Fund against Child Labour (FBK) Lessons Learned

Practical steps for due diligence and remediation by companies

Commissioned by Netherlands Enterprise Agency

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Introduction

The Netherlands upholds a policy that focuses on combating child labour worldwide. Several policy instruments are used to contribute to the elimination of child labour by 2025, as part of the Sustainable Development Goals (SDGs).

The Fund against Child Labour (FBK) is one of these instruments. The Netherlands Enterprise Agency (RVO) has run the FBK on behalf of the Dutch Minister for Foreign Trade and Development Cooperation since 2017.

FBK supports Dutch companies and their local partners in:
- carrying out research on the root causes of child labour within their supply chain;
- taking measures to prevent and combat child labour locally;
- taking internal measures to integrate the prevention and elimination of child labour into their own businesses.

Since its start in 2017, FBK has awarded grants to 26 projects in different sectors and countries. Besides financial support, FBK also assists in knowledge building and sharing by providing expertise and organising knowledge sessions to collectively learn about the best practices to combat child labour. FBK stimulates cooperation between companies, NGOs, local suppliers, governments and other stakeholders, as we believe that a multi-stakeholder approach is essential to make a lasting difference.

We are proud of the frontrunner companies and happy to share the lessons learned from their projects in this booklet. With their examples, we hope to motivate others to step up their efforts in pursuing the elimination of child labour.

The International Meeting 'Taking next steps to end child labour in global supply chains' on 27 & 28 January 2020 is an excellent opportunity to share these examples and to show successes that companies and their stakeholders have achieved.

Is your company interested and motivated to take the next steps? Please take a look at our website to find out about the funding opportunities to combat child labour in your global supply chain. See: www.rvo.nl/fbk
Ending child labour, how do we get there?

The problem
Child labour is a complex problem that is still present in many countries and sectors in which Dutch companies operate. Companies face a high risk of unintentionally contributing to child labour due to a lack of in-depth knowledge about issues beyond the first tier of their supply chain. Addressing child labour can be difficult for companies because of long-term costs and risk of reputational damage.

The solution
The Fund Against Child Labour (FBK) facilitates Dutch companies and their partners to take responsibility in addressing child labour issues in their supply chain. The goal of FBK is to help eliminate child labour by 2025.

1. **Activities (FBK)**
   - Raising awareness
     - FBK informs companies and other stakeholders on child labour issues within their supply chains.
   - Creating a safe environment
     - FBK exchanges information on child labour issues with companies, within a safe environment.
   - Building partnerships
     - FBK stimulates companies to create partnerships with NGOs and local partners.
   - Funding projects
     - FBK awards grants for impact assessments, due diligence and the implementation of local projects (with a duration of 4 years).

2. **Output**
   - Knowledge sharing
     - Companies, NGOs, and other stakeholders share their experiences and lessons learned.
   - Transparent supply chain
     - More insight within supply chains helps identifying high-risk areas and potential child labour issues.
   - Insight into root causes
     - Understanding the root causes of the issue helps developing suitable mechanisms for effectively remediating child labour.
   - Due diligence (internal)
     - Assessing risks and taking preventive and remediation measures becomes part of the company’s strategy.
   - Local project (external)
     - Company and project partners implement projects addressing root causes of child labour locally. E.g. access to school, improved loans for parents.

3. **Outcome**
   - Taboo broken
     - Companies share their efforts to address child labour publicly, including problems and lessons learned without being afraid for reputational damage.
   - Locally embedded strategies
     - Strategies to address root causes of child labour are locally accepted and embedded for the long term.
   - Child labour decreased in supply chains, sectors, and companies funded by FBK
     - Factories within supply chains of Dutch companies have replaced all child workers by adults and children in the region go to school.

This initiative comprises the purpose of Sustainable Development Goal 8.7, which also states that immediate and effective measures must be taken to end all forms of child labour by 2025.
B. Due diligence steps

Due diligence is the process to identify, prevent, manage and account for negative impacts occurring in a company’s own operations or their value chain. In this publication, the due diligence focuses on child labour. The first part of this booklet discusses these steps of due diligence using some practical examples of companies who have been receiving support from the FBK.

Figure 2: Due diligence process according to the OECD due diligence guidance for responsible conduct
1. The commitment to combat child labour

It all starts with commitment. What can companies commit to?

1.1 International standards on child labour

The freedom from labour that is harmful for a child’s physical and moral development and interferes with schooling is a basic human right. The ILO (ILO Conventions 138 and 182) and UNICEF (International Convention on the Rights of the Child) are setting the standards.

What is expected of companies?

Since the UN Guiding Principles on Business and Human Rights\(^1\) (UNGPs) were approved, every company is expected to make a public commitment to respect internationally recognised human rights, which include the right to be free from child labour.

A specific policy commitment on child labour needs to consider relevant international standards. It also needs to clearly state the company’s expectations of its own staff and of its business partners.

**Important lessons: dos and don’ts**

- Respecting international standards means that these are valid irrespective of the country in which child labour is taking place. Only the age can be adapted to the local legislation, as long as it stays above the minimum of the ILO conventions (12 for light work, 14 for regular work and 18 for hazardous work).
- The commitment should also express what the company itself will do to identify, assess and address child labour, not only what is expected of its suppliers.
- Expressing the commitment also means ensuring that all relevant managers and employees in the company, as well as suppliers, are aware of the commitment and its meaning (this can include training, even of suppliers).
- What should be avoided in a policy commitment is using phrases as ‘zero tolerance’ of child labour and threatening to terminate the relationship with suppliers where child labour is encountered. This will not create a relationship where child labour can be openly discussed. Rather, look for collaboration with suppliers to find solutions that are in the best interests of the children.

\(^1\) Child Labour Guidance, IOE-ILO, 2015
\(^2\) These principles are describing due diligence and will be further explained below
WE Fashion – Separate policy on child labour
WE Fashion defines child labourers as children below the minimum age of completion of compulsory schooling as defined by law, which shall not be less than 15 years, unless the exceptions recognised by the ILO apply. Furthermore, WE Fashion defines young workers as workers above the minimum age of completion of compulsory schooling as defined by law (unless the exceptions recognized by the ILO apply), but below the age of 18.
Despite the difficult nature of the problem, WE is committed to playing a positive role in helping society to eliminate all forms of child labour, which is why WE is also collaborating with others, including suppliers, factories, industry organisations, public interest groups and governments to address abuses that may exist in labour markets linked to their global supply chain. WE Fashion cannot solve this problem alone, but by working with others, it can help to make a difference.

Philips – Separate policy on child labour
The child labour policy of Philips specifies to suppliers what is expected in case child labour is taking place:

**A stop to underage Hiring:**
Supplier is expected to immediately stop hiring children. In this regard, it is important to improve age verification mechanisms.

**Removing children from tasks where the risks from Hazards are high:**
Supplier is expected to immediately reduce the risk from hazards by improving workplace safety and health.
Remove adolescents from tasks and environments that are deemed hazardous for adolescents but not for adults (i.e. heavy loads, night work, heavy machinery).
These actions need to take place on a structural level rather than as incidental actions and need to be monitored as such.

**Reducing Hours to the legal level:**
Supplier is expected to be well informed on local law, as well as the age for completing compulsory education. Where hours are to be reduced, Philips expects Supplier not to reduce the income, as this would harm the interests of the child. Supplier is to investigate alternatives, such as hiring a family member – siblings or parents – or increasing the wages of the parent if he or she also works for him. Furthermore, Supplier is expected to offer the child a job the moment a child has reached the legal working age.

**Supporting Education:**
Philips expects Supplier to transfer the children to school and pay for their education until they reach the legal working age.

**Child labour found in an audit:**
Should a case of child labour be identified during an audit, Philips expects Supplier to act in accordance with the guidelines as set out in this Chapter, in consultation with Philips. In addition, Philips and Supplier will agree to a time period within which the supplier will comply with the ILO norm.
2. Risk analysis and impact assessment

Understanding child labour

2.1 Risk analysis: how to identify child labour?

Why a risk analysis?
1 **To be proactive.** A company needs to know whether there is child labour in its operations or supply chain. A proactive approach will enable the company to identify its risks before others (e.g. media or NGOs) point this out.

2 **To be consistent.** Depending on the sector and the types of supply chain, it might not be easy to identify child labour. Supply chain transparency can be difficult and complex to achieve. However, a company cannot make a serious public commitment to prevent child labour, without knowing and understanding the risks in its supply chain.

3 **To prioritise.** Although the company is expected to prevent child labour in all its supply chains, it must start somewhere. The expectation is that companies start where the risks are highest. To determine this, a risk analysis must be conducted first.

**Most important questions**
1 Which products and sectors that the company is involved in have the highest risks of child labour?
2 Where in the supply chain is the risk of child labour highest (country, location, tier)?
3 Where are the risks most severe (in terms of scale, scope and irremediability) and where does the company have the most leverage?

It is important to draw on the knowledge of experts on child labour in this risk analysis. A more elaborate risk analysis guideline can be found in the annex.

**Tools and sources to use**
Tools and sources to use to do an initial or follow-up risk analysis on child labour include:

- **The ILAB list:** The Office of Child Labor, Forced Labor, and Human Trafficking (OCFT) in the Bureau of International Labour Affairs (ILAB) at the U.S. Department of Labor (USDOL) produced the Sweat and Toil app, which indicates which products and countries have the highest risk of child labour.
- **The CSR risk check** allows you to search by country and product.
- **The Children’s rights Atlas** is a tool developed by UNICEF and Verisk, which identifies risks by sector and country, beyond child labour.
- **ILO-IPEC** provides information on child labour impacts on a sectoral basis and some country dashboards also have information about child labour impacts.

**Important lessons: dos and don’ts**
Identifying child labour risks is difficult when the supply chain is not known and not transparent. Companies supported by FBK have tried to increase transparency and run into obstacles such as:

- **Competition:** suppliers do not want their customers to know who they source from.
- **Non-cooperative suppliers:** Suppliers are afraid to lose business when they admit that child labour is linked to their products and are therefore not cooperative.
- **Sensitivity of the topic:** Child labour has a negative connotation and is a difficult subject to openly discuss with suppliers and other stakeholders.

This has led to some important lessons for future risk analyses:

- Changing the narrative with suppliers and talking more about child rights, community empowerment and education, instead of child labour, makes the topic easier to discuss.
- Assure suppliers that there are no consequences for the business as long as they cooperate.
- In case a company has many different supply chains, it is important to prioritise risks based on severity and leverage.

Known risks
Every four years, the ILO estimates the status of child labour globally. In the latest estimate (2012-2016), 152 million children are reported to be child labourers. Almost half (48%) of these children are between 5 and 11 years old. Relatively speaking, the risks are highest in Africa, but Asia has the highest absolute number of child labourers. Most children (70%) are working in agriculture.

More figures can be found in the ILO report *Global Estimates of Child Labour: Results and Trends, 2012 - 2016*. In 2021, a new report is expected to be published.
On any given day in 2016 children aged 5-17 years

METRICS
- 152 million were in child labour
- Of which, 73 million were in hazardous work

REGIONAL PREVALENCE OF CHILD LABOUR
- Africa 19.6%
- Americas 5.3%
- Arab States 2.9%
- Asia and the Pacific 7.4%
- Europe and Central Asia 4.1%

OF THE 152 MILLION CHILDREN IN CHILD LABOUR

AGE PROFILE
- 5-11 years-olds 48%
- 12-14 years-olds 28%
- 15-17 years-olds 24%

GENDER
- Boys 58%
- Girls 42%

ECONOMIC ACTIVITY
- Agriculture 70.9%
- Industry 11.9%
- Services 17.2%

Figure 4: ILO global estimates of child labour 2012-2016
ADMC Group – Risk analysis
The American, African, Arabian, Asian, Dutch Medical Centre (ADMC) group started as an initiative of the Dutch Ministry of Economic affairs in 1999. The group provides a holistic and multidisciplinary healthcare concept and provides medical and psychosocial support to vulnerable people with a clear focus on integration, reintegration and rehabilitation of vulnerable people in social and economic life. ADMC wanted to look into its support office in Egypt, as child labour is still a major problem there, and conducted a risk analysis. They started by mapping out each product/service the company is involved in, including all first-tier suppliers. They looked at the medical devices they are using, at services they are using, and at the furnishing of the centres. Per product or service, they analysed how many suppliers they have and in which part of the supply chain the risk was highest in combination with where they might have the most leverage. To determine the risk, they assessed the severity (looking at scale, scope (likelihood) and irremediability) using existing knowledge both from literature and their own experience. They used the RVO tool and consulted experts provided by the RVO. They decided to start doing an impact assessment in three supply chains: the steel-based medical devices produced locally, the wood-based medical devices and the quarries where the marble for the rehabilitation centres comes from.

Muta Sport – Risk analysis
Muta sport sources its garments from Pakistan, among other countries, where they have set up a joint venture. Pakistan is known as a country with a high risk of child labour. They source from Sialkot, an area with significant textile and football production. Years ago, it became known that the World Cup footballs produced in this area were produced with child labour further down in the supply chains.

2.2 Impact assessment: identifying and understanding child labour related to supply chains

Why an impact assessment?
When there is a risk of child labour, the next step is to understand the actual impact. How is the company linked to child labour and what actions are needed to mitigate the risks of child labour? The impact assessment gives a company more information on the size and nature of the problem. This is needed to develop potential solutions.

As an impact assessment is a deep dive in a selected area, resource constraints can make it impossible to cover all of a company’s business activities and value chains. A company can prioritise certain parts of its activities or value chain in a legitimate way. Therefore, a good risk analysis prior to the impact assessment is essential. This helps the company to prioritise based on the severity of the impact (scale, scope and irremediability).

Important research questions
FAO provides six ‘must-know’ criteria and two ‘must-know’ background information criteria that must be included in any child labour impact assessment:

<table>
<thead>
<tr>
<th>Must-know criteria:</th>
<th>Must-know background information:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Age of the child;</td>
<td>1. Sex of the child;</td>
</tr>
<tr>
<td>2. Working tasks of children;</td>
<td>2. Household characteristics and background of child/family (e.g. caste background, single parent).</td>
</tr>
<tr>
<td>3. Working hours per week/day;</td>
<td></td>
</tr>
<tr>
<td>4. Hazards associated with the tasks;</td>
<td></td>
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<tr>
<td>5. Impact of the child’s work on their health;</td>
<td></td>
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<tr>
<td>6. Impact of the child’s work on their education.</td>
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</tbody>
</table>

Other important questions include:
- What is the social and economic profile of the location (demographic details, including number of children, school attendance, literacy rate, other local economic activities beyond the supply chain)?
- What is the profile of the part of the supply chain, the economic activities, that you are looking at? What type of businesses, value chain, type of work?
- What is the nature of the working conditions related to the work (health and safety risks, wages, unions present)?
- What is the workforce composition (categories of workers, gender composition, age composition, migrants)?
- What is the involvement of children in the work as far as this can be observed or is reported by stakeholders (see criteria above)?
- What is the state of the access to education (including school attendance, quality of education, costs of education, presence of schools) beyond government data?
- What is the role of local government in the area/are they active, present, enforcing child labour laws, etc.?
- Household characteristics of sample villages (including number and age of children, school-going, non-school-going and irregularly school-going children).
- What are the main reasons for school absenteeism?
- What is the situation of migrant children?
- What is the nature of the work children are doing in sample villages (economic activities, hired or family work)?
- What is the social and economic situation of the families of working children?
- What are the root causes of child labour and school drop-outs?
- Who are important stakeholders that need to be involved?

3 FAO Handbook on Child Labour Monitoring and Evaluation in agriculture, 2015
Another important question to assess is:

• To what extent do the purchasing practices of my company or those of my suppliers cause, contribute to or relate to child labour? For further explanation, see Chapter 6 the role of business in remediation.

Important stakeholders to involve

**Internal stakeholders** (suggestions, not an exhaustive list):

• Board members
• Procurement staff
• Community relations staff/local staff
• Legal department/compliance
• Product design and management
• Communication

**External stakeholders** (suggestions, not an exhaustive list):

• Suppliers
• Parents
• Children themselves
• Community leaders
• Teachers/schools
• Local or national government
• Religious leaders
• Trade unions/labour groups
• Local CSOs, NGOs

To fully understand the impacts in question, engaging with stakeholders, their representatives or credible proxies, is key. One of the first steps for an impact assessment is therefore mapping the external stakeholders at the local level.

**Fairphone – Involving local stakeholders**

Fairphone and Philips work together with HIVOS/Stop Child Labour, UNICEF, Solidaridad and Fairtrade Foundations to assess the child labour situation on the ground and devise sustainable solutions at three artisanal, small-scale (ASM) mining sites in eastern Uganda. To assess the degree of child labour, they performed a scoping study and a household mapping in the project area. Solidaridad carried out the scoping study in ASM gold mines, which resulted in the signing of cooperation agreements with 3 local mining organisations. HIVOS/Stop Child Labour carried out a household mapping with its local partner that included 786 households, with 2,629 children. Of these children, 334 were not attending school and 270 were reported as working, of which 30% were working in mining-related activities. While carrying out these studies, they faced a lot of mistrust from parents and ASM miners alike, who were initially sceptical about the purpose of the data collected, as well as the objectives of the project. To overcome these doubts, the project depended on local organisations with long-term relationships with the different stakeholders, a patient focus on raising awareness and a longer-term perspective.
Tools and sources to use
An impact assessment requires expertise and local knowledge, so companies usually work with international and local experts or NGOs.

Here are some examples of tools and manuals:
- ILO-IPEC Child Labour Monitoring Guidelines

FBK will develop a separate overview of NGOs and experts to consult for an impact assessment.

**Sympany - Baseline study to assess child labour in the forgotten link of the textile value chain**

Sympany trades post-consumer textile from citizens in The Netherlands, of which approx. 30% is non-rewearable textile that is traded to Eastern Europe and further. However, its retail chain is not completely transparent, and Sympany started this project to be able to ensure that no child labour is part of its retail chain. It was likely that part of the waste textile landfills in Panipat, India are part of its retail chain, but Sympany had no proof of this. It is known that children are involved in the labour force in Panipat, and are as such part of the textile value chain for whom no one takes responsibility. Together with Sympany’s partner organisation Humana People to People India (HPPI), Sympany undertook a baseline study.

The aim of the survey was to identify the number of child labourers and to identify the number of children dropped out of school as well as the number of children between the ages of 5-18 who are currently enrolled and attending formal school and their living conditions. This survey helped them to identify problem areas and to determine the feasibility of implementing the Child Labour Free Zone project. Among the 10,000 people surveyed, 4,148 were children between the ages of 5-18, 327 of these children had never attended any school and 244 were drop outs, so the project concerns 571 children with no access to education. Only a small number of them were actually working in the textile value chain. 59% of these children work as unpaid helpers in family businesses and 41% are employed as daily wagers, domestic helpers or self-employed sellers or tailors. Root causes for child labour were the need to supplement family income, the inability to pay school fees, helping to pay off family debts, no access to schools as migrants without ID, lack of interest in study/schooling and lack of formal educational facilities/schools available in the area. This information provided a good basis to develop a Child Labour Free Zone.

**Important lessons: dos and don’ts**

- Site visits should always be part of an impact assessment.
- Assessments and monitoring of child labour risks should be conducted regularly.
- Collaborate with experts, other companies and/or stakeholders in the supply chain to gather information to assess the actual state of child labour and its root causes (think of local authorities, community-level child monitoring programmes and other relevant stakeholders on the ground).
- Stay informed of reports on child labour and assessments conducted by local and international NGOs, local media and government agencies, and investigate credible allegations of child labour reported.
- Ensure awareness raising is part of the impact assessment. The impact assessment can already be part of the solution when local stakeholders learn to understand the problem of child labour.
- Work with the supplier to find a solution. Put the best interests of the child at the centre.
- Assessments may stand alone or be part of a broader human rights impact assessment.
- Assessments should be done regularly, as risks change over time.
- People who monitor should be enabled/have enough resources to conduct their work thoroughly.

- Don’t put anyone at risk, always map the risks for employees, informants and children first.
- Don’t exert too much pressure on your business partner/project partner/suppliers, give them a chance to develop a sustainable plan.
- Don’t make the situation worse for the child. If child labour is detected, carefully consider all the effects of your actions when managing the situation. An entire family may depend on the child’s salary.
- Do not rely on reports of external auditors only.
- Do not work only with a check list or with a focus on compliance, but work together. Often the burden of costs are for the supplier, instead of the buyer.
3. Integration in the company

Preventing and addressing child labour: how to engage and involve the company and the supply chain in combating child labour

3.1 Measures to embed and integrate in the company

Who needs to be involved?
Once the company has identified how they may be involved in the impact on child labour, they need to decide on their role and how to manage and mitigate the impact. Effective mitigation of child labour requires companies to take an active role. It is important that companies engage internal stakeholders and take measures to integrate the prevention and elimination of child labour into their business operations.

Internal stakeholders
A first step is to identify the most important internal stakeholders to engage. These are the employees whose decisions or actions can have an effect on the occurrence of child labour. As mentioned under 2.2, depending on the company, this may involve the Board, procurement, legal/compliance departments, local staff, etc.

Possible effective measures
The list below contains several measures that companies can take to prevent or mitigate child labour:

- Integration into enterprise risk management: integration of the identified child labour risks into the broader enterprise risk management systems, including in the purchasing department.
- Incentives and performance management: developing an incentive and performance scheme related to its performance on child rights.
- Training: developing and providing training for all relevant managers and employees (including procurement) on child labour policy commitment(s) and implementation (what to do when child labour is identified).
- Complaints/Grievance channels/mechanisms to address alleged child rights violations: establishing grievance mechanisms to address child rights issues that are accessible to all workers in the supply chain (children and their families) and/or supporting suppliers in establishing a channel to address alleged child rights violations.
- Living wage: taking steps to understand what constitutes an adequate living wage in the country/countries of operation, or at least a wage that makes it possible for a parent to afford education of its dependent children⁴.
- Embedding respect for international standards and national laws and regulations in internal documents, such as business principles, suppliers code of conducts or contracts.

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Herbs and spices supply chains - Due diligence child labour

Three companies in the spices sector worked together to identify child labour risks in selected supply chains of cardamom in Guatemala, curcuma in India and cumin in Turkey. The companies also assessed their management systems to identify useful measures. One lesson learned that they shared is that they did not find it logical and desirable to only pay attention to eradicating child labour in their supply chains, as child labour is only one of the many points of attention in their Responsible Business policies. Therefore, this assessment more broadly assessed due diligence management systems. Based on the lessons learned from this project, a child labour tool kit was developed and made available to other KNVS (Dutch sector organisation for spices) members and other interested parties. One of the measures suggested was to make clear to existing suppliers that if child labour in supply chains is encountered, a plan to phase this out should be developed in cooperation with the company. They also suggested embedding such arrangements in the future Material Quality Management and including them in the Purchasing Conditions and purchase orders/contracts.

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Important lessons: dos and don’ts

Creating internal awareness and urgency

😊
- Involving and engaging the Board by organising exposure to child labour (such as by visiting suppliers).
- Clarifying the business case (costs and benefits).

😢
- Vague internal communication. For example, stating ‘no child labour’, without specifying what is meant.
- Communicating that child labour is not to be tolerated and business relationships will be broken off when child labour is identified.
- A passive approach: waiting for customers or NGOs to ask for child labour due diligence (consumers do not ask for it, but they are expecting it).

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⁴ https://wageindicator.org/salary/living-wage
Monitoring

- Developing internal KPIs for accountability and motivation.
- Continuous risk analyses and supply chain engagement (not a one-off action).
- Considering prevention and mitigation of child labour as a single short-term project. Continuous assessment is needed.

Engaging internal stakeholders

- Share responsibility with different departments (legal, procurement, compliance, communication, sustainability).
- Communicate about progress to keep internal stakeholders involved.
- Draft a policy and procedures to prevent child labour, clarifying what is expected.
- Child labour can be a good first step for a broader human rights agenda.

- If there is just a policy and no action, stakeholders will not be engaged.
- Avoid window dressing when there is no real commitment to combat child labour.

3.2 Measures to take towards suppliers

**Possible effective measures**

When business relationships are causing or contributing to child labour, a change of behaviour is required to prevent and mitigate child labour.

- Companies can take children’s rights performance into account in the identification and selection of potential business relationships. Buying companies should have a written contract with their suppliers to ensure that the entire supply chain is free from child labour, to facilitate that children are released from work and start going to school, and to observe and implement labour rights.
- Companies can make binding agreements with suppliers to ensure that they, in turn, make sure their suppliers and subcontractors meet the same standard. Such contracts should not only focus on child labour, but also review related issues, such as health and safety provisions, living wage or non-discrimination (see chapter on the Combined approach).
- Companies can provide or contribute to training programmes for suppliers in high-risk areas or high-risk supply chains.
- Companies can ensure that suppliers establish an appropriate, child-friendly age verification procedure.

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**O’Neill Europe - Due diligence**

The apparel company O’Neill Europe conducted a human rights due diligence scan to identify its risks and management processes developed and conducted by Schuttelaar & Partners. They chose to integrate child labour in the broader human rights due diligence process. They developed an internal manual for their due diligence cycle and started developing policies and procedures that needed to be strengthened. Part of this process was to build a database for tier 1, 2 and 3 suppliers and communicating publicly about their sustainable efforts for the first time in 2019 (Sustainability Report 2018). Although they have long-term relationships with the suppliers where they purchase their products, the database is still challenging to fill due to the complex apparel supply chain. After implementing the updated procedures, employees in the procurement department received training to encourage these suppliers to implement necessary improvements into their business operations. They have also requested feedback from their suppliers through the Better Buying Initiative. Building relationships and transparency in the supply chain will allow O’Neill Europe to better identify child labour risks in the future.

**ARTE – Engaging supplier**

For Arte, a granite kitchen top brand, combating child labour has become part of their business. They started a project in granite stone quarries in India and determined that child labour below the age of 15 years is not occurring in their granite supply chain. There are however many child labourers around the quarries. They work closely with their direct supplier to prevent child labour and establish CSR policies and management processes. Arte’s strong involvement as a client ensures that their supplier also takes an active role. Arte made a long-term commitment to establish a Child Labour Free Zone in the area, working with the Indian NGO MVF and Dutch NGO Arisa.

**Important lessons: dos and don’ts**

**Engaging suppliers**

- Foster transparency and trust and set conditions for an open dialogue (i.e. invest in long-term relations, avoid short-term orders, etc.).
- Take the cultural context into consideration when discussing child labour with your suppliers.
- Take the business interest of the supplier as a starting point.
- Embed child labour in a broader context.

- Avoid punishments (terminating contracts when child labour is found).

---

5 Action plan for companies to combat child labour, Stop Child Labour, 2012
Involving suppliers in remediation

- Give positive incentives for improved performance of suppliers.
- Involve local stakeholders, such as local NGOs and unions, and governments in finding solutions.
- Take the business interest of the supplier as a starting point.
- Build leverage; work together with other buyers.
- Transparency in supply chains is the key to many solutions.

Audits are not the only solution to improve supply chain performance.
Avoid quick fixes; focus on the root causes of child labour.

Challenges
- When companies do not have a direct business relationship with the suppliers where child labour occurs, and they have little leverage, companies feel less responsible.
- Few companies have a budget available for continuous assessments and engagements with suppliers.
- Coordination with other companies proves difficult, as there might be competition sensitivities.
- Coordination with local governments is key, but not always easy.
4. Monitoring of child labour

Tracking progress on eliminating child labour. How to know whether measures are effective?

4.1 What is the goal of monitoring?

Monitoring of child labour is the process of regularly checking the places where girls and boys may be working. The objective is to ensure that the children are not working (anymore) and young, legally employed children are safe from exploitation and hazards at work. Monitoring by a company can consist of different systems, including internal auditing, supply chain audits or external audits.

Monitoring has also been evolving in the way it is conducted. Monitoring started with the aim of ensuring that there were no children working. Nowadays monitoring has been extended to:
- Raising awareness in those that need to identify child labour
- Risk analyses, understanding the risks to which children are exposed, including the type of work they are doing
- Identifying root causes of child labour and assessing differences between boys and girls
- Referral to services, including education, caretaking, psychological or medical support
- Verification that children have been removed from work
- Tracking the children afterwards to ensure that they have satisfactory alternatives, such as education.

As we see below (fig. 5), traditional monitoring focuses on a company in a location. More advanced monitoring tracks the child. The goal is no longer to withdraw children from the workplace but to ensure they receive the right protection and that they have access to alternatives. As children were seen moving from one company or sector to the next, the evolution to an area-based approach broadens the scope and involves community stakeholders in the monitoring.

4.2 The responsibility of business in monitoring

According to the most widely accepted standard on human rights for business, the UNGPs, monitoring can be understood both as the first step of due diligence: identifying and assessing the risks, as well as the third step ‘tracking’: reviewing whether its efforts to prevent and address child labour are effective over time.

4.3 Why is it important for companies to be involved in monitoring?

The ILO-IOE guidance mentions three reasons:
1. It helps strengthen the company’s efforts to prevent potential negative impacts.

<table>
<thead>
<tr>
<th>From</th>
<th>To</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monitoring the supply chain, the company</td>
<td>Monitoring the child</td>
</tr>
<tr>
<td>Withdrawal of children from work</td>
<td>Child protection, including identification, referral, verification and tracking that children are provided with satisfactory alternatives</td>
</tr>
<tr>
<td>Monitoring specific target sectors</td>
<td>Area based approach to monitor all types of child labour in a larger geographical area</td>
</tr>
</tbody>
</table>

Figure 5: Evolution of monitoring at three levels.7

---

6 See also the ILO on child labour monitoring: https://www.ilo.org/ipec/Action/Childlabourmonitoring/lang--en/index.htm
7 Idem
If the company identifies that it has caused or contributed to a negative impact, it helps to ensure that the remedy that is provided is effective in practice.

Tracking performance gives a company the information it needs to be ready to communicate about its efforts on child labour with affected stakeholders.

### 4.4 What do stakeholders expect of businesses?

The first child labour monitoring initiatives were developed as a response to international pressure on specific export industries. The main objective was the monitoring of workplaces of tier 1 suppliers.

Nowadays expectations have increased. First of all, experience and research are showing that traditional verification and audit techniques are not sufficient to detect whether there is child labour. Secondly, they do not provide solutions in case child labour is identified. When child labour is identified, companies are expected to address this problem. Ending the business relationship with a supplier or dismissing the child will not address the problem. Addressing the problem means working with other stakeholders in taking measures to ensure the child is presented with an alternative and receives the services it needs.

These expectations also increased the scope of monitoring. Monitoring the first tier is not enough anymore. Businesses should ensure they are not linked to child labour in their supply chain. This means they also need to know what is happening in deeper layers of the supply chain. This can be an enormous challenge when supply chains are far from transparent. But even when they are transparent, monitoring requires all actors in the chain to cooperate. The examples given below are mostly initiated by buying companies. However, monitoring also involves the producers, exporters, importers and others.

### 4.5 Examples of monitoring systems

#### A. Standards and audits

**What is it?**

Many companies rely on third-party audits of their suppliers as a follow up on their codes of conduct, which state that suppliers should not have child labour in the supply chain. Generally, a third party measures, assesses and reports on the performance of a company regarding child labour. When there is no child labour, the standard is met. However, standards are changing into a more preventive and process-oriented approach. The due diligence approach (see figure 2) is becoming more accepted and widely used by these standards.

**What does it do?**

Usually, an auditor identifies child labour by interviewing a child worker to verify their age. Depending on the communication skills and experience of the auditor, the child is asked different questions instead of directly asking the age. Other methods include asking to see their ID, on-site inspection, examining staff records and interviews with other workers.

**Advantages and disadvantages**

As mentioned, it is becoming increasingly clear that policing-based audit programmes have limited effect on their own in improving labour conditions for workers and respect for their rights, including in preventing and addressing child labour.

The report of the Center for Child Rights and Corporate Social Responsibility (CCR CSR), a social enterprise that advises businesses on child rights in Asia, shares some auditors’ insights:

- One important obstacle for the auditor is identifying the age of the child, because there are no documents and sometimes the child does not even know its own age.
- The gender and experience of the auditor seem to be related to their ability to discover child labour.
- Another factor can be that auditors might be afraid that the child or their family might be worse off once child labour is identified and the child is taken out of labour.
- Often a child is sent home without any follow up when child labour is identified. Or the child just disappears. This happens often when there are no parties involved that can follow up on the case.

Actors such as Rainforest Alliance/UTZ, a standards organisation for agricultural products, has recognised that prohibiting child labour and assurance through audits is not effectively eradicating child labour. It has now changed its standard to an ‘assess and address’ approach. The objective is to assess child labour risks and to prevent and take action to address the risks in collaboration with communities and where possible in cooperation with existing child protection initiatives or mechanisms.

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B. Child labour monitoring and remediation system (CLMRS)

What is it?
The CLMRS is developed specifically for the cocoa sector by the International Cocoa Initiative (ICI). Several chocolate and cocoa companies have embedded this system in their supply chain. The system both identifies and remediates cases of child labour. The system itself is closely monitored by ICI and others.

What does it do?
The system is based on the presence of facilitators within cocoa-growing communities who raise awareness on the issue of child labour, identify cases and request remediation actions that are implemented by ICI together with the chocolate company and cocoa purchasing company. The system focuses on monitoring the child rather than the farm. All the information is collected via smartphones and gathered in a database from which systematic analysis can be conducted and remediation strategies defined. More information can be found on the ICI website and the effectiveness review.

Benefits and challenges: practical experiences from FBK
The first projects supported by the Fund against Child Labour only included one company using CLMRS (Tony’s Chocolately). Currently, several more proposals using CLMRS have been submitted to the Fund. We expect to be learning more from those in the coming years.

Tony’s Chocolately – CLMRS Experience
Tony’s Chocolately uses the CLMRS for its mission to make chocolate 100% slave free and works together with the ICI. Tony’s sources its cocoa beans from seven cocoa cooperatives in Ghana and Ivory Coast. CLMRS helps them to gain insight into child labour cases. CLMRS also helps them to make child labour a topic that can be discussed with the farmers. This is difficult, as child labour is actually prohibited in Ghana and Ivory Coast. According to Tony’s, CLMRS has helped them to make farmers aware of the problems of child labour and to identify child labour (527 cases found since the start, according to Annual Fair Report 2018/2019.

ICI is a multi-stakeholder initiative, uniting the forces of the cocoa and chocolate industry, civil society, farming communities and national governments in cocoa-producing countries to ensure a better future for children and to advance the elimination of child labour.
Challenges include:
- The set up with many community facilitators (1 to 40 farmers) is expensive and difficult to manage.
- Farm visits are time consuming and offer limited results.
- The cooperatives did not feel ownership of the system.
- CLMRS does not address the larger systemic issues that contribute to the problem of child labour, so it should not be a stand-alone programme. Monitoring itself is not a solution to the problem[2].

The Fair Labor Association (FLA) also has a lot of experience with assessments, and publishes these on their website.

Benefits and challenges: practical experiences from FBK

East-West Seeds – Assessment and monitoring

East-West Seeds International produces and sells seeds worldwide. Independent contract farmers in India and other countries produce the seeds. Earlier pilot measures taken to address child labour issues identified in production had shown positive results. To build on these and expand the pilot to other production areas, they launched the project ‘Towards vegetable seed production without child labour’ in October 2017 in India. The project partners East-West Seed International BV (EWBV) and its subsidiary East-West Seed India (EWIN) worked closely with their partners CARE and GLOCAL, specialised in the domain of child labour issues in India. In their baseline analysis, they discovered that 30% of the children between 6 and 18 years old in the sample villages were not attending school or potential drop-outs (children attending school irregularly due to work burden and who are at the risk of dropping out), and 54% of those are engaged in hybrid vegetable seed production as a primary activity.

It turned out that child labour was often seen as preferred labour by the farmers, as children are cheap, work longer hours and are easier to control. There was also a social acceptance of child labour. Moreover, the low wages (below the minimum wage) were also a contributing factor, as parents could not afford to send their children to school. This provided a useful basis to further develop the most effective measures to eradicate child labour. The company could develop remediation activities such as implementing an area-based approach and raising awareness with all stakeholders. EWS is also working with farmers on increasing the wages, as they were a contributing factor.

EWBV already had strict standards in its contract with suppliers about the use of child labour. When entering a contract, they give full information and provide training about the risks of child labour and how to prevent it. EWS monitors its suppliers in three phases: (a) monitoring during frequent visits by EWS production teams, (b) sample monitoring by EWS internal audit team and (c) random visits by a qualified external audit firm like SGS. As the baseline analysis has identified the number of children working, it offers a basis to measure improvements. For effective monitoring of child labour on seed farms, EWS wants to take steps to set up community-based child labour monitoring systems with joint inspections.

Challenges include:
- The most important limitation of an impact assessment is that it is always implemented in a restricted geographical area, as it is time and resource intensive. It is therefore essential to conduct a good risk analysis to determine where this should take place. Under 2.2, more lessons learned are shared about impact assessments.

C. Assessing child labour to determine remediation

What is it?
The projects funded by the Fund against Child Labour usually start with the assessment of the actual risks of child labour in the supply chain. Assessments are often considered part of monitoring. Assessment is typically used not only to identify child labour, but also to better target measures to mitigate and eradicate child labour. International organisations such as the Food and Agricultural Organization (FAO) developed a useful handbook for practitioners to assess child labour in agriculture[3].

Nestlé - CLMRS Experience

Nestlé was one of the first companies to implement CLMRS, together with ICI. They have built a large database of 73,248 farmers. They now monitor 78,580 children, of which 18,283 were child labourers. This shows that the system seems to work effectively at scale. With the system and the data, they can also measure impact and see that the number of children doing hazardous work has decreased by 49%.[12]

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D. Community-based monitoring

What is it?
This is a form of monitoring in which community members are closely involved. Stakeholders in the community are asked to participate and provide data for the monitoring.

What does it do?
The approach can differ. The Stop Child labour Campaign and its partners work with the Child Tracking tool. In line with the ILO IPEC Guidelines on Monitoring and Reporting on Direct Beneficiaries, a child is considered integrated or reintegrated in school if the attendance rate is more than 75% over the past 3 months. If this is the case, a child can be considered officially ‘in school’ (and thus out of work). Therefore, they systematically follow the children and their families to track whether they are going to school or not (or irregularly), and if not, what the barriers are that prevent them from going to school. How the tracking is done exactly and by whom differs depending on the context within the community. Usually community volunteers and teachers are involved.

Benefits and challenges: practical experiences from FBK
It is often necessary to build trust and raise awareness before a family will admit or recognise that a child is working. By using the indicator of whether a child is in school or not, it is easier to start a discussion with a family and gradually discover the details of the children’s activities out of school.

Involving the community in the monitoring makes it possible to continue the efforts once a time-bound child labour project has finished. This requires communities to show awareness, willingness and ownership, which can be achieved by choosing monitors from within the target community, or at least by appointing someone known and trusted by the farmers (e.g. an agronomist who regularly visits farmers in the case of supply chain-based monitoring).

Arte – Cooperation with mobilisers
Arte is a company specialised in kitchen tops made of granite, based in the Netherlands. It started a project with the FBK in the granite quarries in India. Arte worked with ARISA and a local NGO, MV Foundation to establish a child labour free zone (CLFZ). After ensuring children can enter school, school attendance is checked on a daily basis by so-called mobilisers. They engage with all the teachers of the schools in the project area and the parents. When the children are not attending or regularly dropping out of school, the mobilisers follow up on this, approaching the families and trying to convince them to send their children to school. They also engage with the teachers to train and engage them to be more active and concerned about absenteeism. Besides this, the local government responsible for education is also involved and informed about absenteeism of children and sometimes even teachers. While child labour is not taking place at the quarry in the project area where Arte sources its granite, Arte has committed to offering long-term support for this project.

4.6 Conclusions
It is becoming increasingly clear that policing-based audit programmes have limited effect on their own in improving labour conditions for workers and respect for their rights, including on preventing and addressing child labour.

Monitoring of child labour is evolving and becoming more integrated with prevention and remediation. It is now more widely acknowledged that monitoring does not solve the problem, and companies need to do more. Moreover, it is now becoming more widely accepted that removing the children can worsen the situation if no alternative is provided. However, it is hard to find the right balance for a sustainable, impactful and cost-effective system. This requires long-term commitments and collaboration with many different stakeholders. This is further discussed in Chapter 6, which addresses the role of businesses in remediation.

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15 ILO-IOE Child Labour Guidance, 2015, C4 based on many different publications about the limitations of auditing for human rights.
FBK Lessons learned - Practical steps for due diligence and remediation by companies
5. Communicating about child labour

How transparent can or do you aim to be?

5.1 Why communicate?

Communication about child labour is seen as highly sensitive by many companies, as being associated with child labour is considered to be damaging for a company’s reputation. So, what are the advantages of communicating about this sensitive topic?

- Expectations and requirements to be transparent about a company’s non-financial risks are increasing, including about child labour.
- By communicating proactively, a company has a chance to share its own story, instead of only responding to questions or media reports.
- Practice what you preach. If you require suppliers to be transparent and communicate about child labour, it is best to lead by example, and practice this yourself.
- It will motivate employees who can be proud their company is transparent and shares what it is doing to address child labour.
- Finally, child labour is a symptom of a social-economic and cultural problem. A company can explain how it has identified the root causes in its supply chain and what challenges it faces in addressing those challenges.

5.2 What is expected in terms of communication?

What are the international guidelines saying?

The UNGPs (GP 21) state that business enterprises whose operations or operating contexts pose risks of severe human rights impacts should report formally on how they address them. In all instances, communications should:

- (a) be of a form and frequency that reflect an enterprise’s human rights impacts and that are accessible to its intended audiences;
- (b) provide information that is sufficient to evaluate the adequacy of an enterprise’s response to the particular human rights impact involved;
- (c) in turn not pose risks to affected stakeholders, personnel or to legitimate requirements of commercial confidentiality.

What do stakeholders expect?

Stakeholders mainly expect a company to communicate and be transparent about supply chains, its traceability, improvement plans, progress and challenges. Communication is not limited to formal reporting. As the UNGPs state: the company should provide information (whether through formal reporting or otherwise) that enables stakeholders to properly evaluate its efforts to prevent and address child labour. This can also be in the form of stakeholder dialogues and engaging stakeholders in preventing and addressing child labour.

When companies report about child labour, the UN Guiding Principles Reporting Framework offers a more refined approach. The UNGP Reporting Framework helps companies identify their salient human rights issues and focus their reporting – as well as their underlying management efforts – on how they are working on preventing and addressing these issues. The focus for reporting is severe risks to people, not solely to the business.

Verstegen Spices and Sauces – Sustainability report

Spice company Verstegen described in its Sustainability Report 2018 that it has conducted due diligence research into child labour in three supply chains and that child labour was identified in two of three. They described how they would be following up on these findings.

Nestlé - Report

Nestlé published a second full report on how it addresses child labour, including a description of individual cases they encounter and the setbacks they face. It clarifies how difficult it is to eradicate child labour.

WE Fashion – Sustainability report

WE Fashion communicates about child labour through channels including its Sustainability report of 2018, in which they described how they are participating in the project in the spinning mills in Tamil Nadu and what measures they are taking as a result of the project to not only address child labour, but get a better overview of the situation.

ARTE - Website

Arte has created a website, Arte Foundation, so that the project will continue even after the subsidy period has expired. They use this website to communicate about the progress.

5.3 Lessons learned on communication (including dos and don’ts)

- Communication about sensitive topics such as child labour often goes through phases, from denial, to acknowledging it is there but not the company’s problem, to acknowledgement that it may be part of the company’s responsibility, but it does not have any leverage. In the most advanced stage, the company publicly shares that it has identified child labour and describes the process it is involved in to combat it, including the challenges it faces.
- Communicate about where the company has identified child labour, and about the mitigating measures you are taking, especially those closely related to your own business.
• Communication about social investment or philanthropic activities to support or promote the elimination and remediation of child labour becomes much more meaningful for stakeholders when they form part of a deliberate strategy to prevent and address child labour impacts that may involve the company.\(^\text{16}\)

• Often companies tend to focus on voluntary efforts that a company is undertaking through philanthropic or other programmes. This kind of information can obscure or detract from the company’s disclosure on how it is seeking to meet its responsibility to respect the right to be free from child labour, such as how it is contributing or linked to child labour with its products and services.

• No communication or denial.

\[\begin{array}{|c|c|}
\hline
1 & There is no child labour / full denial \\
\hline
2 & There may be child labour, but not our problem \\
\hline
3 & Child labour is there, but we do not have any leverage \\
\hline
4 & Child labour is there, and this is what we do about it. \\
\hline
5 & Child labour is there, this is what we do about it and these are our challenges \\
\hline
6 & Child labour is there, this is what we do about it and these are our challenges. This is what we change in our purchasing practices. \\
\hline
\end{array}\]

\(^{16}\) IOE-ILO guide.
6. Role of business in remediation of child labour

What is expected from businesses?

6.1 What do the international guidelines say?

The UNGPs have set a widely accepted standard for the responsibilities of businesses towards human rights.

Where business enterprises identify that they have caused or contributed to adverse impacts, they should provide for or cooperate in their remediation through legitimate processes. Where adverse impacts have occurred that the business enterprise has not caused or contributed to, but which are directly linked to its operations, products or services by a business relationship, the responsibility to respect human rights does not require that the enterprise itself provide for remediation, though it may take a role in doing so.

Child labour is often not supplier specific or supply chain specific, it rather occurs in certain communities in some countries and is a symptom of much broader problems. The seriousness and intensity must be assessed within the broader context.

When a company is not contributing to the problem because child labour is taking place further down the supply chain and they are only linked to it, the company does not have to take a role in remediation. The company has to ensure that appropriate risk mitigation measures are taken. However, if the company unknowingly contributes to child labour, it does have a responsibility according to the guidelines. This could be the case when delivery times are so short that part of the work is subcontracted to homeworkers where children work. A company can also cause child labour, because it directly employs children. The demand for child labour sometimes arises because they are cheap, docile and hard working.

What are the expectations of stakeholders?

Be aware that even if the company is ‘only’ linked to child labour and companies do not have to take part in remediation according to international standards, stakeholders expect otherwise. Stakeholders often believe that a company has a moral obligation to become involved in remediation. As is mentioned in Stop Child Labour’s Action Plan for companies, ‘precisely because they have benefited from children working to produce their products, stakeholders feel they have an obligation to create or help facilitate an alternative to work – i.e. education’.

However, remediation in the context of child labour is a delicate and often complex process and requires appropriate expertise. Sustainable remediation means that the root causes of child labour are addressed. Root causes include poverty, lack of access to education, culture and tradition, and many more aspects, depending on the circumstances. In general, companies are not responsible for these root causes, neither are they able to address these broader problems. Governments, NGOs and trade unions have an important role to play as well. However, companies can contribute to broader remediation efforts and can often play a useful role.

So, what exactly is expected of companies? The answer to this question depends on the context, and on the role of the company in the value chain. What stakeholders do agree on is that monitoring of child labour (e.g. via audits) is not enough if there is no remediation plan when child labour is identified. Removing the child from work is not the solution. When a company identifies child labour, it needs to ensure that children are referred to

<table>
<thead>
<tr>
<th>Linkage to child labour</th>
<th>Example</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cause</td>
<td>Employing a child</td>
<td>Mitigate and RemEDIATE</td>
</tr>
<tr>
<td>Contribute</td>
<td>Through purchasing practices</td>
<td>Mitigate and RemEDIATE</td>
</tr>
<tr>
<td>Linked</td>
<td>Procuring raw materials on spot market</td>
<td>Mitigate</td>
</tr>
</tbody>
</table>

Figure 8: Responsibility for remediation

17 UN Guiding Principles for Business and Human Rights were unanimously accepted by the UN Human Rights Council and is also broadly accepted as the standard by NGOs and business. Guiding Principle 22.

18 Action plan for companies to combat child labour, Stop Child Labour, 2012.
appropriate services, including education, and where needed medical or psychological support. When such alternatives are not available, a company needs to work with others to come up with a solution.

6.2 Mitigating and remediating measures taken by business

- Buying companies should support suppliers and help to get all children to attend school instead of working and reward suppliers for doing so.
- Outsourcing companies should ensure that production targets and remuneration for home-based work do not compel children to work alongside adults.
- Buying companies should increase leverage to incentivise the supply chain to be involved in combating child labour. Joining multi-stakeholder and sector initiatives can be a way of doing that.
- In most cases, a company should not attempt to set up or fund a school of their own, but team up with other stakeholders and jointly develop a more structural solution. For example, together with the Ministry of Education and the local government. The preferred option, by far, is that former child labourers enter the regular education system and that companies support these efforts. If children cannot enter a regular school immediately or at all, companies should, in cooperation with local authorities and civil society organisations, contribute to ‘bridging’ or ‘transitional’ education that enables somewhat older children to enter the regular school system\(^{19}\). A good example could be to provide in-factory training for children 15-18, which could cover an important gap between the age of leaving the educational system and age they will get hired for work.
- Any company should establish or participate in grievance mechanisms to help identify and address instances of child labour. They can also encourage and, where appropriate, require their business partners to have such mechanisms in place.
- For employing companies, whenever possible, try to transfer the job previously done by children to their parents or other close relatives, or offer the parents alternative income compensation\(^{20}\).
- Another option is to continue to pay children their former wage on the condition that they attend school, while offering them a job once they reach at least the minimum ‘working age’\(^{21}\).
- For buying companies, it is important to raise awareness with suppliers about the problem of child labour and children’s rights.
- Paying a premium on top of the market price of the product, especially when buying from small farmers who are not earning enough to send their children to school.
- When relevant, work with local suppliers and other local stakeholders to provide day care services for children. This prevents parents taking their children to work.
- Wherever possible, link activities to an area-based approach to child labour in which Child Labour Free Zones are created\(^{22}\). As child labour is not a company- or sector-specific problem, children might easily move from one employer to the next if the root causes are not addressed.

**The area-based approach or Child Labour Free Zones**

The area-based approach means concentrating on protecting the rights of all children and ensuring that all of them attend full-time, formal education. For those children who are out of school, it is necessary to draw up specific plans to withdraw them from work and make all arrangements to prepare such children to be integrated into schools. For those who are already in school, those involved must ensure that they stay in school without any disruption. This contributes to child labour prevention and the protection of children’s rights. Ultimately, the area-based approach enables the declaration of Child Labour Free Zones that would act as an inspiration for all others to join the movement.’ It adds: ‘The area-based approach is built on positive principles, which recognise that parents, even poor parents, are motivated strongly to provide a better future for their children through education.’

From the ‘Handbook for organizations for the ‘area-based approach’ to eliminate child labour and universalize education’, published by the MV Foundation. See also the 5x5 Stepping Stones for Creating Child Labour Free Zones, published by the Stop Child Labour Coalition.

**Tony’s Chocolonely – Mitigation and remediation measures**

Tony’s is a chocolate company that buys from cooperatives in Ghana and Ivory Coast. Tony’s ultimate goal is to eradicate child labour in the cocoa growing communities it sources from. Child labour is present in cocoa growing communities in the form of children helping their parents on the farm. In some instances, child trafficking and forced labour occurs as well. The root causes of child labour are the poverty of parents who cannot afford paid farm labour, poor infrastructure, absence of schools or of teachers, and the low price of cocoa.

Tony’s is using the Child Labour Monitoring and Remediation System (CLMRS) in the areas of the cooperatives that they source from. This approach combines monitoring with remediation, and includes awareness raising and remediation action. The cooperatives developed their community development plan with a clear distinction between immediate remediation (directed at the child) and addressing larger, systemic problems (directed at the community). Immediate remediation includes: providing birth certificates, school uniforms, school kits, bikes, offering vocational education, etc.

One of the challenges is to get cooperatives and communities involved in such a way that they feel ownership of the CLMRS. Tony’s pays a

\(^{19}\) idem

\(^{20}\) idem

\(^{21}\) idem

\(^{22}\) idem
premium on top of the price for cocoa to enable the farmers to earn of a living income. However, this does not always mean that farmers will use the money to send their children to school.

Tony’s developed the Tony’s Ambassador Programme. The cooperatives selected 30–40 role models in the surrounding communities: teachers, chiefs, entrepreneurs and successful farmers. These ambassadors participate in different trainings for farmers and communities and celebrate their successes, share stories and learn to have relevant discussions with children about different topics, such as schooling, careers and challenges in life.

6.3 Conclusions

What can be an effective role for businesses?

• Actively participating in remediation by employers of children is more effective when they work closely with providers of services and alternatives for children.
• Actively participating in remediation will be more effective if it is closely coordinated with local actors (such as governments and NGOs) and locally affected stakeholders (such as the families and children).
• Buyers participating in remediation can help other actors to increase their leverage with direct employers or with the local government.
• Participating in remediation is especially effective if the costs can be integrated into the business model to ensure sustainability.
• Participating in remediation is most effective when the best interest of the child is kept in mind.

How to work together with others in remediation?
All companies should engage with those people who may be impacted by their operations, more specifically in the case of child labour the children themselves, and take their views into account. The company can collaborate with local NGOs or community leaders to get access, to gain insight into children’s perspectives.

Work with governments, because they are critical actors for engaging in sustainable efforts to remediate child labour impacts. UN organisations such as UNICEF and ILO, who have local offices in most countries, work with companies to get access to local government.

Both international and local NGOs are another key segment to collaborate with. They are often best placed to engage with local communities and are better informed on the local social and cultural situation. FBK/RVO is working on a list of NGOs both at international and local level who have experience and expertise in combating child labour.

Trade unions often have direct access to workers and can also play an important role in finding a good solution for children. Local unions can be involved via international union federations, such as ITUC, or IUF.

Limits to the role of business in remediation?
• Companies should avoid setting up parallel structures such as building schools, but rather support structural initiatives together with local actors.
• In addressing structural issues, such as culture and traditions, or behavioural change in communities, buying companies and even the employing companies may not be the most suitable actors to take the lead. However, a buying company can of course work on raising awareness with its suppliers.
7. A combined approach

To combat the root causes of child labour in the supply chain

7.1 Why a combined approach?

With a combined approach, we mean approaches in which eliminating child labour is integrated in initiatives to work on other sustainability issues.

To which other issues is child labour linked?

Child labour does not occur in isolation in global supply chains. Unfortunately, it goes hand in hand with other labour rights infringements at the farms or factories where child labour is found. According to the ILO, poverty is certainly the greatest single force driving children into the workplace. Child labour is often a last resort for families that are not earning enough to make ends meet and are not able to send their children to school.

By having their children participate in paid labour, the family can get by. But other factors, such as the availability and quality of schooling are important as well. In some cases, conflicts or natural disasters could have a major negative impact on child labour.

Finally, social and cultural traditions and structures may play a role.

How can child labour be fought in combination with other issues?

Complex problems require complex solutions. In order to effectively tackle child labour, companies need to look at the bigger picture and strive to improve the conditions in their influence that lead to child labour. This is often referred to as eliminating the root causes of child labour. We describe some of these in the paragraphs below.

- A living wage or income is one of such examples. If parents are not able to provide for their families because of their low income, child labour is more likely to occur. This is relatively more often the case in smallholder families that produce agricultural commodities. Particularly families that are indebted, earn a single income or have lost adults to illness or death may rely on children to help out. Therefore, companies such as Tony’s Chocolonely are focusing on paying a higher price per product, so smallholders can receive a living income. Also, the piece rate or quota system can be a cause of child labour, specifically used on company plantations or large farms. This system encourages workers, particularly seasonal migrant workers, to involve children to help their parents.

- A limited possibility to enjoy Freedom of Association (FoA). Freedom of Association is the right of workers to form and join organisations of their own choosing, including unions. Through forming or joining such groups, workers can collectively express, promote, pursue and defend common interests. This means that through collective representation towards an employer, workers can bring issues to the table that matter most to them – whether it is the height of their salary, their working hours, day care facilities, or other issues. By negotiating the terms of their employment, the overall labour conditions at a workplace improve, and the need to rely on child labour diminishes.

- Women’s rights in the workplace are indisputably linked to child labour. In many supply chains, women are often found in the lowest-paying positions (such as tea pickers or garment workers). Women also still earn less than men for the same work, which means they are at an economic disadvantage. The lack of adequate day care facilities, financial constraints and not having enough income to feed their children are all contributing factors for women to bring their children to work and to allow them to do paid work. This issue is intrinsically related to a woman’s position in society and the fact that she earns less because she is a woman and is therefore mentioned separately from the living wage issue, although both are of course connected.

- Health and Safety is closely linked to child labour, because a child between 15 and 18 years old working is only considered child labour if they are working in hazardous conditions. When the health and safety conditions in factories and farms are improved and when a clear distinction is made which tasks are considered hazardous, child labour can be prevented.

What are the benefits and challenges of a combined approach?

The benefits of a combined approach include:

- Addressing root causes of child labour instead of fighting the symptoms and thereby creating more long-term solutions;
- Improving overall labour rights for workers, rather than focusing on the children found working;
- Giving ownership to workers in finding solutions that suit them via social dialogue;
- Integrating child labour in an overall human rights due diligence approach.

Remaining challenges are:

- The complexity of the problem goes hand in hand with the complexity of the solution. Working on combined approaches is not a ‘quick fix’ and it takes time before you see results.

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East-West International - Better seed production through a variety of measures

East-West International BV (EWS) develops tropical vegetable seeds, in Karnataka and Gujarat states in India among other places. Seeds are produced through independent contract farmers. There are many factors contributing to child labour in these areas, including poverty and the economic necessity for children to work, social acceptance and market demand for child labour, social and cultural practices like child marriages, low value attached to the education of girls, poor access to
and low-quality education in public schools, seasonal migration of families for work and the lack of enforcement of laws protecting children’s rights. In their project, EWS encouraged children to keep attending school by highlighting the importance of education. Furthermore, to address the root cause of poverty, EWS has set up training and support programmes to help farmers improve economic margins from seed production, organised community awareness programmes and made changes to contractual agreements with production farmers. Farmers paying minimum wages to their labourers and thus contributing to a family income that allows children to go to school is a very important part of the remedy for child labour. The current profit margins obtained by the seed growing farmers, while generally better than fresh production, do not always allow them to pay minimum wages for the workers. It has been found that there is potential for interventions aimed at knowledge transfer to increase seed yield, net returns and to minimise uncertainties in returns to growers along with efforts to bring transparency in pricing policy.

TUI Netherlands - Together for the protection of children in tourism
TUI Netherlands, consisting of tour operators, travel agencies and an airline, cooperates with TUI Care Foundation and Defence for Children-ECPAT to protect children from exploitation in the tourism destinations Phuket, Thailand and Cancún, Mexico. The root causes of sexual exploitation of children in these areas include early sexual relationships, teenage pregnancy, traditional gender roles, limited educational opportunities and children living on the streets, but also the role of parents and the impact on family life when parents are faced with non-specific and late working hours. TUI’s project combines a multi-stakeholder approach to eradicate the sexual exploitation of children, with a practical approach, including training tourism professionals and empowering children as agents of change to signal, report and advocate for their rights. The next planned phase is to further scale up the project in Thailand, by adding the development of a TUI ACADEMY together with Plan International, to offer vulnerable youths economic opportunities in the tourism chain.

7.2 Lessons learned and tips
 Companies should begin by recognising the complexity of the problem and beware of oversimplified explanations for the existence of child labour. However, companies should at the same time refrain from the widely held belief that there is nothing much that can be done to combat child labour, that it is a result and a manifestation of poverty and can only be eliminated when poverty itself has been eliminated.

Combating child labour in a combined approach requires a long-term commitment. Attitudes, mindsets and sometimes entire economic systems have to change to succeed in eliminating root causes. Therefore, companies should realise that their involvement is long term and that short-term successes may be hard to achieve, and often not sustainable.

It pays off to investigate the local conditions by conducting a local impact assessment before developing an approach and starting a project in a certain area. The outcome of such an assessment will give companies better insight into the root causes of child labour and will feed the development of a specific and successful approach.

Last but not least, child labour needs to be addressed in close collaboration with other stakeholders, such as governments, NGOs and worker’s organisations. As a first step in the process of addressing child labour, it may be useful for companies to investigate what government agencies and potential partner organisations are available, or already active in the area, and from there build long-term, public-private partnerships.
8. Transparency and traceability

How to create supply chain transparency and use innovative tools to address child labour

8.1 What are transparency and traceability, and why are they important?

Defining transparency and traceability

Transparency and traceability are both terms that relate to knowledge of your supply chain. They describe different approaches – and different online tools – to show where products originate. Transparency and traceability do this from a different standpoint.

Transparency is a way to understand your supply chain from final product back to primary production, which can be done by mapping your suppliers. Traceability, however, follows the flow of goods through the supply chain, and links the physical flow of goods to data that travels with the product (e.g. information about quality or country of production).

This means that there can be no traceability without some form of transparency. Conversely, there can be transparency without traceability.

Visually, the difference between transparency and traceability can be shown as follows:

![Figure 9: MVO Risicochecker, Source original image](image)

Expectations of international standards and stakeholders

Knowledge of your supply chain is an important element of risk management and of proper due diligence. In this regard, international standards (such as the OECD Guidelines for Multinational Enterprises or the UNGP) require businesses to have a good understanding of where their products are made and where the raw materials for their products come from.

Using transparency to identify child labour

In order to adequately address child labour in supply chains, companies first need to know what their supply chain looks like and where child labour is potentially a risk. In short supply chains, companies usually have a good understanding of who their suppliers are and how they operate their businesses. However, in longer, more complex supply chains, managing these risks becomes increasingly difficult. In such cases, transparency is important to better understand where products (or components/ingredients) are sourced from, and what associated risks there are.
8.2 Transparency tools

Supply chain mapping is a way to gather information on supply chain actors from final product (supplier) down to the primary stage of production. It requires suppliers to input data, and to go ‘down the chain’ (ask sub-suppliers to do the same).

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allows brand or retailer at the end of the supply chain to ‘look back’ at previous stages</td>
<td>Time-consuming</td>
</tr>
<tr>
<td>Understanding of supply chain creates possibility of relevant risk management measures</td>
<td>‘Garbage in, garbage out’ principle: quality depends on input of suppliers, and good quality needs to be manually verified</td>
</tr>
<tr>
<td>Valuable even if not all actors are known</td>
<td>Success (in terms of completeness, accuracy) depends on input from suppliers, and their willingness to fill in the required data</td>
</tr>
<tr>
<td>Success also depends on tiers further down in the supply chain being willing to share the required information</td>
<td>Manual process: needs to be repeated regularly to make sure information is still up to date</td>
</tr>
<tr>
<td>Requires high levels of trust, both for participation as well as data quality, as no third-party or technical verification is required on supplier claims</td>
<td>Requires high levels of trust, both for participation as well as data quality, as no third-party or technical verification is required on supplier claims</td>
</tr>
</tbody>
</table>

Supply chain mapping is a condition for risk management, as it helps companies to understand where their products come from, and what suppliers are involved along the supply chain.

Connecting data sources through Application Programme Interfaces

Different suppliers and buyers use different tools to map, manage or track supply chains. APIs (Application Programme Interfaces) are a type of interface that allows systems to communicate with each other for certain data entries. It can help to either automate the mapping process, or else to add data related to a product or supplier to a database. If a supply chain mapping tool is linked to, for example, the BSCI database, up-to-date information on the BSCI certification status of the mapped suppliers can be directly linked from the BSCI system to the mapping tool. This tool can be accompanied with links to third-party databases for independent verification or addition of sources.

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up-to-date data, as changed data fields will automatically be updated</td>
<td>Quality depends on the source of the data – if there is an incorrect data entry, it will be duplicated in other system(s) through API</td>
</tr>
<tr>
<td>No double work/double entries, minimising risk of mistakes when duplicating information (less human involvement)</td>
<td>Requires a large initial investment of time and money to link databases (especially if there is more than one tool that needs to be connected)</td>
</tr>
<tr>
<td>Requires a large initial investment of time and money to link databases (especially if there is more than one tool that needs to be connected)</td>
<td>External, third-party databases not always willing or ready to interface</td>
</tr>
<tr>
<td>Relevant third-party data related to supply chain risks (e.g. human rights risks) are often not in a database format, but in formats such as PDFs or on website text, and therefore not linkable</td>
<td></td>
</tr>
</tbody>
</table>

APIs are best suitable for connecting different well-functioning (high quality) data systems and allow for automatic information updates between those systems.

8.3 Traceability tools

Track and trace

This is a way to follow physical products and product volumes through the supply chain. Volume data can be accompanied with other kinds of data (e.g. certification status of original farm).

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td>Follows a product through the supply chain</td>
<td>Requires all actors to have a high degree of organisation (detailed recordkeeping, internet access)</td>
</tr>
<tr>
<td>Increased reliability of data: data can be verified by both buyer and seller at every step of chain</td>
<td>Requires all actors to be willing and able to participate in the traceability scheme (administration of their transactions)</td>
</tr>
<tr>
<td>Data about supply chain is kept current (compared to mapping)</td>
<td>Requires administration of the centralised system by a trusted party</td>
</tr>
<tr>
<td>Easier to audit: entered data can be reconciled with other sources (POs, contracts) as well as other traceability systems</td>
<td>Requires at least some initial mapping of the supply chain (though not necessarily full transparency to all actors or publicly)</td>
</tr>
<tr>
<td>Can be accomplished without full transparency (actors report tier 1 suppliers and buyers but may not necessarily get tier 2+ information)</td>
<td>Enhanced consumer storytelling</td>
</tr>
</tbody>
</table>
This is best suitable for tracking data related to a product along the supply chain.

**Blockchain**
The simplest definition of a blockchain is a distributed ledger of transactions across a network. This means that transactions between parties have to be checked by other independent users of the same platform to verify correctness and completeness. Can be public or private; can include complex systems for data verification (automatic or manual); can include schemes for transferring monetary instruments.

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td>Same as Track and Trace, plus:</td>
<td>Requires all actors to have a high degree of organisation (detailed recordkeeping, internet access)</td>
</tr>
<tr>
<td>Allows for ‘smart contracts’, where data can be verified by independent actors (or even automatically) – enhances trustworthiness of data quality</td>
<td>For full transparency: requires actors to be willing to publicly divulge their information</td>
</tr>
<tr>
<td>Allows for automatic compensation schemes, for example payment for participation, payment to producers from parties in destination countries</td>
<td>Requires at least some initial mapping of the supply chain</td>
</tr>
<tr>
<td>Schemes exist to provide traceability, with third party verification, without full transparency (maintaining confidentiality)</td>
<td>While some criteria can be automatically verified (e.g. using satellite imagery to verify no deforestation in producing area), this is challenging for social criteria</td>
</tr>
<tr>
<td>Can be run completely openly and ‘decentralised’, requiring less trust of a third party to run the system</td>
<td>Automatic compensation schemes (for participation, verification, or compensation to farmers) can have uncertain regulatory considerations in different locations</td>
</tr>
<tr>
<td>Enhanced consumer storytelling</td>
<td></td>
</tr>
<tr>
<td>Increased security: data can only be administered by the actors themselves; traceability provider cannot manipulate data</td>
<td></td>
</tr>
</tbody>
</table>

Using blockchain is best suitable when actors do not want to trust one party to manage the traceability system, and in other situations of limited trust.

**Geographic Information System (GIS) data**
This refers to data from satellites or other third parties that can be used to add information to the location of parties (producers or other supply chain actors). It can be used in addition to mapping or traceability systems.

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td>Can give additional insight without having people on the ground</td>
<td>Not a stand-alone solution, must be used in conjunction with a supply chain mapping/traceability solution</td>
</tr>
<tr>
<td>Example ‘is deforestation occurring near my producer’s reported locations?’</td>
<td>Context of data is missing, and may be necessary to determine if findings are relevant or serious</td>
</tr>
<tr>
<td>Social GIS data may be: proximity to schools, conflict, reported cases, healthcare providers, etc.</td>
<td>Hard to define what kind of data you are looking for May be useful for certain types of sustainability criteria (e.g. deforestation), but might be not as suitable to social criteria such as child labour</td>
</tr>
</tbody>
</table>

GIS is best suitable when additional information is present and can be used to verify claims. Performing risk analysis based on producer (or other actors) locations.

### 8.4 Conclusions

**Lessons learned**
- Transparency - understanding the structure of your supply chain through data - is an essential first step to manage supply chain risks.
- Traceability – following the flow of goods through a supply chain – is not possible without some form of transparency first.
- To get a good and complete overview of your supply chain, you need more than just data: you need trust. If suppliers are not willing to tell you where they source from, or do not provide accurate data, your risk map is not useful (garbage in, garbage out principle).
- Different technological advancements, such as blockchain or GIS data, can be useful in addressing certain supply chain issues. For child labour specifically, transparency (and consequently, proper risk management) seems the more obvious choice.
FBK Lessons learned - Practical steps for due diligence and remediation by companies
C. Factsheets FBK projects

Towards vegetable seed production without child labour
East-West Seeds

Planting seeds in a responsible way

Scope of the project

Geography: The project took place in Karnataka and Gujarat states in India. Both states are main centres for hybrid seed production in India. The Indian seed industry is the fifth largest seed producer in the world, accounting for 4.4% of the global seed market.

Sector: Agro-industries, food crop production. Hybrid vegetable seed production is a labour-intensive activity. Women play a predominant role in these activities, as well as children.

Target group: Workers on the seed farms.

Project rationale

There are many factors contributing to child labour in the project area. These factors include poverty and economic necessity for children to work, social acceptance and market demand for child labour, social and cultural practices like child marriages, low value attached to the education of girls, poor access and quality of education in public schools, seasonal migration of families for work and the lack of legal enforcement of children’s rights.

Through this project, East-West International wanted to extend and roll out its existing child labour prevention programme to its already existing production areas as well as to new production areas.

Who was involved

East-west Seeds International BV (EWS) develops tropical vegetable seeds. Their mission is to provide innovative products and services that will help increase the income of vegetable farmers and promote the growth and quality of the tropical vegetable industry.

East-West Seeds India PVT LTD is part of East-West International and was involved in the implementation of the project with all its key staff, local management and field officers.

Glocal research services is a research services organisation based in Hyderabad, India. It conducted the baseline study for this project.

Description

The project involved all stakeholders - children, parents, farmers, key persons in the community - and aimed at providing long-term solutions. In addition, active cooperation with local government was sought to ensure the efficiency of the project, but also to prevent the issues from simply moving to other sectors outside the seed industry. The project activities can be categorised in a number of activity types:

Awareness on education: The project focused on stimulating children to keep attending school by highlighting the importance of education. Accordingly, EWS organised campaigns, meetings and awareness trainings for all key stakeholders, emphasising the importance of good education for the health and future of children. The awareness trainings had a special focus on the value of education for girls, as in traditional rural communities in India, boys may often receive ‘privileged’ treatment relative to girls in terms of being allowed education in case of a limited family budget. This was organised in the communities and villages where the company works with farmer out-growers producing seeds for EWS.

Contractual Agreements: Another part of the project established seed production contracts between growers and EWS. These contracts included clear rules prohibiting the use of child labour. These contracts are concluded after comprehensive information and training is provided on the risks of child labour and how to prevent it. During the production process, the compliance with these rules is monitored by strict enforcement of EWS standards through a three-phase monitoring system. Moreover, sanctions will be imposed on farmers if child labour is observed by the monitoring teams.

Price: To address the root cause of poverty, a pilot was performed for the implementation of a minimum wage in targeted villages. In order to assess its impact and effectiveness, a business model will be developed. This model aims to incentivise farmers to comply with local labour laws despite economic challenges driven by local market pressures, traditional labour practices, and erratic and opaque regulations.

Training: Specific training for female pollinators has been organised to improve their productivity and skills and enhance their affordability for production farmers as opposed to untrained children. Furthermore, all local EWS agronomic staff have been trained and were allowed to spend 10% of their time on child labour inspection and prevention, besides their normal duties. Partners also promoted productivity improvements for both seed production and fresh vegetable, backyard farming, which resulted in more income that can support sending children to school, and direct support for better nutrition.

Sharing experiences and data: In addition, as a member of both local and regional seed industry associations and through the Child Care Programme in India, EWS shared its experiences and collected information and assessments of the situation, with the aim to
replicate this approach in other areas and countries with seed production with a risk for child labour.

**Lessons learned**

**Next steps:** After the conclusion of the project, EWS realised that the project activities could be further strengthened by including an incentive scheme for the individual farmers or for a whole community for not employing children. Furthermore, for effective monitoring of child labour on the seed farms, EWS indicated that the next steps, involving setting up community-based child labour monitoring systems with joint inspections should be taken. In addition, according to EWS, a long-term, sustainable solution to the issue of child labour should focus on systematically removing children from labour and reintegrating them into formal, full-time school. Awareness raising is not enough. Projects to eliminate child labour should take up activities ensuring children’s access to schooling, improving the quality and relevance of education, child-friendly teaching methods, providing relevant vocational training and using existing systems to ensure child workers return to school.

**Trainings for female workers:** In order to effectively transfer practical field knowledge, the field trainings on demonstration plots should be organised within the project villages, so that the female members of the families can be part of these trainings. EWS found that it is important to focus more on women in the training programmes for backyard vegetable production, as they play a key role in organising domestic activities.

**Regarding integration in the company:** The sensitisation programme should include all key staff, management and field officers and supervisors for seed production. All local EWS agronomic staff have been trained and are allowed to spend 10% of their time on child labour inspection and prevention.

**Long-term change:** Combating child labour in seed production requires long-term coordinated action, which involves many stakeholders. EWS has been working on this issue for more than 5 years now. It is important that the attitudes and mindsets of people are changed, to motivate them to employ adults instead of children, and allow all children to go to school and have the chance to learn, play and socialise.
Due diligence in metallurgic supply chains
Researching mining and secondary metal supply chains

Scope of the project
Geography: Ghana and Peru.

Sector: Metals.

Target Group: Secondary metals from Ghana and zinc and tin from Peru.

Project rationale
At the start of the project, the three participating companies (signatories of the International Responsible Business Conduct Agreement for the Metals Sector) did not have any clear evidence on the presence of child labour in their metallurgic supply chains. However, they do source products from countries where child labour might be an issue, so they wanted to investigate their supply chains and address any potential occurrence of child labour. Two specific supply chains were selected for this project: tin and zinc from Peru and secondary metals from Ghana. Both virgin metals and secondary metals are present in the semi-manufactured products of the three companies.

Who was involved
TATA STEEL IJMUIDEN B.V. is part of the European activities of Tata Steel. The Ijmuiden site is known for producing high-quality steel for various applications.

LDM B.V. produces and supplies products for special, high-quality applications.

Hunter Douglas Europe B.V. is a manufacturer of window coverings as well as architectural products.

Description
During the project, the three companies mapped their supply chain stakeholders, assessed the prevalence of child labour and analysed the root causes. Moreover, each of the companies reviewed their
internal operational processes. These have been adjusted where necessary, to ensure that there are no procedures in place that contribute to child labour, that the risks are identified and mitigated, that the achievements are being monitored and that there is full transparency on child labour policies, achievements and bottlenecks.

In parallel, the project partners conducted field research in Ghana. This showed that the worst forms of child labour are indeed occurring in the Ghanese metal recycling sector, mainly in scrapyards. Part of this can be considered to be exploitative labour (e.g. working full time) and hazardous work. Metals recovered by children that are working in the scrapyards are sold to local facilities, which either export the scrap for processing, or produce, among others, unwrought aluminium for export, including to the Netherlands.

Field research in Peru demonstrated that child labour is not an issue at the mining companies or direct subcontractors due to laws and active monitoring. However, it also showed that child labour is an issue in the direct area around the mines, for example in restaurants where workers eat. Child labour is thus present upstream in the supply chain of the companies. Other issues the research identified were other corporate sustainability risks around the mines, such as local communities that are not profiting from the presence of the mines, but are confronted with the disadvantages, such as environmental problems.

As a final step in the project, a child labour toolkit was developed based on the UNGP and the lessons learned from this project. It was made available to members of the Dutch sector organisation for metal producers.

Lessons learned

Cooperation is essential: A lesson learned for the companies was the importance to ensure the cooperation of supply chain partners, and to invest in a good relationship with them. One of the local companies did not want to cooperate, which hindered the field research activities and might have had an impact on the outcome of the research.

Increase leverage: The project also proved that it can be difficult to link a specific production area to the supply chains of Dutch metallurgical companies. The buyers of secondary metals may change their sourcing areas or suppliers may be changed. This makes it difficult to pinpoint a specific, restricted intervention area. For this reason, it makes sense to work together at sector level to increase the leverage of the companies.

Next steps: The entire project can be considered a ‘wake-up call’ within the metallurgical sector, demonstrating that child labour in the supply chain of secondary metals can constitute an important problem. The participating companies in this project will continue to implement due diligence management in their operations. The companies will also continue to create awareness about the issue of child labour when buying secondary metals from scrap metal traders. In addition, they will encourage other Dutch and EU metal companies to identify and tackle CSR risks in their supply chains. In collaboration with the European metallurgical and metal recycling sector and stakeholders in Ghana, a roadmap will be developed that will lead to structural improvements regarding sustainability in metal recycling in the country.
Due diligence in herbs and spices supply chains
A clearer picture of the risks

Scope of the project

Geography: Guatemala, India and Turkey.

Sector: Herbs and spices.

Target Group: Producers of cumin in Turkey, turmeric in India and cardamom in Guatemala.

Project rationale

Before the start of the project, the participating companies knew that most of their herbs and spices are sourced from countries with a high risk of child labour; however, they did not have clear evidence on the presence of child labour in their supply chains. Their knowledge on the prevalence of child labour in their supply chains was limited and they were missing a clear picture on the risks in these supply chains.

The goal of the project was therefore to gain insight into the production regions of the herbs and spices to see where the risks of child labour are the highest. The pilots examined the supply chains for cumin in Turkey, turmeric in India and cardamom in Guatemala.

Who was involved

VERSTEGEN SPICES & SAUCES B.V. is a company that is specialised in the sale of herbs, spices, sauces and marinades.

EPOS B.V. is a supplier and producer of herbs, spices, marinades, sauces and other flavourings and additives for the entire food industry.

P. VISSER & ZOON B.V. is an importer and wholesaler of spices, seeds, herbs and dehydrated vegetables.

Description

The participating companies carried out three pilots in Turkey, India and Guatemala. They worked together with local suppliers, NGOs and authorities. During the project, the existence of child labour and its root causes were assessed and mitigating measures were identified.
It turned out that the reasons for the occurrence of child labour are poverty, lack of day care or other child care facilities, absence of government entities, cultural factors, dysfunction in local schools and a lack of transportation to the schools.

In parallel to the above-mentioned activities, the internal operational processes were reviewed by each participating company. Where necessary, they have been adjusted to ensure that there are no procedures in place that will contribute to child labour.

The project raised awareness of the presence of child labour in the supply chains and put it on the agenda of the sector. As part of the project, a **child labour toolkit** was developed based on the lessons learned from this project, which was shared with the sector organisation for spice producers and other interested parties. The companies actively shared their tips on due diligence with smaller companies. Due to the limited leverage of smaller companies, cooperation at sector level could be a feasible manner to combat child labour in the herbs and spices supply chains.

### Lessons learned

**Changing expectations:** For all the companies in the project, it was an eye opener that child labour was identified in the field research phase of the project. However, child labour was not occurring in the supply chains where it was expected and vice versa. While Turkish suppliers of cumin declared beforehand that child labour was not an issue, the field research demonstrated otherwise. On the other hand, NGOs stated that child labour is a large risk in the production of turmeric in India, but the field research did not find child labour in the supply chains of the companies.

**Cooperation and trust:** The participating companies found that the cooperation with tier one suppliers is essential for the success of the project. Some tier one suppliers were distrustful when they received inquiries, either because they did not have an immediate answer to the question, or they did not understand why the companies wanted to interfere with their procurement policies. Personal communication, creating an atmosphere of trust and understanding, and being aware of cultural, economic and social sensitivities helped to improve the cooperation.

**Passed on costs:** Another lesson learned is that an open conversation with suppliers is not sufficient for success. Many suppliers were very open about the existing challenges, but they were also keen to know how these issues can be resolved in a timely manner, and whether the potential increase in the cost of production will translate into an increased commodity price that the suppliers can further pay to the farmer. Since the commodity exchange sets the price of the commodity, suppliers have limited influence to motivate the farmers to pursue compliance: farmers can choose to sell to any supplier or intermediary, as they will receive the same price regardless.

**Sector cooperation:** A final lesson learned is related to remediation, which will be the next step after this project. This will require careful thinking, planning and funding over a period of three to five years. It should address the alleviation of the existing child labour situation, but also offer a decent living to the families and improve the working and living conditions of the workers. The three participating companies and their suppliers realised that they cannot achieve this alone and will need to work with a number of key partners.
Improving transparency in sportswear supply chain
Muta Sports
Gaining insight into the sportswear supply chain

Scope of the project

Geography: This project takes place in Sialkot, Pakistan. More than 70% of the world’s footballs are produced in this city.

Sector: Garment (sports clothing and sports materials).

Target Group: Suppliers of Muta, and their workers.

Project rationale

Poverty (which forces the parents to employ their children for some extra money for daily living) and the lack of high-quality education are seen as the most important root causes of child labour in Sialkot. Due to the low level of skill involved, stitching is a part of the production process of sportswear that is particularly easy for children to get involved in.

In this project, Muta wanted to improve the transparency in its supply chain for sportswear, beyond the 1st tier. The company suspected that there are child labour incidents at some local suppliers beyond the 1st tier. Muta saw this as absolutely incompatible with the company’s business ethics, and it therefore wanted to make sure that its chain is 100% child labour free.

It also wanted to contribute to the prevention of child labour in the sector in general.

Who was involved

MUTA HOLDING BV is a sportswear producer and retailer that is specialised in custom sportswear. It is the initiator of this project. Muta has a joint venture with Capital Sport in Pakistan for sportswear production.

CAPITAL SPORT is an important supplier to Muta.

CHILD AND SOCIAL DEVELOPMENT ORGANIZATION (CSDO) is an NGO focusing on addressing Corporate Social Responsibility issues, in particular child labour.

@Fund against Child Labour (FBK)
INDEPENDENT MONITORING ASSOCIATION FOR CHILD LABOR (IMAC) is a non-profit organisation that provides workplace monitoring services to combat child labour as well as monitoring for other social and working conditions.

**Description**
As a first step in the project, Muta held several interviews with stakeholders to map its supply chain. It also visited a few suppliers in Sialkot, to interview local workers.

Together with IMAC, a monitoring system for external stitching centres has been set up and implemented. This system ensures that when Muta (or its supplier) is outsourcing work to stitching centres, these centres must be monitored by IMAC. This monitoring is intended to prevent child labour and to monitor other social and working conditions, such as cleanliness and hygiene, adequacy of working space, light, ventilation, availability of drinking water and toilets, first aid boxes and fire extinguishers. Every morning, a computer programme randomly selects the stitching centres to be visited, so the visit is a surprise for both the manufacturers and the monitors.

As a last step, Muta integrated child labour monitoring in its IT-systems. Additional information on CSR is added in the system to check potential problems with child labour and/or working conditions or the environment.

**Lessons learned**

**Lack of transparency:** It turned out to be quite a challenge for Muta to gain insight into its 2nd tier supply chain. Gaining insight into the 3rd tier supply chain proved even more difficult. This is partly due to the fact that the sportswear producing industry is very labour intensive, since the stitching is still being done by human labour. A large part of this labour-intensive work is still done in informal settings such as small, informal stitching centres that are sometimes even home based. The rest of the process, including laminating, cutting panels, screen printing, quality control and packing, is completed by factory workers, which are the tier one suppliers of companies like Muta. Another cause for the lack of transparency is that it is often unclear where locally purchased material is coming from. Threads, buttons, etc. are not always directly purchased at the producer but on the market. It is not clear under what working conditions these materials have been produced.

**Remediation:** Within the project, no cases of child labour were identified. However, Muta identified a partner to work with in case it would find child labour. In such cases, it will make sure that the child and its family are supported by the Child and Social Development Organization (CSDO).

**Next steps:** Muta is committed to continuing its work to prevent child labour in the industry for the long term. It wants to scale up its approach to other brands and suppliers in the same sector. As such, Muta has identified communicating the achievements and its approach as an important next step to take.
Addressing child labour in ASM gold mines
Fairphone
Mining for gold in a fair way

Scope of the project

Geography: The project is taking place in the sub-county of Amonikakine, Tiira in eastern Uganda. Gold mining is a major segment of the region’s economy, which has led to a multitude of social issues, such as poor occupational health and safety at mining operations.

Sector: Gold mining. Up to 1.5 million children are involved in artisanal small-scale mining (ASM) globally, which the International Labour Organisation has identified as exposing children to greater risks than any other sector. Collapsing mines, carbon monoxide poisoning and mercury use are just some of the risks children may be exposed to.

Target group: Miners of the artisanal small-scale gold mines, children living in the surrounding mining communities.

Project rationale

The project was initiated with the aim to proactively support more responsible gold sourcing. With combined expertise in the areas of preventing child labour, improving working conditions and providing access to investment and a clear path to market, the partners aim to work with artisanal and small-scale mines, in Uganda to establish a sustainable, traceable gold supply chain that creates a better future for miners and their families.

Who was involved

FAIRPHONE launched a movement for fairer electronics in 2013. By making a phone, they aim to open up the supply chain and create new relationships between people and their products. They aim to make a positive impact across the value chain in mining, design, manufacturing and life cycle, while expanding the market for products that put ethics first. Fairphone runs the overall programme and aligns the different parties in the consortium. In addition, they will connect the responsible gold from Uganda to their supply chain.

Child’s rights organisation UNICEF is lobbying with Ugandan national parties to implement better legislation with respect to child rights. As part of this effort, UNICEF is also providing training courses on awareness for the local and national governments, for them to take a more active stance against child labour.

SOLIDARIDAD, an NGO that aims to stimulate the development of socially responsible, ecologically sound and profitable supply chains, is building the capacity of the ASM mining groups to extract their gold in a more responsible, efficient and profitable manner.

HIVOS/STOP CHILD LABOUR is focusing on the prevention and reduction of child labour in and around the mines and is encouraging children to attend school. Hivos/Stop Child Labour is responsible for implementing the Child Labour Free Zones, vocational training for the youth, awareness raising and stakeholder dialogue.

FAIRTRADE Foundation is responsible for designing an investment facility to provide mining groups with access to funding and to articulate new entry level criteria for mining sites. The aim is to enable groups to more rapidly access export markets while they are working towards full Fairtrade certification.

ROYAL PHILIPS is focusing on the international context and market outreach, involving supply chain stakeholders and encouraging them to integrate the responsibly sourced gold into the supply chain. Additionally, Philips aims to integrate the gold into its own supply chain.

Description

Artisanal and small-scale gold mining generates 12-15% of all worldwide gold production. However, it is a challenging sector when it comes to working conditions, continued existence of child labour, environmental degradation and the informal status of the sector. Up to 1.5 million children are involved in ASM and exposed to great risks, such as collapsing mines, carbon monoxide poisoning and mercury use. Child labour is a significant social and economic problem in Uganda. The combination of several factors has pushed 51% of children aged between 5 and 17 into work. These factors include lack of decent work opportunities and low income for adults, unstable family situations and deep-rooted social norms, meaning that many people do not see child labour as harmful and are not aware of the importance of education. In addition to that, education is expensive and not affordable for many, while the general quality of education is low and there are insufficient schools available. Across the country, just over 1 in 4 children (26%) are defined as child labourers. There are an estimated 50,000 small-scale miners in Uganda, and up to 30% of these (15,000+) are children.

Busia sits in the very east of Uganda on the border with Kenya, and has a long tradition in gold mining, including a wide range of small-scale mining sites in varying degrees of formalisation. The project’s analysis of the situation has revealed that a total of 412 children are at risk due to their various engagements as labourers, or because they are not attending school. The project engages 3 mining organisations: Tiira Small-scale Miners’ Association (TISMA), Tiira Landlord Miners’ Association (Tiira Landlords), and Busia United. They are building on their capacity to implement responsible mining practices.
Project partners help increase the ASM mines’ productivity and hence improve artisanal miners’ ability to earn a sustainable and sufficient income without having to resort to child labour. The project also aims to improve ASM gold miners’ incomes through access to investments, in the form of improved mining equipment and capacity building trainings, in exchange for commitment from mining groups to collaborate to gradually improve their social and environmental performance.

Moreover, the project established an export model for progressively responsible gold validated under social and environmental criteria, created transparency in the existing supply chains of the consortia partners and built a coalition of supply chain actors that are willing to buy this gold, hence supporting continuous improvements in the ASM sector.

Lastly, in the communities surrounding the project mines, two Child Labour Free Zones (CLFZ) were established to prevent and reduce all forms of child labour, involving all stakeholders within the area. This includes teachers, parents, children, unions, community groups, local authorities, and employers. The goal is to reach approximately 700+ households and affect an expected 400+ children. These children will be either prevented from entering child labour or withdrawn from work (if they are already working), taken back to school and motivated to stay in school.

Lessons learned

The importance of gaining and building trust locally: Gaining and maintaining the trust of local stakeholders has proved to be a challenging yet rewarding endeavour. During the project implementation, the project partners faced several instances of increased mistrust (e.g. after government evictions in a well-known mining area in Uganda, leading to ASM miners being more careful in disclosing information to outsiders, or while collecting household data, as parents and miners were sceptical about the purpose of the entire research project). These challenges were overcome by partnering with local organisations that already had long-term relationships with community stakeholders, taking the time to examine project activities in detail and always listening to local input. These examples also show that, in the context of ASM mines, building trust step by step is vital for the success of the project and can only be done with a consistent and constant presence on the ground.

The need for resources: A CLFZ approach is showing positive results in the context of ASM mining communities in Uganda. However, implementing and maintaining a CLFZ involves a lot of capacity and resources. For this approach to be successful, you will need patience and adequate resources. The objective of these efforts is that communities themselves are capable of assuming the responsibility for the CLFZ in the long term. As such, the project partners will need to be prepared to not only continuously support these efforts, but also to gauge the appropriate moment to pass responsibilities to the local communities. This can only be achieved through open and sincere dialogue with local stakeholders.
**Industry involvement and commitment is challenging:**
Fairphone is an advocate of industry looking beyond due diligence and compliance regarding CSR risks, and for increasing the industry’s engagement with issues such as child labour. This approach has proven challenging when engaging supply chain actors in the Uganda project, mainly due to the reputational risks associated with the ASM sector. In their efforts to increase the impact of their work, it also proved to be difficult for a small company to convince larger organisations (e.g. gold refiners) of the importance of engaging with the issue of child labour. The challenge is to get the whole industry as committed as Fairphone is. They are tackling this through a continued effort to build partnerships across the industry.
Eradicating child labour in granite production
Arte
A child labour free zone around the quarry

Scope of the project
Geography: The project took place in 8 villages in Ballikurava Mandal in Prakasam District of Andhra Pradesh State, India. India is one of the top five producers of natural stone worldwide. Half of the total world exports of granite comes from India, making the country by far the largest global exporter of granite. The production and processing of granite is concentrated in South India, particularly in the state of Andhra Pradesh.

Sector: Natural stone. Despite some improvements, child labour still is a major point of concern in granite quarries and the areas around granite quarries. A substantial portion of the workforce in granite quarries and processing units in Ballikurava are seasonal migrants and children between 15-18 years old. Migrant workers are preferred over local workers as they are seen as more obedient, will work longer hours and more flexible. Migrants do not switch employers frequently and are less likely to strike. They often live in poor conditions.

Target group: The workers in the quarry of the main supplier of Arte in India and their families. More than 70% of this category are migrant workers from other Indian states. They are generally hired on a temporary basis through labour contractors and are paid on a daily wage, or sometimes on a piece-rate basis. An assessment revealed that child labour with children below the age of 15 is not occurring in their granite supply chain. There are however many child labourers around the quarries.

Project rationale
There has been a decline in the incidence of child labour in recent years in granite quarries due to various initiatives undertaken by the government, natural stone industry, labour unions and NGOs to tackle the problem. Despite the decline, the problem still persists. The goal of the project was to combat child labour through a Child Labour Free Zone (CLFZ) approach in eight villages around the quarry of Arte’s main supplier. Many factors are contributing to children dropping out of school and joining the workforce. These factors include social acceptance and tolerance in the community towards child labour, market demand for child labour, poverty and the economic need for children to work, as well as social and cultural practices such as child marriages, poor access to education and the low quality of education in government schools, seasonal migration of families for work and lack of legal enforcement of child rights.

Who was involved
ARTE is a direct buyer of granite from the quarries in the project area. Arte is the major motor and initiator of this project and actively promotes CSR from an intrinsic motivation.

ARISA managed the project and was in contact with local and experienced NGOs in the field of CLFZ.

MV FOUNDATION (Mamidipudi Venkatarangaiah Foundation) conducted the local work in the area.

THE DIRECT SUPPLIER OF ARTE was not particularly involved in the project, but is willing to help if needed.

Description
As a first step, a baseline study was carried out to get a detailed understanding of child labour and child rights in the Ballikurava area. The baseline survey mainly depended on primary data gathered through household surveys, individual interviews and focus group discussions with different stakeholders in the sample villages. To get actual data on the population of children below 18 years and their educational status, a household-level survey was conducted. This survey covered all households with children below the age of 18 in the eight sample villages.

As part of the baseline survey, the study team consulted different stakeholders relevant for the implementation of the CLFZ project, such as children, parents, employers, community leaders, teachers, government officials, quarry workers, labour contractors, village elected representatives, NGOs and trade union members. After the completion of the baseline survey, a stakeholder consultation meeting was organised to share the draft findings of the baseline survey and to validate these findings. Their input was used for the development of the intervention plan.

As a next step in the project, the project partners made it possible for 55 children to attend school and 69 drop outs were reintegrated into school. They started a seasonal migration hostel in Chennupally village, currently capable of supporting 26 boys and 20 girls, as well as out of school care.

The Child Labour Free Zone approach was implemented, which means that local volunteers approach families whose children are not attending school. The children’s attendance is checked on a daily basis at the schools. If the children are not present, the parents are approached to see where the children are and whether there are any problems related to health, child marriage and/or child labour. Hence, non-attendance of school and child labour is actively monitored and addressed continuously.

Lessons learned
Wider, area-based approach: Child labour is not very present within the direct supply chain of Arte. The company has policies and procedures in place to control its suppliers, and its main local supplier has managed to prevent child labour as well. However,
child labour is present around the quarries and in other companies in the area that Arte does not source from. A focus area with the main supplier, but also neighbouring quarries and processing units, are children between 15-17 years old who, according to Indian law, are not allowed to work in these locations, as the work is considered hazardous. For a long-term, sustainable solution to the problem of child labour in the area, the project should therefore adopt a wider, area-based approach towards the creation of a Child Labour Free Zone (CLFZ) that would cover other sectors and other companies as well.

**Cooperation:** In the future, greater emphasis will be placed on cooperation in combating child labour with natural stone companies operating in the area. This will help to make the project more sustainable. Part of the activities of MV foundation in the CLFZ is to stimulate the government to combat child labour in the area. It will be necessary to actively engage with granite quarry and processing unit owners and labour contractors supplying migrant children, in order to tackle the issue of child migrant workers. The owners of the granite quarry and processing units should be encouraged to develop child labour policies and age verification systems to make sure that they do not recruit workers under the age of 18.
Due diligence in textile supply chains
O’Neill Europe
Values translated into management processes

Scope of the project
Geography: Supply countries of O’Neill Europe (China, Vietnam, Bangladesh, Cambodia, India, Myanmar, Thailand).

Sector: Textile.

Target group: Suppliers in different tiers of O’Neill Europe’s supply chain.

Project rationale
O’Neill Europe is constantly working on social, environmental and economic advancements and has strong corporate values regarding nature and people. These strong values date back to the establishment of the company by surfer Jack O’Neill in 1952.

Although O’Neill Europe had never encountered child labour in its supply chain, the company wanted to strengthen their due diligence and realised that consultancy support was needed. In this project, O’Neill therefore focused on the organisational aspects of the eradication of child labour. They aimed to create an overview and gain insight into their complex garment supply chain by creating a company-based value chain management system.

O’Neill Europe defined the following goals for the management system:
1. Enable better insight into their own operations and in the different tiers of their supply chain;
2. Enable better implementation of human rights due diligence in their supply chain and increasingly limit human rights risks;
3. Create an opportunity to assist and follow up on corrective plans with their suppliers in case of a relatively high risk on child labour.

Who was involved
O’Neill Europe (a Californian Lifestyle apparel brand) carried out the activities of the project together with Schuttelaar & Partners.
which is a consultancy and communication firm. They supported O’Neill in identifying the most optimal conditions for the development of an effective and efficient value chain management system.

**Description**

**Due diligence scan:** As a first step in the project, a human rights due diligence scan was carried out. This scan included a management system quick scan, including the identification of current risks and opportunities. Moreover, a desk study was carried out to gain insight into the existing process at O’Neill Europe.

**Strengthening internal management processes:** As a next step, O’Neill Europe worked on internal processes. It implemented workflows and processes within the company to be able to identify the risk of child labour within the supply chain. An internal management system was set up. This system monitors all third-party audit results. Annual child labour risk analyses were established to strengthen this purpose. Furthermore, a policy document was developed to support the development of a strategy to identify and mitigate the risks of child labour. This strategy, which had the full support of and was introduced by management, includes KPIs and tangible goals for the different tiers in the supply chain of O’Neill Europe. An O’Neill Sustainable Supply Chain Manual was developed to continuously strengthen this process. This manual is primarily aimed at CSR employees, purchasers and other employees at O’Neill Europe’s purchasing offices and contains all the necessary steps for performing proper due diligence, including policies & procedures to prevent or tackle issues in the supply chain.

**Training of staff:** Last but not least, purchasers from the Product Department of O’Neill Europe were trained on their role during supplier visits, specifically concerning sourcing decisions and new vendor requests. These purchasers are the first contact point for suppliers, and therefore need to be fully aware of the ambitions, values and internal processes regarding the prevention of child labour and other human rights risks. CSR employees and purchasers hold regular consultations to discuss audit results and prepare visits.

**Lessons learned**

**Information about indirect suppliers:** To map its entire supply chain, O’Neill Europe needs information from suppliers about indirect suppliers further along the chain. Although the company has long-term relationships with many of its suppliers (often longer than five years), the collection of reliable information has proved to be a challenge because of the details and complexity of the supply chain. Although a few suppliers initially felt uncomfortable sharing information about indirect suppliers, they agreed after in-depth consultation.

**Next steps:** As a next step, O’Neill Europe will continue to use their improved vendor process and follow up on the annual monitoring, through third-party audits. With their supply chain mapping tool, they will gain full insight into their entire supply chain. Another step they will take is to involve local NGOs to support the setting up of well-functioning worker committees at the factories where they buy their products.
Child labour monitoring and remediation system in cocoa supply chains
Tony’s Chocolonely
From combating child labour to enhancing children’s rights and development

Scope of the project
Geography: Ghana and Ivory Coast. The project was implemented in cocoa growing areas in the two countries. Tony’s implemented the project in the cocoa cooperatives it is sourcing from.

Sector: Cocoa production. Child labour is still widespread in the cocoa production sector in Ghana and Ivory Coast. The sector is characterised by extreme poverty, lack of organisation, child labour and modern slavery. Estimations show that about 2.1 million children are working in the cocoa sector in these two countries.

Target group: Cooperatives of cocoa producers.

Project rationale
Tony’s ultimate goal is to eradicate child labour in the cocoa growing communities it sources from. Child labour is present in cocoa growing communities in the form of children helping their parents on the farm. In some instances, child trafficking and forced labour occurs as well. The root causes of child labour are the poverty of parents who cannot afford to pay farm labourers, poor infrastructure, the lack of schools or teachers, and the low price of cocoa.

Who was involved
TONY’S CHOCOLONELY is a chocolate producing company that buys cocoa from cooperatives in Ghana and Ivory Coast. It is a social enterprise with the goal to eradicate child labour and modern slavery from the cocoa industry.

THE INTERNATIONAL COCOA INITIATIVE (ICI) is a non-profit, multi-stakeholder initiative that promotes child protection in cocoa growing communities. It has invented the Child Labour Monitoring and Remediation System (CLMRS) and was responsible for the technical support in this project.
Description

The project evolved around creating a Child Labour Monitoring and Remediation System (CLMRS) in the areas of the cooperatives that Tony’s sources from. This system is based on the presence of community facilitators, who collect data on the risks and presence of child labour. They also raise awareness on the issue of child labour, identify cases and request and implement remediation actions. All information is collected via smartphones and gathered in a database from which a systematic analysis can be conducted and remediation strategies can be refined. This approach aims to remediate both the root causes and the individual cases of child labour.

As a first step in the project, ownership of the CLMRS by the cooperatives was created by assisting them in developing their plan on how to do this. With assistance, the cooperatives also developed their community development plan, which made a distinction between immediate remediation activities and longer-term projects (e.g. improvements in infrastructure or developing income-generating activities). Remediation could be done within the project budget, while external funding was needed for the longer-term projects. In the end, remediation should become obsolete.

During the two years that the project ran, 527 cases of child labour were identified. Remediation was started, although completion might take longer. Remediation activities included providing birth certificates, school uniforms, school kits, bikes, offering vocational education, etc.

Lessons learned

Local engagement: Tony’s learned that the communication with the cooperatives should be more direct and that they should be involved from the beginning. Otherwise, the CLMRS is seen as imposed on them and they do not feel ownership over the system.

Approach and language: The project was focused on monitoring child labour. However, the approach and language used in the project changed from combating child labour to enhancing children’s rights and development. The communities preferred this more positive wording and approach. The community facilitators also started to use that type of language in the data collection and awareness activities.

Celebrate success early on: Tony’s developed the Tony’s Ambassador Programme. The cooperatives selected 30-40 role models in the surrounding communities: teachers, chiefs, entrepreneurs and successful farmers. They join in on various trainings for farmers and celebrate their successes, share stories and learn to have relevant discussions with children about different topics, such as schooling, career and challenges in life.

Time consuming, expensive and difficult to scale: Tony’s quickly realised that it was very time consuming, expensive and difficult to scale the CLMRS. As the system works with 1 community facilitator for every 40 farmers, and with time-consuming visits of each farm, the project has become expensive and difficult to manage. The solution discussed with the cooperatives was to use fewer community facilitators, use them on a full-time basis and provide them with a motorcycle so that they could service a larger area. Furthermore, the system will adopt a more risk-based approach.
Towards a better workplace in garment and textile supply chains
Gaining insight into the value chain together

Scope of the project

Geography: Tamil Nadu in India and Bangladesh.

Sector: Garment and textile.

Target Group: Dutch fashion brands and their suppliers.

Project rationale

Since 2000, there has been a steady decline in the incidence of child labour at the direct suppliers of the Dutch fashion brands that conducted this project together. An important factor in this decrease has been the zero-tolerance policies of these companies. However, the problem still exists. The presence of child labour has ‘moved’ from the first tier to deeper layers of the value chain into subcontracting of the first and second tier and even further downstream in the supply chain. As a result, it has become more difficult for companies to combat child labour. While the companies acknowledged that the prevalence of child labour further upstream in the value chain has to be addressed as well, this project focused on child labour in manufacturing and the second tier of the supply chain. The project partners decided to focus on this part of the supply chain because it has proved to be difficult to gain insight into the upstream supply chain in earlier projects, thereby running the risk of focusing on tracing the supply chain rather than on addressing child labour risks.

Although the participating companies hardly ever encountered child labour in their supply chains, reports from other parties showed that it was still present. The goal of the project was to develop and effectively implement mechanisms that offer insight into the situation and would give both the companies and NGOs insightful tools and examples to combat child labour. The long-term goal of the project is to provide all children and young workers in the garment supply chains of the project partners, and their families, with a sustainable solution addressing the root causes of child labour and with access to education.

Who was involved

DUTCH FASHION BRANDS We Fashion, O’Neill Europe, Prénatal, Hunkemöller, PNG (Claudia Sträter, Expresso Fashion, Miss Etam, Steps) And Cool Investments (America Today, Ms Mode) were all participating clothing companies in this project (all, except MS Mode, are signatories of the Dutch Agreement on Sustainable Garments and Textile)

HIVOS was the coordinating partner in this project.

save, read and ccr csr were the local implementing partners in this project.

arisa and unicef netherlands and bangladesh were implementing partners in this project.

The INRETAIL branch organisation and AGT Secretariat (hosted by SER) were facilitating and supporting partners. INRETAIL also did a lot of outreach to other sectors.

FAIR LABOR ASSOCIATION was the expert organisation in this project.

Description

To achieve the goals of the project, the project parties worked together to:
• use their leverage to motivate their first-tier suppliers to participate in the project and improve their daily operations;
• create more insight and transparency in the value chain beyond the first tier by mapping their supply chains;
• develop control methods other than auditing;
• identify and assess risks that were detected;
• adjust the policies and processes of the companies accordingly;
• develop and implement an action plan to address the problem of child labour and its root causes in an effective and sustainable manner.

Activities in India
• SAVE conducted an in-depth risk analysis on child and forced labour in garment factories in Tamil Nadu. This risk analysis resulted in recommendations on the functioning of worker management committees, provision of wage slips and hostel facilities for workers.
• Implementation of a training program to establish functioning worker – management committees in production units in Tamil Nadu. This included training sessions for managers, Human Resources staff, supervisors, and workers to address the issues of child labour and young female workers’ safety with regard to occupational safety and harassment at the workplace.
• The project supported a regional complaints mechanism (based on existing helpline) and engaged with brands in handling the complaints and increasing access to remediation.
• The project also included access to remediation for victims of grave human rights violations, such as receiving psychological care and alternative livelihood training (by READ).
Activities in Bangladesh:
- Two Dutch companies, together with their first- and second-tier suppliers, have participated in UNICEF’s Better Business for Children programme focusing on Family Friendly Workplaces.
- A six-step programme was implemented consisting of a management buy-in meeting to ensure support for the programme, a baseline study to determine specific needs for each production location, training on children’s rights for a cross-section of the organisation, drafting of the action plan in collaboration with stakeholders, implementation of the action plan together with local implementer CCR CSR / Creative Pathways, evaluation of the project and discussion of next steps.
- With these four production locations, the programme reached 3,516 workers and at least 1,990 children (through the workers).
- The programme focused on the prevention and remediation of child labour and on improving working conditions for working parents, resulting in a better environment for children. The participants improved day care as well as breastfeeding facilities, policies in maternity leave, hiring policies and the code of conduct towards their suppliers in the supply chain.
- Currently, brands and suppliers have shown interest in continuing and upscaling the programme, such as through community-based day care systems for a group of producers, young worker programmes, and expanding the programme through the supply chain.

Lessons learned
Awareness-raising: The willingness of tier one suppliers to actively approach and convince their sub-suppliers to join the project was important for the implementation of the programme. During the project, it became clear that most tier one factories do not have proper policies and procedures in place to prevent and address child and forced labour. Awareness raising is needed to create a sense of urgency with their suppliers on issues such as children’s rights. However, the leverage of companies further upstream in the supply chain is limited. Overlap of the companies’ supply chains occurs deeper down the chain (4/5 spinning mills), where they can join forces to increase leverage.

Relationship building: In such a large project, with so many parties involved, building truly felt ownership with all stakeholders can be quite a challenge and requires a lot of project management. Trust building and engagement between project partners and suppliers takes time.
A lesson learned is to plan for sufficient time and resources to manage and coordinate the project. A quick scan/assessment at the start of the training programme did not help the trust building.

**Flexibility:** Another lesson learned is to stay flexible in the project execution. An example is that target groups might shift during the project. Since forced and bonded child labour is mainly prevalent in spinning mills in Tamil Nadu, the project initially planned to only engage with spinning mills and conduct the training programme only in spinning mills. During the implementation of the project it was decided to broaden the scope and also include garment factories and other sub-suppliers in the project, as it became clear that cases of child labour could also be found in factories and dying, knitting and printing units. Besides, the project partners realised that, if they expect tier one suppliers to convince spinning mills they are sourcing from to take part in the training programme, the tier 1 suppliers themselves should have a clear understanding of how workers committees should function, what policies should be in place and how they can benefit from the training programme.
Children in the forgotten link of the textile value chain
SYMPANY

**Scope of the project**

**Geography**: The project took place in Panipat, one of the 22 districts of the state of Haryana, just 60km from Delhi, in India. The district is known as the ‘cast-off capital of the world’ as for decades, second-hand fabric from across the world has made its way to the district’s ubiquitous sweatshops to be recycled and resold.

**Sector**: Textile, recycling, circular economy.

**Target group**: Women and children working in the recycling of textiles in the area.

**Project rationale**

The project addresses child labour in the post-consumer textile recycling industry. Sympany trades second-hand textile from citizens in The Netherlands (23 million kg annually), of which approx. 30% is non re-wearable textile that is traded to eastern Europe and farther afield. Sympany would like to create more transparency in its retail chain, and to ensure that there is no child labour in their part of the retail chain. Although it is likely that part of the waste textile is recycled in Panipat, India, Sympany has no proof of this. Nevertheless, children are involved in the labour force in Panipat and are as such part of the textile value chain for whom no one takes responsibility.

**Who was involved**

**SYMPANY** is a social enterprise that contributes to a sustainable, circular, post-consumer textile value chain. The core business includes tendering for textile contracts at municipalities to get permits to collect for a certain period, collecting, sorting and selling textiles. Sympany has been partnering with HPPI since 2015 on projects for the education of children not attending school through bridge schools, to prepare them to enter formal schools at the right level.

**HUMANA PEOPLE TO PEOPLE INDIA (HPPI)** Through its sustained efforts in Panipat, HPPI has forged strong links with the local community members, law enforcement agencies and government bodies operating in the three wards the project has been implemented in. Building upon the success of the model, and in cooperation with relevant public and private partners, HPPI aims to expand the project across all the wards of the district to ensure that the scourge of child labour is completely removed from the district.

**ARISA** is an independent human rights organisation dedicated to improving the lives of the marginalised in India. Their core interventions are campaigning, advocacy and lobbying, supported by research, awareness raising, networking and publicity. To achieve its goals, Arisa combines local action and cooperation with local organisations in India as well as organisations in the Netherlands, Europe and worldwide.

**MV Foundation (MVF)**, which is a third partner in the project, is a local NGO that has been working towards the abolition of child labour in all its forms and integrating the children into formal schools. As a rights-based, grassroots-level development organisation, MVF is actively involved in the protection of child rights, particularly those of education and health and prevention of child labour & child marriages through education.

**Description**

The project focused on the children working in Panipat district in India. Panipat has over 2000 small-scale textile recycling factories, and many more informal ones, being the biggest centre in India for recycling used fabric to generate shoddy yarn, attracting poor, landless migrant labourers from other parts of India. It produces blankets, mats, rugs and throws made of post-consumer textile as well as rest fabric cuttings from the garment companies.

**Baseline study**

The project started with a baseline study, not only to estimate the number of child labourers, but also to determine the feasibility of implementing the Child Labour Free Zone project, to serve as input for stakeholder consultations and to develop a detailed project plan. Among the 10,000 people surveyed, there were 4,148 children between ages 5-18, 55% boys, 45% girls. Of these children, 327 had never attended any school and 244 were dropouts, so the project is focused on getting 571 children to go to school. The survey indicated that 440 children are engaged in at least one form of work, all working in unsafe/ unhealthy conditions. Of these children, 59% work as unpaid helpers in family businesses and 41% are employed as daily wage workers, domestic helpers or self-employed sellers or tailors.

**Root causes of child labour**

In order to identify the right interventions, it is important to identify the root causes of child labour in this area. They were identified as:

- Need to supplement family income
- Inability to pay school fees
- Help to pay off family debts
- Migrants without ID and therefore no access to schools
- Lack of interest in study/schooling
- Lack of formal educational facilities/schools available in the area/ the low quality of the schools, and schools working in shifts.

**The approach**

After the baseline study, the project involved many stakeholders to develop an approach to combat child labour. It has the following components:

- **Set up a Child Labour Free Zone**, which includes an intensive advocacy with relevant stakeholders, including: parents, textile factory owners, foremen, local leaders, brokers, unions, school headmasters/teachers, government departments, local authorities, local NGOs and religious leaders. Also, cooperation with stakeholders in the value chain is sought, to set up a tax system for garment and textile.
• **Fast-track middle school education** for children staying in factories, ages 11-14. Children are educated up to grade 8, giving them an opportunity to seek further education in the formal education system.

• **Advocacy and lobby** – supported by action-oriented research - with both garment companies and policy makers in support of a child labour-free recycling (‘shoddy’) industry with better working conditions for adults (including a fair wage).

• **Investigation of the feasibility of implementing a disposal fee on textile.** The conditions that are needed to implement extended producer responsibility (EPR) will specifically be researched. The disposal fee, also called recycling fee, is the price component that consumers pay per piece of clothing or household textile that is bought to finance sustainable recycling without child labour and with decent labour conditions in line with the OECD guidelines. The feasibility study on a disposal fee presents experiences in several European countries and explains 4 different scenarios, to be further discussed among stakeholders and developed in the Netherlands.

The project involved all stakeholders - children, parents, farmers, key persons in the community - and aimed to provide long-term solutions. In addition, the project sought active cooperation with local government to ensure its efficiency, but also to prevent the issues from simply moving to other sectors outside the seed industry.

**Lessons learned**

**Local engagement** A lesson learned was that setting up a CLFZ requires an experienced NGO with a large, well-rooted local network. Community Mobilisers educated children, parents, factory owners and community members about the dangers of child labour and the benefits of education. They simultaneously identified children working in harmful factory environments and enrolled them in Bridge Schools: schools that were opened under the project to bridge the learning gaps of Out Of School Children (OOSC) and integrated them into formal schools.

**Involve community volunteers:** Another lesson learned was that various interventions were required to make the intervention sustainable. Besides the Bridge Schools and Community Mobilisers, a cadre of community volunteers called the Child Rights Protection Forum (CRPF) has been created as part of the project. CRPF members, being from the same community, are well aware of the social dynamics and ensure that the area continues to be child labour free through regular contact with parents, factory owners and law enforcement officials.

**Supply chain mapping:** During the project it turned out to be quite complex to map Sympany’s full supply chain, as it consists of many tiers in many countries, and some actors were reluctant to share information. The estimate is that 5% of the company’s used textiles end up in Panipat. Based on the visits of the smaller sorting sweat shops, the conclusion is that working conditions are worse than expected with regard to health and safety.

Child labour takes place in all parts of the textile recycling value chain in Panipat, including in sorting, cleaning, spinning, dyeing, weaving and repairing.
Together for the protection of children in tourism
TUI
Involving all actors to protect children in tourism destinations

Scope of the project
Geography: Phuket Region in Thailand and Cancún Region in Mexico. The project is carried out in these two regions, which both experience commercial sexual exploitation of children.
Sector: Tourism (travel industry).
Target group: Children and adolescents in the two regions.

Project rationale
This project focuses on one of the worst forms of child labour, namely the sexual exploitation of children in tourism destinations. With migration to tourism destinations, the most vulnerable groups of people, such as street children, irregular migrants and those lacking education and vocational skills, seek a way to earn an income in these destinations. Those opportunities are, however, often limited for most children and young people and are found in the margins of society, such as begging, working as labourers, selling small items and selling sexual services. Factors that contribute to this are the lack of recognition of the rights of women and children, corruption, impunity and a lack of appropriate responses in cases of sexual exploitation. TUI and ECPAT joined hands to improve the protection of children in Phuket and Cancún, two tourist destinations where sexual exploitation of children is known to take place.

Who was involved
TUI BENELUX consists of tour operators, travel agencies and an airline and it has an average of 1.5 million customers per year.
TUI DESTINATION EXPERIENCES is a cluster of incoming agencies and their tourism services. These offer a broad range of services including transfers, excursions or round trips. TUI Destination Experiences represents the incoming agencies in Mexico and Thailand.
TUI CARE FOUNDATION is the corporate foundation of TUI Group. It focuses on creating new opportunities and perspectives for young people through education and training, protecting the natural environment and creating sustainable livelihoods in thriving communities.

DEFENCE FOR CHILDREN - ECPAT NETHERLANDS stands up for the rights of all children at home and abroad and provides legal support to children whose rights are at risk of being violated. It is an expert in working in a multi-stakeholder setting with government, private sector and civil society partners in the Netherlands and in international programmes.

ECPAT INTERNATIONAL is an international network of local civil society organisations and coalitions operating in 102 countries to end the sexual exploitation of children around the world. It coordinates research, advocacy and action to support the protection of children and their empowerment. It runs the TheCode programme, a multi-stakeholder responsible tourism initiative aimed at creating awareness and providing tools and support to the tourism industry to prevent the sexual exploitation of children.

ECPAT FOUNDATION THAILAND engages with networks of child protection agencies at a national and local level, including Phuket. The foundation supports children and young people who have survived exploitation or are still at risk by encouraging them to participate as key actors to protect themselves and other children in similar situations.

ECPAT MEXICO works with the Network for Children’s Rights in Mexico. The group has worked on legal reform in relation to the sexual exploitation of children and with the tourism sector. It has worked to incorporate the topics in the public agenda and raised awareness through the mass media.

Description
The project activities were focused on engaging the local tourism sector, local communities, governments and NGOs with two goals: to empower children to become change agents in implementing human rights principles and to improve the protection of children against sexual exploitation in the tourism sector.

As a start, two local assessments on the risks of sexual exploitation of children in tourism were carried out in Phuket and Cancún. Moreover, ten companies were assisted in developing strategies, processes and policies regarding sexual exploitation. This included training their staff – in total, 314 employees of the ten companies were trained.

Furthermore, five multi-stakeholder workshops were held and a lot of awareness materials have been distributed among tourists and professionals. Lastly, 30 children, 19 adolescents and 1 teacher have been trained on awareness-raising methods to implement peer-to-peer education and on building advocacy skills to enable children to protect their rights. The project informed even more children and adolescents about child protection through the awareness training sessions and a campaign. These training sessions were organised to strengthen the capacity of children to defend themselves against sexual exploitation and to be able to report cases and get access to services.

Lessons learned

Time consuming: TUI learned that more time is needed to engage with children at risk and child victims. The reasons for this are accessibility, available services and structures (and the lack thereof), the school calendar and the political context – for example, elections were held in Mexico, which caused some delay.

Deviation between genders: In Thailand, the majority of employees in the tourism industry is female, which causes a small deviation between genders in terms of reach. While attention is paid to this deviation when the trainings are organised by ECPAT, participants are often replaced based on availability in the case of their absence, and in this case without paying attention to gender.

Training and cooperation of multiple stakeholders is pivotal: The training activities resulted in a broader understanding of sexual exploitation by people active in the tourism sector in both Phuket and Cancún. The different actors showed more commitment to preventing and acting after they followed the training. Moreover, doubts and questions are now being shared by the actors involved in and outside of the training sessions, and the implementation of the developed policies and processes is progressing more smoothly.
## FBK Project Overview

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<thead>
<tr>
<th>FBK Project Title</th>
<th>Sector</th>
<th>Applicant</th>
<th>Other Project Partners</th>
<th>Status</th>
<th>Country</th>
<th>Country/Region</th>
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</thead>
<tbody>
<tr>
<td>Due diligence in Metslagic Supply Chains</td>
<td>Mining (secondary metals, zinc, tin)</td>
<td>Tata Steel Ijmuiden B.V.</td>
<td>LDM B.V.</td>
<td>Finalized</td>
<td>Ghana / Peru, Mexico, Russia</td>
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<td>Garment &amp; textiles</td>
<td>Muta Holding B.V.</td>
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<td>Cefetra Feed Service B.V.</td>
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<td>Stichting Teferebeesheid Nederland B.V.</td>
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<td>O'Neill Europe B.V.</td>
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<td>Due diligence in Child Labour in Tobacco Production</td>
<td>Agriculture (cotton)</td>
<td>Batastic B.V.</td>
<td></td>
<td>Finalized</td>
<td>Bangladesh / India</td>
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<td>Together for the Protection of Children in Travel and Tourism</td>
<td>TUI Nederland N.V.</td>
<td>TUI Care Foundation, TUI Destination Services, Defence for Children-ECPAT, ECPAT International</td>
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<td>Engaging private sector and empowerment of children</td>
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<td>Towards vegetable seed production without child labour</td>
<td>East-West International B.V.</td>
<td>East-West Seeds India Pvt Ltd, Global Research Services</td>
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<td>Minimum wages and education</td>
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<td>Stichting Arisa, Humana People to People India, MV Foundation</td>
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<td>Child Labour Free Zone</td>
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<td>Partnership for responsible cobalt sourcing</td>
<td>Fairphone B.V.</td>
<td>Zhejiang Huayou Co-bolt Co., Ltd, The Impact Facility</td>
<td>Mining (cobalt)</td>
<td>Joining efforts in supply chain</td>
<td>Implementation</td>
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<td>Child Protection Program for Sierra Leone</td>
<td>Tradin Organic Agriculture B.V.</td>
<td>Solidaridad West Africa - Sierra Leone, Tradin (SL) Ltd</td>
<td>Agriculture (cocoa)</td>
<td>Monitoring &amp; prevention and improving Household income</td>
<td>Implementation</td>
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<td>Developing VSLA + CHILD tool to remediate child labour in cocoa areas</td>
<td>Cacaoconnect B.V.</td>
<td>Kookoo Pa Farmers Association, Child Rights International</td>
<td>Agriculture (cocoa)</td>
<td>Village Savings and Loans Associations (VSLA)</td>
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<td>Mica Mining in Madagascar</td>
<td>Stichting Terre des Hommes Nederland</td>
<td>Stichting Nederlands Comité UNICEF, Qolorotech B.V.</td>
<td>Mining (mica)</td>
<td>linking formal and informal sector and downstream users</td>
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<td>Uganda Coffee Communities: Promoting Child Education</td>
<td>Stichting Rainforest Alliance</td>
<td>Koninklijke Douwe Egberts B.V., Kyagaliyani Coffee Ltd, Stichting Hivos</td>
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<td>tbd (will depend on insights impact study)</td>
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<td>Empowering Communities and Cooperatives Eradicate Child Labor</td>
<td>Unilever Nederland B.V.</td>
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<td>Risk-based Child Labour Monitoring and Remediation System in Cameroon</td>
<td>Cargill Cocoa &amp; Chocolate</td>
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<td>Child Labour Monitoring and Remediation System</td>
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<td>Digital innovation in monitoring &amp; tracing</td>
<td>Choxplore aka Mesjokke</td>
<td>Stichting Rainforest Alliance, Cacao B.V., Fundacao Nicafrance</td>
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<td>Save the Belias</td>
<td>Medi Group B.V. / ADMC</td>
<td>Medigroup Ltd MFDP: Al Mahrous foundation for Development and Participation</td>
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<td>Solina Netherlands B.V.</td>
<td>Nederlandse Vereniging voor de Specerijhandel DFI Food B.V., Mouw Sourcing B.V.</td>
<td>Agriculture (spices)</td>
<td>tbd (will depend on insights impact study)</td>
<td>Implementation</td>
<td>Vietnam</td>
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</table>
Annex

FBK Guideline Risk Analysis

This guideline explains the steps for a Child Labour risk analysis, which identifies the activities with the highest risks of child labour in your supply chains.

FBK

A child labour risk analysis for the FBK fund must meet the following demands:

• Report where in the supply chains, the risks of child labour are highest. Please, mention countries, regions, suppliers and product categories.
• Report how you have set priorities to address child labour. Keep in mind: prevention, severity, other initiatives and a company’s leverage.
• Share your view on the opportunities to address child labour. This goes for sourcing companies and their suppliers. Also, consider obstacles you may face.
• Base your risk analysis on research by child labour experts and stakeholder involvement.

We expect companies to practise due diligence. Part of this process is a risk assessment. This risk analysis method follows the UN Guiding Principles for Business and Human Rights. It also follows the OECD guidelines for multinational companies.

Please, follow the steps below.

Step 1: Products and sectors with the highest risks
This concerns desk research of child labour risks in the sector or sectors you are active in. Start with the sector and product that has the highest risk.

For reference, see the list of products by the US Department of Labor or the CSR risk checker.

Known high-risk products have a natural resource, for example, raw agricultural and mining products, such as stone or gold.

Step 2: Map the supply chain
Desk research suggests where child labour is likely to happen. Further mapping of the supply chain starts with first-tier suppliers.

The matrix below can help you by mapping the supply chain.

<table>
<thead>
<tr>
<th>A. Product type</th>
<th>B. Suppliers</th>
<th>C. Country of origin and a high, medium or low risk</th>
<th>D. Information on the supplier</th>
<th>E. Tiers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Based on desk research, where is the highest risk?</td>
<td>Start with the highest expenses and volume. See D for low expenses, yet high risks.</td>
<td>For example, use the Maplecroft world map.</td>
<td>Based on relationship, audit report, website and known measures. Mention the possible risk of child labour.</td>
<td>Mention child labour in the next tiers per tier.</td>
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…
In the case of child labour in the first tier (column E. Tiers), we need more information about the supplier. We may ask you to fill out another matrix. As it is a sensitive topic, a diplomatic approach will get the best results. The supplier can be hesitant to share information. Sometimes it is best to start with another related topic. Incorporate your questions as a demand in a contract. Whether you do this, depends on the business relationship you have with the supplier. Be aware that child labour may also happen in the surroundings of the supplier. Outside of the supplier’s buildings or land, child labour can get linked to the supplier’s business. For example, children working in mines that sell stones become part of the value chain. The supplier may not be aware of this.

Indicators for child labour risk with a supplier or in the supply chain are (column D. Information on the supplier):

- Suppliers in high-risk countries;
- Type of work: low pay and low skill;
- A high-risk sector, for example, agriculture;
- Lack of due diligence management system to prevent, identify or address child labour;
- Lack of commitment to combat child labour.

Together with departments in your company, you make an analysis: CSR or Sustainability, Legal, Human Resources, Procurement and Corporate Risk Management.

When you want to make a joint risk analysis with another company, ask for help from an independent person. They can make a list of suppliers and countries of origin for you. They can also analyse any overlap and share aggregated outcomes.

**Step 3: To set priorities**

The previous matrix shows you have to do more research to identify the risks of child labour. You have to identify suppliers or supply chains that run the highest risk. You also have to identify those that are more severe on scale, scope and irreversible harm.

Possible outcomes:

- Risks are not likely, severity high: consider giving this priority.
- Likelihood is high, severity low: consider giving this priority as it may be a quick win.

Whom to consult when setting priorities:

- Child labour experts and stakeholders;
- NGOs working on child labour.

You can use this matrix to set priorities:

**Determinators for severity are:**

- Scale: the number of children involved.
- Scope: the type of work and how children suffer from it.
- Irreparable damage: child labour can irreversibly harm children. The physical and mental damage often have a lasting influence on their adult lives. It is hard to replace lost years of education.

![Severity and Likelihood Matrix](image-url)
Companies that want to address child labour should have some leverage. Leverage or an advantage can also determine priorities. The matrix below helps you resolve this. To use this matrix, please first fill out the first matrix.

Is the outcome little advantage, but high severity? Try to increase the leverage. To do so, you can join initiatives from other organisations.

### Step 4: identify opportunities and obstacles

Make clear:
- The opportunities you see when addressing child labour in the prioritised supply chain,
- The company’s support for addressing child labour,
- The potential obstacles to take into account.

### Step 5: describe the process of the risk analysis

Make clear:
- How you made this analysis,
- The stakeholders you consulted,
- The experts you consulted.
The Fund against Child Labour (FBK) supports companies and NGOs in combating child labour in global supply chains. In particular, it supports companies that want to carry out local investigations into the root causes of child labour in their production chain and take measures accordingly. This booklet is mainly based on the experiences of projects under the Fund and is by no means meant to be exhaustive. The Netherlands Enterprise Agency manages FBK on behalf of the Minister for Foreign Trade and Development Cooperation.

The Fund against Child Labour contributes to the following SDG’s:

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