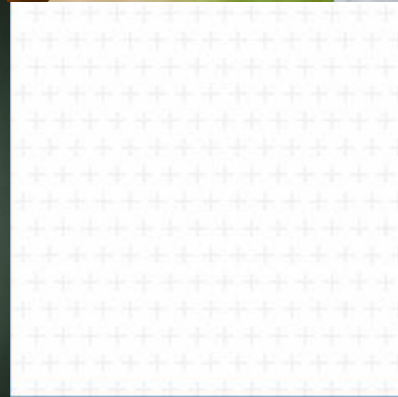
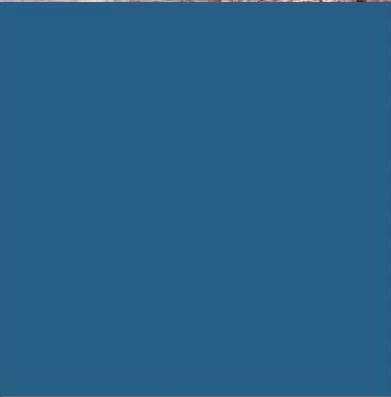
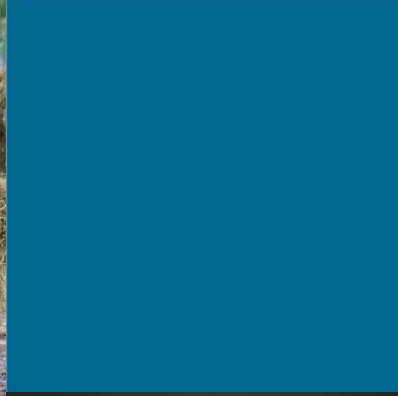
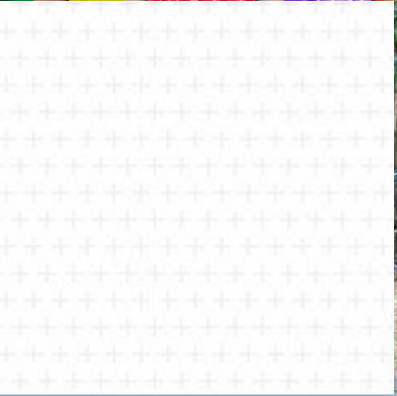
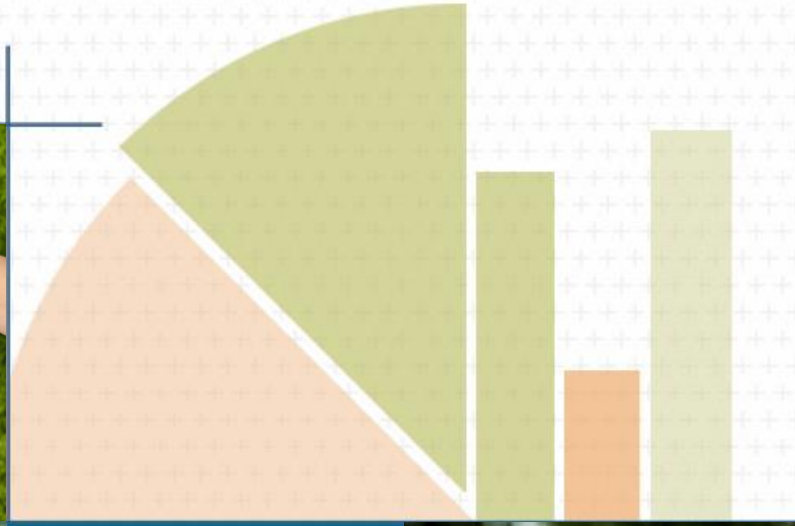


## INVESTOR GUIDANCE FOR CHILDREN'S RIGHTS INTEGRATION

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## Introduction

The links between business and human rights are now widely acknowledged, and related guidelines have emerged for both companies and investors to help them not only understand but also manage their respective risks and impacts in practice. At the same time, attention to children's rights issues, other than child labour, is still rather low. GES' surveys conducted in cooperation with the Global Child Forum in 2014 and 2015<sup>1</sup> found that the integration of the related considerations is very limited within the investment sector. Nevertheless, the responses indicated a clear interest in advancing on this issue, and investors have called for practical guidance on how to take into account children's rights in investment policies and processes. Accordingly, this document aims to bridge that gap by building on the Children's Rights and Business Principles<sup>2</sup>, launched by UNICEF, UN Global Compact and Save the Children in 2012, and to explain the relevance and appropriate actions specifically from the investor perspective. It is intended to serve as a concise reference and checklist for investors to use in their daily operations. Suggested complementary reading and additional tools are included at the end to enable investors further widen and deepen their understanding of the issue.

## Why are children's rights relevant for investment analysis?

Children make up almost a third of the world's population and interplay with business as customers, employees' family members and workers. They generally form a key stakeholder group in local communities as well as in society at large. Children have unique vulnerabilities and needs, and in some cases business activities that have no negative impact on adults may be very harmful to children's rights and well-being. Accordingly, the standard human rights policies and assessments may not sufficiently identify, let alone mitigate, the risks relating to children. This applies to both companies and investors.

The failure to manage such risks, or missing out on child-related opportunities, can have material consequences to companies and investments alike. Irresponsible or negligent corporate behaviour may lead to reputational damage, a drop in sales, lawsuits, fines, boycotts, project or delivery delays, loss of contracts, increasing costs or tougher regulation, for example. On the other hand, successfully and appropriately acknowledging children as a stakeholder group and a customer can result in new profit opportunities, increased sales, a more satisfied and productive employee base, a first-mover advantage, a loyal long-term customer base, more goodwill, positive attention and a more stable operating environment. Universal ownership, responsible investment, fiduciary duties and long-termism are all inherently linked to ensuring that the children are taken into account.

Furthermore, many investors are explicitly committed to incorporating international norms in their investment policy and process. Children's rights are prescribed in the UN Convention on the Rights of the Child (1990), whereby the General Comment no. 16 addresses the role and impacts of businesses.

In addition, child labour is covered by the ILO Conventions 138 and 182 and many of the Sustainable Development Goals contain specific references to the development and targets as regards children.

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<sup>1</sup> <http://www.ges-invest.com/press-room/reports/>

<sup>2</sup> <http://childrenandbusiness.org/>

**What investors should expect from companies... and from themselves.**

While certain sectors are more directly exposed to wrongdoing and/or better placed to positively contribute to the fulfilment of children's rights and/or benefit from child-related opportunities, the Children's Rights and Business Principles outline the minimum responsibilities applicable to ALL companies.

Based on these principles, investors should request that their investees:

**1. Meet their responsibility to respect children's rights and commit to supporting the human rights of children**

*Recognising the core principles underpinning children's rights; putting in place appropriate policies and processes; committing to supporting the human rights of children.*

**2. Contribute to the elimination of child labour, including in all business activities and business relationships**

*Eliminating child labour throughout the value chain; preventing, identifying and mitigating harm to young workers; working with governments, social partners and others to promote education and tackle the root causes.*

**3. Provide decent work for young workers, parents and caregivers**

*Providing decent work and working conditions; being responsive to the vulnerabilities of young workers and the needs of parents and caregivers.*

**4. Ensure the protection and safety of children in all business activities and facilities**

*Addressing risks posed to children by business facilities and staff; implementing a child protection code of conduct.*

**5. Ensure that products and services are safe, and seek to support children's rights through them**

*Conducting testing and ensuring products cause no harm; restricting access to unsuitable products and services; eliminating discrimination; maximising the accessibility and availability of products essential to children's survival and development.*

**6. Use marketing and advertising that respects and support children's rights**

*Ensuring that communications do not have an adverse impact; complying with the international and national standards, particularly in relation to health; using marketing which empowers and raises awareness.*

**7. Respect and support children's rights in relation to the environment and to land acquisition and use**

*Ensuring business activities do not negatively affect the environment that children live in or families rely on; recognising children's rights as an integral part of the processes involving land acquisition and use.*

**8. Respect and support children's rights in security arrangements**

*Incorporating children's rights into security arrangements; not recruiting children for these purposes; ensuring that children's rights are respected by those providing security services.*

**9. Help protect children affected by emergencies**

*Recognising and mitigating the heightened risks to children in the context of armed conflict and emergencies; helping to protect the affected children; making a positive contribution to sustainable peace and development.*

**10. Reinforce community and government efforts to protect and fulfil children's rights.**

*Not undermining the governments' efforts; respecting the rule of law and responsible business practices, including paying taxes; considering strategic social investment programmes for children.*

On a practical level, the specific responsibilities and actions relevant to different companies depend on their business profile, sector and geographic reach, for example.

It is important to note that these principles also apply to investment organisations, which should accordingly review their own operations and policies to ensure that they are in line with the above.

### **How to integrate children's rights considerations in the investment decision-making?**

Investors can take a number of actions to ensure that children's rights are taken into consideration, amongst others:

- ❖ Explicitly acknowledge children's rights in your (responsible) investment policy.
- ❖ Include a specific criterion relating to child-related impacts to complement the general human rights assessment carried out as part of the company analysis.
- ❖ Identify the sectors, companies and regions most at risk of child rights breaches and apply additional due diligence if related securities are considered for investment.
- ❖ Avoid investing in companies whose business idea is inherently detrimental to children's rights.
- ❖ Avoid investing in and/or enter into an active ownership dialogue with companies which have proven to act in a way which violates the rights of the child.
- ❖ Favour investees
  - a) whose products or services positively contribute to the development and protection of children; and/or
  - b) which demonstrate a commitment to respect and support children's rights.
- ❖ Systematically include the topic as a discussion point in engagement with companies to raise awareness and to underline the importance of respecting and promoting children's rights. The same should be applied to interaction with peers in the investment community, and investors should look for opportunities for collaboration as appropriate.

### **The assessment of and engagement with companies**

When analysing and engaging with companies, investors should seek reassurances of a responsible approach to children's rights. While this should always take into account the specific risks and impacts applicable to each company, below is a selection of broadly relevant questions which could be used in dialogue or as a checklist for assessing and comparing companies.

#### **Awareness**

- ❖ Has the company explicitly acknowledged that there are child-related risks and opportunities connected to its business? Has it evaluated the risks and opportunities more broadly, instead of only considering child labour?
- ❖ Has the company assessed the potentially material impacts that the related issues may have?

#### **Policy**

- ❖ Does the company refer to children's rights in its Code of Ethics, Human Rights Policy, Supplier Code etc.?



- ❖ Is there a stated commitment to comply with the UN Convention and other international standards addressing children's rights?

#### **Reporting and stakeholder engagement**

- ❖ Does the company describe its approach to protecting and supporting children's rights in its annual report, sustainability reports and/or on its website? Is this accompanied with practical examples and regular progress updates?
- ❖ Are children included in stakeholder engagements and are they able to express grievances and give feedback on the company's products and activities?
- ❖ Does the company use its leverage to support the fulfilment of children's rights, e.g. through lobbying, capacity-building and by requesting related efforts from business partners? Does it cooperate with peers and external stakeholders on child-related issues?

#### **Management**

- ❖ Are child rights incorporated in the daily operations as well as in strategic decisions in a proactive and precautionary manner?
- ❖ Is the top management explicitly behind the company efforts related to children's rights?
- ❖ Does the company have related internal guidelines and training? This is particularly crucial for all employees who come into contact with children, who make decisions which directly affect children and who are placed in or frequently visiting locations where the risk of abuses is elevated.
- ❖ Have external child rights experts been consulted by the company when forming its management approach?
- ❖ Has the company incorporated impacts and risks relating to children in its due diligence processes? Have different geographies and/or different parts of the value chain been taken into consideration, as well as high risk situations such as land acquisitions and security arrangements, as appropriate?
- ❖ Has a formal Children's Rights Impact Assessment been carried out on relevant company activities or have children been separately considered as part of the Human Rights Impact Assessment? Is there a procedure to promptly act and remediate if a negative impact on children is imminent or already incurred?
- ❖ Does the company have a monitoring system ensuring that children's rights are being efficiently managed at all levels throughout the company on an ongoing manner?
- ❖ Is there a corporate complaint channel and, when relevant, operational level grievance mechanisms sensitive to children's rights issues?
- ❖ Are the company's employee policies such that they do not negatively impact workers' families? Is this also an issue which the company engages its suppliers on?

#### **Product development**

- ❖ Are the specific needs and sensitivities of children incorporated in the design of products and services intended to be used by children?
- ❖ Has the company considered the impacts that its offerings, even those not primarily used by children, can have on children's mental and physical development and well-being? This should include making all efforts to minimise the chance of misuse which could harm children.
- ❖ Is the company actively developing products which support the fulfilment of children's rights?

**Marketing**

- ❖ Does the company have a separate policy on marketing to children?
- ❖ Is there an internal system ensuring that marketing messages are in line with the developmental needs of children as well as understandable and appropriate for the intended target group?
- ❖ Has the company acknowledged risks that using stereotypes, unrealistic body images and simplifications in marketing pose?
- ❖ Is parental guidance and support offered?

**Further reading and advice**

This document does not attempt to address every scenario and company-specific circumstances, but investors are welcome to contact GES for further details and inspiration, or for help in integrating children's rights in investment processes. In addition, there are various documents and tools available which GES recommends investors to explore, including but not limited to:

The Children's Rights and Business Principles (*UNICEF, UN Global Compact and Save the Children*)  
<http://childrenandbusiness.org/>

UN Convention of the Rights of the Child [www.ohchr.org/en/professionalinterest/pages/crc.aspx](http://www.ohchr.org/en/professionalinterest/pages/crc.aspx)

Children's Rights and Business Atlas (*UNICEF and the Global Child Forum*)  
[www.childrensrighsatlas.org/](http://www.childrensrighsatlas.org/)

ILO Child Labour Platform [www.ilo.org/ipecc/Action/CSR/clp/lang--en/index.htm](http://www.ilo.org/ipecc/Action/CSR/clp/lang--en/index.htm)

Investing the Rights Way (*Institute for Human Rights and Business, Calvert Investments and the Interfaith Center on Corporate Responsibility*) [www.ihrb.org/pdf/Investing-the-Rights-Way/Investing-the-Rights-Way.pdf](http://www.ihrb.org/pdf/Investing-the-Rights-Way/Investing-the-Rights-Way.pdf)

Children's Rights in Impact Assessments (*UNICEF and the Danish Institute for Human Rights*)  
[www.unicef.org/csr/css/Children\\_s\\_Rights\\_in\\_Impact\\_Assessments\\_Web\\_161213.pdf](http://www.unicef.org/csr/css/Children_s_Rights_in_Impact_Assessments_Web_161213.pdf)