THE STATE OF CHILDREN’S RIGHTS AND BUSINESS 2021

10 Key Takeaways
GLOBAL CHILD FORUM
Founded in 2009 by the Swedish Royal Family, Global Child Forum is a leading forum for children’s rights and business dedicated to innovative thinking, knowledge-sharing and networking. We believe in the power and responsibility of business, working in partnership with all parts of society, to create a prosperous, sustainable and just society for the world’s children. In addition to our forums, Global Child Forum delivers research perspectives, best practices and risk assessment tools designed to unlock opportunities for business to integrate children’s rights into their operations and communities. For more information, please visit: www.globalchildforum.org

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ABOUT THE CORPORATE SECTOR AND CHILDREN’S RIGHTS BENCHMARK SERIES
Global Child Forum, in collaboration with Boston Consulting Group, initiated the Corporate Sector and Children’s Rights Benchmark series in 2013 to fill a gap in research. The purpose of the series is to develop a children’s rights benchmark for the corporate sector enabling progress to be tracked over time on how children’s rights are addressed by business. To date, we have benchmarked more than 2600 companies globally and more is yet to come.

With knowledge from our benchmark, the corporate sector is better equipped to meet the demands of financial investors, governments, civil society and the society in which they operate. Companies can also assess their performance in relation to peers in different markets and regions. Our data is also relevant for investors and other stakeholders that assess or rank companies.
This Global Child Forum report “The State of Children’s Rights and Business 2021” comes at an auspicious time. Progress that we had hoped to report on since our last benchmark in 2019 is measured. However, the global backdrop of our latest report cannot be ignored – we are still haunted by the ghosts of the global pandemic, the threat of climate change looms large, inequities are breeding inequalities and those who suffer the most as a result are our children.

Amidst this ominous background, at Global Child Forum, we call on businesses to be heroes – to lift us from these doom-and-gloom scenarios into a world where children thrive and live their best lives. We know that business can accomplish this. We have seen it, scored it and measured it. We have heroes among almost all sectors analysed, with Healthcare leading the way, and the Apparel and Retail sector close behind. We have hero companies such as Wilmar International, Vodafone and Telenor. When businesses integrate a children’s rights perspective into their operations – when they see children as key stakeholders and proxy indicators of progress on sustainable development goals – promise turns into practice which turns into progress.

This year’s benchmark looks at 832 global companies – those companies considered to be the most influential in helping us reach the Sustainable Development Goals (SDGs). The companies in the benchmark come from all nine sectors, represent all regions of the world and have been benchmarked on 27 indicators, each indicator clearly defined to provide an accurate overview of how companies are responding to, and reporting on, children’s rights. The benchmark, then, offers us a snapshot of the world’s largest companies, looking at the policies, processes and practices they have put in place to systematize their approach to children’s rights.

For nearly ten years, and in collaboration with Boston Consulting Group, Global Child Forum has been benchmarking companies. We do this so that we can gain insights into what works for business. We do this so that you, our global business leaders and investors, can work better and smarter to achieve your goals while simultaneously lifting society.

Over the past years, the world has rallied around the SDGs as a set of meaningful goals. We have also seen reporting initiatives, such as the GRI, raise the bar in terms of corporate transparency. Multi-lateral accords and agreements, such as the Paris Climate Agreement and the EU Social Taxonomy currently being negotiated focus our collective efforts on the ways and means of willing positive societal change into existence. Our benchmark is another instrument of change, one which works in synergy with these other initiatives while at the same time providing a unique perspective.

We know that what a company reports on is what is meaningful to them. So, the question is: are companies in fact prioritizing children’s rights among all the other issues on the sustainability agenda? Read on to learn more.

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1 When comparing 2019 vs 2021 scores, it is important to note that there have been significant improvements in the methodology in 2021; thus, it was essential to adjust the 2019 scores to the updated methodology to arrive at meaningful comparison. For more information about this adjustment and the changes in the methodology, go to “About this study.”
10 Key Takeaways

After analyzing the data, we identified 10 key takeaways which require urgent calls-to-action:
PROOF POINT:
Only 9% of companies benchmarked can be categorized as Leaders.

TAKEAWAY:
Of the 832 companies benchmarked, only 9% of them can be categorized as Leaders, meaning they scored 7.5 or higher in the benchmark; the majority are in the Achievers category. This Leadership proportion is low – especially when one considers that the companies benchmarked are among the most influential in the world. With the possible exception of addressing and remediating high profile instances of child labour, many companies still fail to understand the impact their businesses have on children and the wider community. There remains a gap between understanding children’s rights issues within a corporate context and then undertaking the work necessary to address those issues with policies, programmes and transparent reporting on their outcomes.

CALL-TO-ACTION:
Companies need to shift perspective and recognize how their operations impact children and, conversely, how children impact their operations. Focusing on children’s rights encompasses much more than risk avoidance and compliance. The rights of children merit a broader commitment, one that is implemented across operations and supply chains. There is substantial room at the top for companies to progress up the ladder. What we find is that Leaders, in general, excel at reporting on child labour risks and are proficient at collaborating with others to drive their own initiatives and solve problems greater than their individual entities in order to produce far reaching impacts. To learn more, read our Findings on overall distribution of scores here.

TOP SCORERS:
Leaders scoring 9 points or above
Wilmar International (9.8)
Vodafone (9.3)
Telenor (9.2)
Nestle (9.2)
Deutsche Telecom (9.1)
OMV (9.1)
Samsung (9.0)

To view the complete list of company scores, click here.
When comparing the global benchmark 2021 results to those of 2019, there has been modest improvement from an overall average score of 5.1 in 2019 (adjusted scores) to 5.4 in 2021. There are signs of improvement in the impact areas of Workplace (5.4 vs 5.8) and Community & Environment (5.2 vs 5.5). Marketplace, on the other hand, has remained constant (3.0).

**PROOF POINT:**

The economic crisis that followed in the wake of the global pandemic presented an unprecedented test for business with regard to maintaining children’s rights standards. While the improvement that we would have liked to see since the last benchmark is more modest than we had hoped, it is a signal that most of the leading companies considered here understand the importance and value of their role in society.

**CALL-TO-ACTION:**

It is more urgent than ever that companies accelerate their efforts to address and integrate a children’s rights perspective. They can do so by carrying out a children’s rights due diligence in order to identify, evaluate and act upon their children’s rights risks and opportunities. Shoring up these processes now will better equip business to meet the global challenges that await, including climate change and growing inequalities. It is important to note that while there are less Leaders, the number of Achievers have increased which means there is some improvement at among the lower tiers.

**TAKEAWAY:**

Modest improvement since 2019, still a distance to go
Companies need to better understand the impact of their environmental policies on children

PROOF POINT:
The Community & Environment impact area scored 5.5 - a slight improvement over 2019’s score of 5.2 but still a significant distance from a top score of 10. Despite the mild improvement, digging deeper into this score reveals that while companies have put environmental policies in place, there is a disconnect between the policy score and implementation score. We see that the majority of company boards are following up on compliance or progress on environmental impact generally (score 5), but not specifically in relation to children. In other words, companies are not connecting their environmental efforts to one of the most affected target groups - children.

TAKEAWAY:
Business has a tremendous impact on the environment and communities in which they operate. With the added pressure of meeting climate goals, many companies have a robust set of policies, and are taking decisive action to reduce their negative impact. But many of these companies fail to understand the impact of these actions on children. In fact, some well-intended policies may have an adverse impact on children and the communities in which they or their suppliers operate through extraction of minerals, use of land, etc. With the growing demands for climate justice and ensuring that any efforts to reduce environmental/climate impact also needs to take human rights into consideration, this is an area where most companies have a major opportunity to improve and can use a child rights perspective to achieve this.

CALL-TO-ACTION:
While looking at their climate policies and actions, companies need to conduct child rights impact assessments in relation to this and pay particular attention to the community impact of their efforts in the area of environment and climate change. To learn more about companies impact and response, read our Impact area results here.
Children overlooked as consumers

PROOF POINT:
The Marketplace impact area scores only 3.0, the lowest among all impact areas (as compared to Workplace, with a score of 5.8, and Community & Environment, with a score of 5.5) and has exhibited little improvement since 2019.

TAKEAWAY:
Of all the impact areas that the benchmark investigates, the Marketplace area is where the lowest scores are found. Marketplace looks at a variety of indicators, including marketing and advertising, protection from online abuse and exploitation, and product safety. Based on these findings, it appears that companies disregard risks and opportunities in relation to children in the marketplace. While some industries have less direct contact with children, even in industries that are consumer-facing, scores are low on these indicators.

CALL-TO-ACTION:
For consumer-facing companies, it is essential to make use of a children’s rights perspective, especially in regard to marketing activities and make this core to their business – not just an “add-on”. Companies need set targets for positive impact and acknowledge that children constitute a specific stakeholder group with distinct rights that must be supported and protected. In so doing, companies can harness this as an opportunity to create positive change for youth.
In cooperation with Boston Consulting Group, Global Child Forum has conducted an analysis of the relationship between a company’s profitability and its score in the 2021 benchmark. The research looked at both EBITDA margin (Earnings Before Interest, Taxes, Depreciation, and Amortization) and Total Shareholder Return (TSR) for all 832 companies surveyed. The results of the analysis show a general trend between company profitability and benchmark scores and demonstrate two key findings. Firstly, higher scoring groups in the benchmark tend to outperform lower scoring groups for both EBITDA and TSR. Secondly, companies with the top scores for children’s rights, i.e., those in the Leaders category, outperformed all other groups on all the profitability metrics tested. Leaders posted average and median EBITDA margins of 18% and 15%, respectively, and average and median TSR over three years of 9.7% and 10.4%.

**TAKEAWAY:**
Today’s investors are focusing on companies that demonstrate strong environmental, social and governance (ESG) credentials. Companies that can show a clear purpose, in contrast to companies which are driven solely by short-term profit, are proving their value, not only to society but to their shareholders.

**CALL-TO-ACTION:**
Investors should use the benchmark data when looking at ways to inform their ESG investment decision-making and adopt a children’s rights lens in their overall ESG analysis. By making use of their influence, investors can help to ensure that the companies they invest in respect human rights and children’s rights; and they can use their voting rights to pressure companies to manage children’s rights risks and opportunities. To learn more, read *Ignoring Children’s Rights is Risky Business for Investors.*
The Covid Effect -
The role of companies in society expands

PROOF POINT:
Over 25% of companies with child-related programmes reported having started these programs as a result of the fallout from Covid-19.

TAKEAWAY:
Covid-19 has had devastating consequences on people’s health and livelihoods. Moreover, at the same time, this global crisis has required companies to understand their role in society as both employers and community members, driving companies to rapidly adapt and innovate. This broadening perspective has resulted in more companies putting in place programmes, policies and initiatives designed to meet the new challenges posed by Covid-19. Of the total number of companies that initiated child-related programs, over 150 did so because of Covid-19. More specifically, medical equipment, telecom and paper were the key industries where such programs were initiated.

CALL-TO-ACTION:
Companies need to continue to understand their role in society, putting in place policies and programmes that will fortify employees and their families as well as the communities in which they operate.
Healthcare sector outperforms other sectors

PROOF POINT:
The healthcare sector, with a weighted score of 6.1, is the leading sector based on a weighted average of their impact areas scores (Workplace, Marketplace, Community & Environment). This sector is also the most improved sector when compared to their 2019 global benchmark score (4.5).

TAKEAWAY:
While the universe of healthcare companies has changed somewhat since this last study, it is clear that this sector has improved, despite the enormous strain placed on its workforce, infrastructure and supply chain by the Covid-19 pandemic. In the midst of changing dynamics, the healthcare sector and its stakeholders are being challenged to quickly pivot, adapt, and innovate.

CALL-TO-ACTION:
Demands on the healthcare sector with respect to children’s rights further increase in the wake of Covid-19 and its ongoing impact on youth. Therefore, this sector must continue to be diligent about eliminating child labour from supply chains, protecting and improving the health of young people, addressing the right to information access and privacy, ensuring a highly skilled workforce and finding innovative solutions to improve access to quality healthcare. To learn more about how the Healthcare sector is performing, visit their Sector Scorecard here.
The B2B sector lags behind on all indicators

**PROOF POINT:**
The Business to Business (B2B) sector scored a 5.0, the lowest of all nine sectors benchmarked and below the global average of 5.4.

**TAKEAWAY:**
While it’s true that the Business to Business (B2B) sector is complex and involves a multitude of relationships and decision-makers, it is nevertheless disheartening to see that this sector performed so poorly in the benchmark, scoring 5.0 (less than the overall sector average of 5.4). Overall in this benchmark, consumer facing companies score better, perhaps reflecting consumer pressure and public oversight, in contrast to companies such as those in the B2B sector, which tend to be the focus of less societal scrutiny. It is also noted that the B2B sector may not be directly comparable with B2C (Business to Consumer) sector due to the different nature of their business.

**CALL-TO-ACTION:**
The B2B sector needs to recognize the role it has to play in providing products and services that minimize impact on the environment and consumers and respect human rights. By making use of a children’s rights lens, this sector can ensure that it has a minimum impact on the community and environment, that it supports workers who are also parents, and that policies and practices are in place that prohibit human trafficking, child labour and forced labour. To learn more about how the B2B sector is performing, visit their Sector Scorecard here.
Companies need to close the gap from child labour policy to actual policy implementation

PROOF POINT:
Though 84% of companies in our benchmark have a child labour policy, only 58% of companies follow up on these policies through audits or other forms of supplier assessments, and a mere 20% report on incidents or risks of child labour.

TAKEAWAY:
In 2019, 67% of companies that we assessed had a child labour policy. Today, 84% have one. While this appears to be a positive trend, there exists a wide gap between companies that have a policy and those companies that actually implement it (58%) and report on the policy (20%). Unfortunately, this gap is widening, which begs the question: Are a significant number of these policies not being implemented? At a time when the number of child laborers is increasing, it is critical that companies take their commitment to eliminate child labour seriously and honor these commitments. Without proper due diligence, there is no mechanism to identify whether or not a policy is effective. This has been a recurring key takeaway in previous benchmarks as well.

CALL-TO-ACTION:
We call on business to make a serious commitment to children’s rights through policy implementation, due diligence, and reporting.
PROOF POINT:
Both Europe and North America have very few Beginners (1% of the companies benchmarked in Europe are Beginners; 4% in North America).

TAKEAWAY:
Europe and North America’s standing in the benchmark reflects a comparative maturity in these regions when it comes to understanding their sustainability impact and human rights responsibilities.

CALL-TO-ACTION:
Companies within Sub-Saharan Africa, Latin America and the Caribbean and especially the Middle East and North Africa lag behind in their integration of children’s rights, and therefore need to expeditiously ramp up understanding of their human (and child) rights responsibilities.

Europe leads, North America a close second
Part of the Global Child Forum
Corporate Sector and Children’s Rights Benchmark

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