the villages for young workers. Young workers mostly have the option of either working in rattan or migrating to cities in search of jobs.
Indonesia 2019: Rattan	Sri-Lanka 2019: Tea
Similar to other rural communities, there are few job opportunities in the villages for young workers other than engaging in hazardous work in rattan processing factories. High-school graduates who are 17 years old work in rattan processing factories while waiting for better opportunities to come up.	No data
Turkey 2020: Hazelnut	Vietnam 2021: Coffee
Currently, there are no decent employment opportunities in agriculture for migrant children aged 15-17 years old. Agriculture is considered hazardous work in Turkey for children of seasonal migrant workers. However, it is currently extremely common for children to work on farms as many children travel with their parents. If the young migrant workers do not work on the farms, there are very limited work opportunities for them in the rural communities they travel to.	Similar to other rural communities growing seagrass and water hyacinth, there are few job opportunities in the villages for young workers. Young workers mostly have the option of either working in coffee or migrating to cities in search of jobs.
Turkey 2021: Rose	Indonesia 2022: Cocoa
Currently, there are no decent employment opportunities in agriculture for migrant children aged 15-17 years old. Agriculture is considered hazardous work in Turkey for children of seasonal migrant workers. However, it is currently extremely common for children to work on farms as many children travel with their parents. If the young migrant workers do not work on the farms, there are very limited work opportunities for them in the rural communities they travel to.	No data
Indonesia 2022: Palm Oil	

Agriculture

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