APR 2024

TACKLING CHILD LABOR

A GUIDE FOR FINANCIAL INSTITUTIONS

FINANCIAL INSTITUTIONS
PRACTITIONERS CIRCLE

unicef | for every child

Shift

THE CENTRE
FOR CHILD RIGHTS AND BUSINESS

CONTENTS

Cover image: Children in a community in Indonesia that produces natural fibres for a global brand participate in a focus group as part of a child rights risk assessment.
Photo by The Centre for Child Rights and Business.

INTRODUCTION

In June 2023, following concern from member banks over the persistent scourge of child labor in global value chains[1] and recent reports of the alarming increase in child labor - particularly migrant child labor - in the United States,[2] Shift held a peer-learning session of its Financial Institutions Practitioners Circle ('FIs Circle') on the topic. The session explored how banks and financial institutions can strengthen their efforts to respect children's rights, particularly in the context of child labor. As a report by UNICEF, Save the Children and the UN Global Compact noted, children are still too often invisible in ESG reporting;[3] and the financial sector can play an important role in changing this.

This resource is a joint publication by Shift, The Centre for Child Rights and Business (The Centre), and UNICEF*. It captures some of the key take-aways from this session, and draws on the experience of the three organizations working with real-economy companies and financial institutions.*

WHO IS THIS GUIDE FOR?

This guide is intended for banks and other financial institutions to strengthen approaches to tackling child labor in the activities and value chains of their corporate clients. As providers of capital and financing through projects or at a corporate level, banks have important influence and ability to shape the human rights performance of their clients. Based on current best practice, this guide seeks to provide banks with simple tools to make this effective: from improving screening practices and client engagement, to encouraging and participating in multi-stakeholder initiatives.

CHILD LABOR: CONTEXT

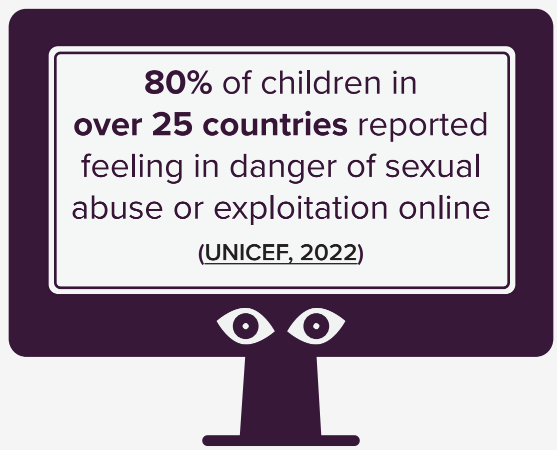
Child labor remains an intractable and severe human rights impact worldwide. In the last decade, many leading companies have made significant progress in applying a child rights lens to their sustainability work. However, despite this, in 2021, UNICEF and the ILO warned that progress on eradicating child labor had stagnated, resulting in **child labor figures rising for the first time in two decades.**[4]

For financial institutions, a key exposure to child labor impacts arises through the activities and value chains of their corporate clients. Pursuant to the UN Guiding Principles and the OECD Guidelines, and as set out in detail in the OECD's Due Diligence for Responsible Corporate Lending and Securities Underwriting, financial institutions' responsibility to respect human rights extends to the activities and value chains of the clients receiving their financing. As such, many financial institutions have policies that prohibit business with clients who have high exposure to child labor risk, and with weak due diligence to mitigate such risks. However, as recent research by The Centre has shown, child labor can often be endemic in high-risk sectors, and as such these "prohibitions" can appear to be divorced from reality. There is ample scope for FIs to do more to use their leverage with clients worldwide to influence them to better identify and address child labor. This paper sets out how due diligence lines of enquiry might give rise to better quality information and how banks can more strategically evaluate and improve portfolio company capacity to address child labor.

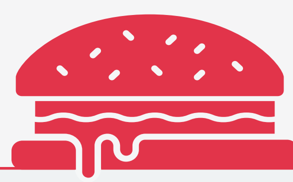
01 A NOTE ON CHILDREN'S RIGHTS AND BUSINESS

Children's rights describe the rights that all children have to achieve thriving, fulfilling and healthy lives. Child labor is both a cause and consequence of multiple children's rights deprivations – and therefore it is essential for business to understand and address child labor as a child rights issue: one that can stem from violations of children's right to education, or to protection from abuse and violence. Business must also understand that children who are in situations of child labor may have other rights violated as a consequence – for example, their rights to health, to play, etc. Business activities can also be a direct cause of child rights impacts or exacerbate the systemic child rights issues which result in child labor.

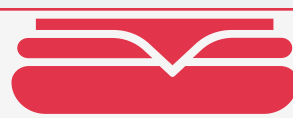
While this resource focuses on the challenge of child labor, business activities and relationships have significant impact across the full spectrum of children's rights. For example, an estimated one-third of internet users are children,[5] yet some 80% of children in over 25 countries reported feeling in danger of sexual abuse or exploitation online,[6] and potential risks include those related to children's presence on social media platforms.[7]



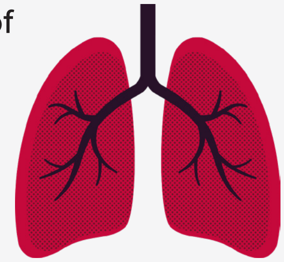
More than 340 million children and adolescents are overweight or obese, and there is evidence that the marketing of unhealthy food is associated with increased childhood obesity.[8]



More than 340 million children and adolescents are overweight or obese, and there is evidence that the marketing of unhealthy food is associated with increased childhood obesity. (UNICEF, 2022)



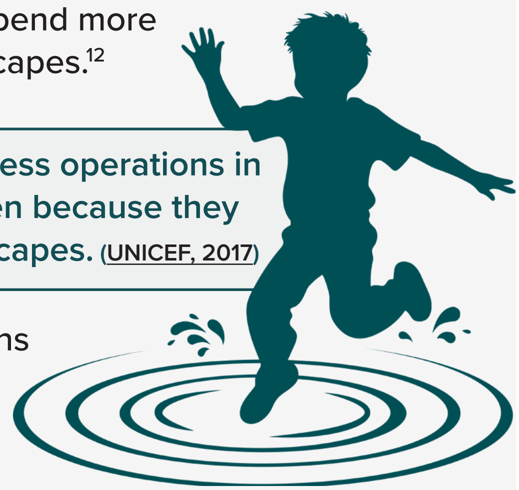
Children can be more at risk even in the context of climate change: for example, in 2018, the World Health Organization warned than more than 90% of the world's children were breathing in toxic air every day, and children's bodies, with their smaller lungs and more rapid breathing, absorb more pollutants than adults.[9] More than 800 million children are exposed to dangerous levels of lead poisoning due in large part to business practices that fail to properly recycle lead acid batteries.[10]



> In 2018, the World Health Organization warned than more than 90% of the world's children were breathing in toxic air every day. (WHO, 2018)

When interviewed, children themselves have complained that businesses sometimes take away the places they have to play, or their families have to leave homes to make way for business operations.[11] Mining operations, for example, can affect the rights of indigenous children; in-migration of predominantly male workers can drastically alter the social context; and the effects of toxic effluents in water and soil can be greater for children because they spend more time playing in these landscapes.[12]

> **The effects of toxic effluents from business operations in water and soil can be greater for children because they spend more time playing in these landscapes.** (UNICEF, 2017)



Children are also impacted by the conditions of work of their parents and caregivers. For billions of workers who are parents, business policies on paid parental leave, living wages that cover family costs, paid sick leave, overtime and working hours have very real implications for the physical, emotional and intellectual development of their children.[13]

Adverse impacts by business on the rights of children can be severe and irremediable as a result of their vulnerability and the pivotal phase of childhood in terms of physical, emotional and intellectual development. It is for this reason that the Children's Rights and Business Principles were launched in 2012; they build on the UN Guiding Principles for Business and Human Rights to interpret business responsibility vis-à-vis the rights of children as a particularly vulnerable population.

02 SALIENT CHILD RIGHTS RISKS FOR BANKS AND FINANCIAL INSTITUTIONS

In some circumstances, financial institutions' own activities might directly impact children: for example, as an employer, banks and other financial institutions should consider whether and how long hours worked by parents and the quality of policies such as maternity protection, can affect children's rights. In retail banking, anti-money laundering efforts may need strengthening to identify financial flows from the abuse and exploitation of children, as illustrated by recent financial penalties paid by Westpac and Deutsche Bank in association with customer payments that were consistent with the risk of child exploitation.

In 2023, Westpac published the following list of ways in which the bank could potentially impact children's rights:

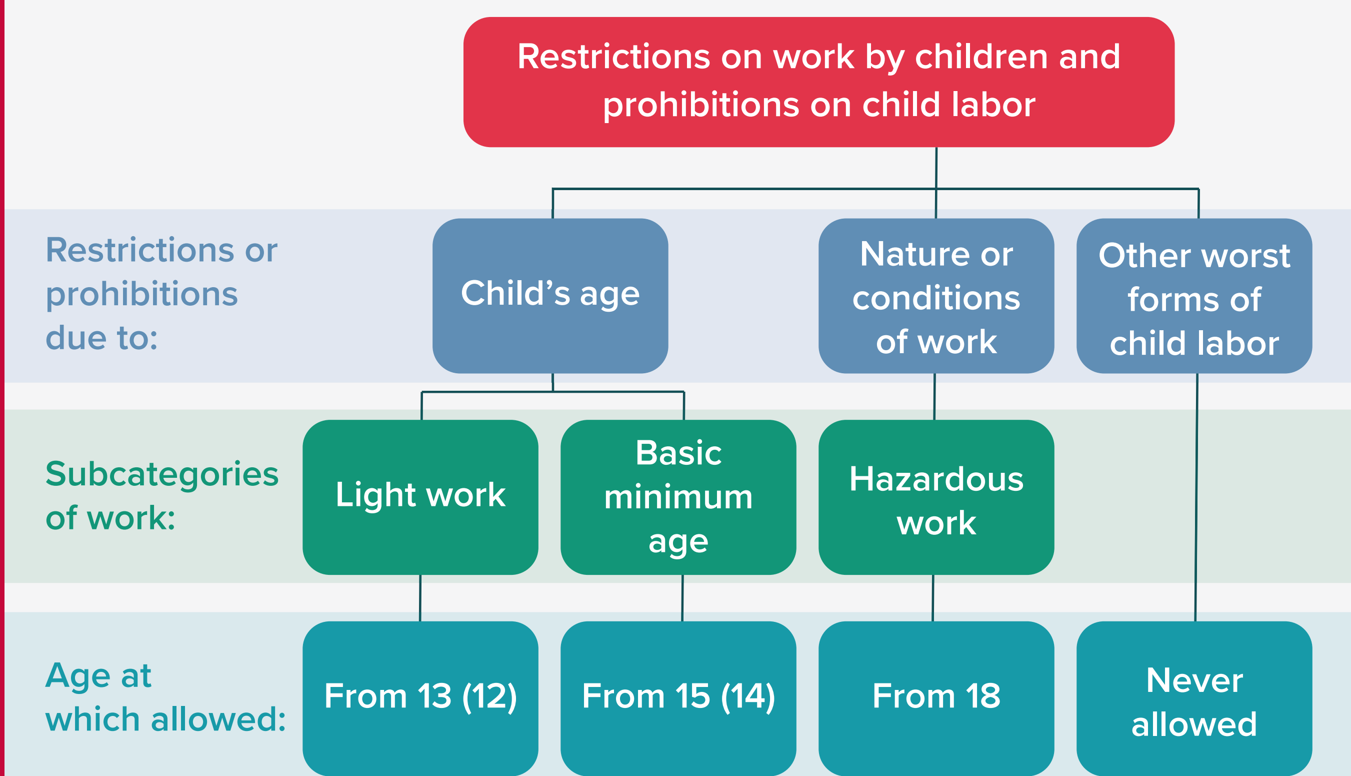
"While our direct engagement with children and young people can be limited, we may be connected to impacts on their rights and wellbeing through:

- Customers exploiting our financial platforms and products.
- Design of products and services that may not fully take into account the interests of children and young people, including those that might need extra care.
- Gaps in screening during customer onboarding and recruitment processes that may increase potential child exploitation risks.
- Occurrences of the worst forms of child labor, such as child trafficking, forced or compulsory labor, in our supply chain and/or the supply chains of our suppliers and customers.
- Our access to, and handling of, customer personal information, where the customer is a child or young person.
- Accessing inappropriate information relating to children using Westpac technology.
- Inappropriate interactions with children and young people in physical environments such as our branches or workplaces."

Source: Westpac Human Rights Position Statement and Action Plan

03 DEFINING CHILD LABOR

International human rights and labor standards define child labor as work that deprives children of their childhood, their potential and their dignity, and that is harmful to their physical or mental development including by interfering with their education. Not all work performed by children under 18 years of age is considered child labor. For example, children are often able to undertake light work legally from the age of 13 years (or higher as defined by national laws); or to work full time starting at 15 years (or higher as defined by national laws) as long as the work is not considered hazardous or the worst form of child labor. The graphic below illustrates how child labor is both a function of the age of the child, and the nature and conditions of work that the child is engaged in.



Graphic adapted from ILO/IOE Child Labour Guidance Tool for Business, developed with Shift

04 LEVELLING UP ON DUE DILIGENCE FOR CHILD LABOR

In this paper, we explore three ways in which FIs can strengthen current approaches to addressing child labor risk in line with the UN Guiding Principles for Business and Human Rights.

These are:

1. Improve screening for indicators of child labor risk
2. Improve engagement with portfolio companies on action on child labor
3. Participate in multi-stakeholder initiatives that include action on child labor

4.1 IMPROVE SCREENING FOR INDICATORS OF CHILD LABOR RISK

Quality engagement with portfolio companies can be time consuming and resource intensive. Where child labor is a salient issue in the portfolio, many commercial banks undertake an initial assessment to ascertain which segments of the portfolio are higher risk and require enhanced due diligence (EDD). The framework below considers how the likelihood of risk changes in relation to different variables. Banks can reflect on these factors for the industry and country in question as part of risk assessments. See Annex 3 for further examples and data sources.

1.1 NATURE OF THE OPERATING CONTEXT

There are a number of root causes of increased risk of child labor, including a lack of decent work opportunities for young people and parents, an absence of living wages for families, a lack of gender equality and childcare options, a lack of access to quality healthcare and education opportunities, and geographies with weak regulatory frameworks, including weak child protection systems. Operational contexts involving conflict, migration and displacement and emergencies such as natural disasters can also increase the risk of children ending up in situations of child labor.

1.2 NATURE OF THE BUSINESS RELATIONSHIPS

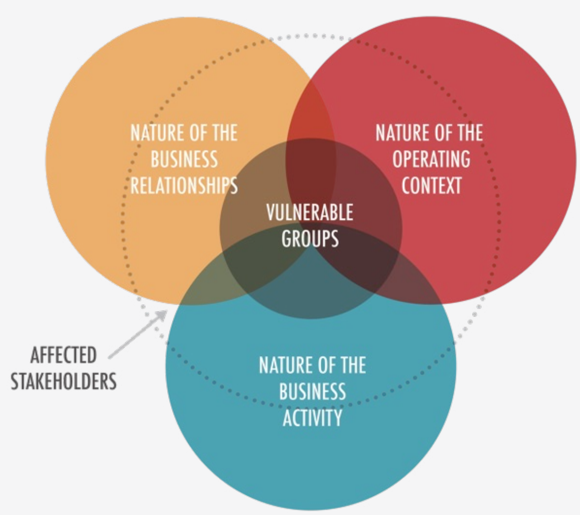
Where the impact would occur due to a business relationship, it's important to consider the risk in these relationships and the capacity of business partners or others in the value chain to adequately manage their impacts. For example, business models with overreliance on labor agents can increase the risks of children being recruited into situations of child labor (notwithstanding stated business commitments to the contrary). Poor visibility into convoluted supply chains can also increase risk: child labor risks increase with sub-contractors and lower-tier suppliers. Sprawling supply chains thus require greater due diligence and scrutiny.

1.3 NATURE OF THE BUSINESS ACTIVITY

Certain business models – such as business propositions which rely on the lowest cost to consumers of goods or services (regardless of the cost of production) or the sourcing of commodities that are priced independent of farmer income[14] - may inherently carry greater risk of impacts on children. A decision to adopt such business models would require greater investment in managing and mitigating such risks.[15]

1.4 PRESENCE OF VULNERABLE GROUPS

Certain groups of children may be at increased risk of child labor, such as out-of-school children, children whose parents don't earn a living income, children heading their own households or living without parents, and children of disadvantaged minorities – including ethnic minorities - and children who are refugees or migrants.



Likelihood Considerations, Shift

4.2 IMPROVE ENGAGEMENT WITH PORTFOLIO COMPANIES

Financial Institutions can use their leverage by asking better questions and setting better expectations of portfolio companies.[16] Asking the right due diligence questions can ensure that FIs are able to distinguish which companies are implementing effective approaches to identifying and mitigating child labor risk. Enhanced due diligence processes and meaningful expectations in sector policies can also serve to signpost – and require - best practices to respect the rights of children. In this section, we look at common due diligence questions that financial institutions may already be asking – and embedding in sector policies – and suggest **alternatives** that can provide a better and more complete picture of portfolio company capacity and commitment to mitigating child labor risk.

In this section we look at how Financial Institutions can ask the right questions to help understand a company's:

a) Connections to Child Labor

b) Alignment with International Standards

c) Reliance on Audits

d) Efforts to Address Child Labor

A. BUSINESS CONNECTIONS TO CHILD LABOR

LIMITED USEFULNESS

1. Do you have a “zero-tolerance” policy on child labor?
2. Can you commit to a zero-tolerance approach to child labor?

Too often the existence of a policy or mechanism is taken as an indicator of maturity, without any consideration of its quality or of how and whether that policy will lead to tangible changes in behaviors or practices.[17] In relation to “zero tolerance” of child labor, The Centre has published a meta-study demonstrating that child labor is sadly endemic to many value chains and has noted that having a zero-tolerance approach to child labor can obscure the reality and stifle open conversation.[18] Finally, expert stakeholders stress that it is important not to incentivize a "cut and run" approach when child labor is discovered in corporate value chains. The UNGPs expect companies to use and build leverage (influence) with business partners to address impacts rather than automatically disengaging from business relationships when problems are found. However, the more severe an impact, the faster the FI will need to see change before considering disengagement.

BETTER LINE OF INQUIRY

1. How do you know whether and how your business activities may connect you to impacts on the rights of children, such as child labor?
2. Tell me about the last time you identified child labor. What did you do?
3. For businesses with high-risk context/production: What is the annual budget you plan to invest in the prevention and remediation of child labor in your supply chains?

Rather than simply demanding a "zero-tolerance" approach that does not reflect reality, financial institutions can seek to assess the company's willingness to acknowledge the problem and be transparent about finding solutions. In the context of child labor, a mature company in a higher risk context should be willing and able to acknowledge the risk of child labor in its supply chains, discuss the effectiveness of systems for identifying and reporting on child labor, and most importantly demonstrate the robustness of response mechanisms to take action to prevent and remediate child labor. It's important to keep in mind that contextual risk is dynamic; for example, as child labor has not typically been seen as a domestic risk in the US, many businesses – and the banks that finance them - have lacked robust due diligence, remediation and prevention plans with regard to child labor. FIs should expect such companies to have in place child labor monitoring and remediation mechanisms, including grievance mechanisms and worker voice solutions which are accessible to children. They should expect the company to track year-on-year progress and adapt their actions as a result.

B. ALIGNMENT WITH INTERNATIONAL STANDARDS

LIMITED USEFULNESS

1. Do you follow all national laws and regulations with respect to child labor (minimum working ages, prohibitions on hazardous work for minors, etc.)?

Minimum legal compliance is never a guarantee that a business is acting with respect for human rights: some governments are unable or unwilling to enact regulation in line with human rights standards. In 41 countries, children under 18 are not adequately protected by legislation from hazardous work; and in 47 countries the minimum age for employment is below 15 years of age which is the target recommended in international standards.[19] As a case in point, Bolivia has the lowest minimum age for children working in the world, at 10 years.[20]

BETTER LINE OF INQUIRY

1. How do you align with international standards on child labor?

This is why as good practice continues to evolve, responsible companies should adopt a "beyond [domestic legal] compliance" approach. A financial institution purporting to incorporate human rights into their due diligence processes should be assessing and expecting portfolio companies' alignment with international standards on business and human rights, and children's rights.[21] They should also query reliance on – or lobbying for – regulation that falls short of these standards.

In addition to assessing portfolio companies' willingness and ability to meet international standards, financial institutions can ask companies how they handle legislation that creates a gap between minimum compliance and international standards. Shift's Business Model Red Flags (Red Flag 23) set out due diligence lines of inquiry to pursue where a portfolio company's business model may rely on operations or value chains in markets where regulations fall below human rights standards. These are adapted below for the purpose of screening for child labor risks:

- Do you operate in jurisdictions where legal child labor frameworks are not aligned with international standards?
- Have you assessed whether and to what extent your engagements with governments on regulatory developments are in line with your responsibility to respect children's rights and enable governments to introduce protections in line with international standards?
- Have you examined your lobbying activities in light of your own human rights commitments and strategies?
- Does your government affairs team engage routinely with the corporate responsibility/ sustainability/ human rights teams, with a view to internal alignment?

C. RELIANCE ON AUDITS

LIMITED USEFULNESS

1. Do you undertake audits that include child labor?

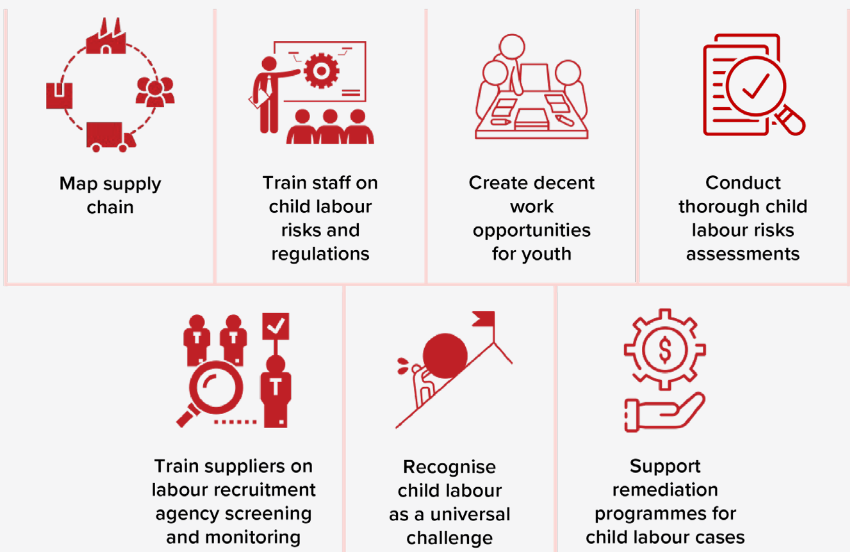
Too often companies rely exclusively on audits, social assessments and certification processes, to manage risks of child labor. While audits can be a useful tool in corporate due diligence for child labor, there are a number of reasons why they are not fail-proof mechanisms.[22] Audits tend to focus on the first tier of the business' supply chain – while the greatest risks of child labor are frequently at the level of (legal or illegal) sub-contracting, and/or in the deeper tiers of the supply chain, such as in the sourcing of raw materials. Furthermore, even where they have coverage, audits can fail to capture the reality of the workplace: there are all too frequent instances in which workers are trained by managers to provide inaccurate responses or engage in fraud in reporting. Check-the-box approaches to audit - which don't adequately include worker voices and participation or focus on solving problems – are less suited to addressing child labor impact.[23] In some cases, companies providing outsourced services are not included in audits.[24] While social assessments have seen much progress and improvement in the last two decades, it is important for banks and financial institutions to go beyond audits if they wish to meaningfully address child labor.

BETTER LINE OF INQUIRY

1. How do you go beyond audit in addressing child labor?

CHILD LABOUR PREVENTION AND REMEDIATION PRINCIPLES

The Centre's tried and tested solutions under their child labour prevention and remediation programmes.



Visit their website for more information on Child Labour Prevention & Remediation

Financial institutions can encourage or require higher risk portfolio companies to implement leading child labor prevention and remediation principles, such as those outlined by The Centre. For example, when clients provide decent work opportunities for youth, they decrease the risk of children about the minimum age for work ending up in hazardous work.

Shift's "From Audit to Innovation: Advancing Human Rights in Global Supply Chains" guide also offers examples and case studies of how companies can address limitations of audits with alternative and complementary approaches.

D. REFLECTING ON THE CLIENT'S LEVERAGE

OTHER USEFUL LINES OF INQUIRY

1. How do you work with others (industry peers, other business, government and other stakeholders) in multi-stakeholder initiatives to address child labor?
2. How do you review lobbying/advocacy efforts to ensure alignment with children's rights?

Multistakeholder Initiatives:

FIs can also ask higher risk clients about – and/or require their participation in – relevant multistakeholder initiatives (MSI) addressing impacts on children. Where child labor is endemic in an industry or geography, multi-stakeholder initiatives are important to bringing together key stakeholders to tackle root causes, such as the lack of birth registration or the absence of living wages for parents and caregivers, and strengthen the capacity of critical government and social systems in high-risk countries. (See Annex 2 on Root Causes and Annex 3 on examples of Multi-Stakeholder Initiatives).

Lobbying/Policy Advocacy:

All companies should examine their own lobbying and policy engagement activities and consider whether their strategies are consistent with their human rights policies and commitments. Adding a lens of children's rights to this examination is critical for portfolio companies for which the issue is salient. Shift's Business Model Red Flag 23 provides key questions that can be adapted, such as "How has the company assessed whether the [e.g. minimum working age] regulations it has opposed would have helped improve human rights, and how and to whom does it explain its conclusions?"

Banks should also examine their own opposition, support or visibility in relevant regulatory debates in light of their human rights responsibilities and commitments.

4.3 PARTICIPATE IN MULTI-STAKEHOLDER INITIATIVES THAT INCLUDE ACTION ON CHILD LABOR

As value chain participants connected to these impacts via their portfolio companies, financial institutions should consider their own participation in relevant Multistakeholder Initiatives (MSIs). MSIs, particularly at the sector level, present an opportunity for FIs to align around clear standards and support collective leverage. For example:

- The **Financial Institution Task Force of the Responsible Sourcing of Palm Oil Round Table (RSPO)** includes banks such as ABN Amro, BNP Paribas, Citibank and UBS. Members make a commitment to the RSPO Code of Conduct, and are able to be part of a group of like-minded financial institutions supporting sustainability transformation in the sector.
- A multi-stakeholder collaboration under the **Dutch Banking Sector Agreement** considered human rights issues in the cocoa value chain, including child labor, to which Dutch banks are connected: "Because Dutch banks finance companies that are active in the cocoa value chain, we have a responsibility to address adverse human rights impacts, such as child labor. Our multistakeholder collaboration enables us to better understand the root causes of those impacts, evaluate existing initiatives and explore what we can do more or differently in order to contribute to a more sustainable cocoa value chain." – Representative of ABN AMRO, member of the DBA Value Chain Working Group.[25]
- **FAST – Finance Against Slavery and Trafficking**[26] builds on the work of the United Nations University and the Permanent Mission of Liechtenstein to consider how to put the financial sector at the heart of global efforts to address modern slavery and human trafficking – some of the worst forms of child labor. The initiative has developed a series of tools such as the *Financial Investigations Tool*[27] and the *Leverage Practice Matrix*[28] to strengthen actions by the sector.

05 CONCLUSION

For many banks, child labor is a salient human rights risk, high both in severity and likelihood – so for financial actors, understanding and addressing child labor is critical. Many financial institutions have prioritized child labor for action, and are implementing portfolio screening and client engagement – but there is a significant opportunity to make this action more meaningful and impactful.

There is a clear business case for taking stronger action on child labor and child rights impacts, associated with legal and reputational risks to the institution.[29] Further, a growing body of disclosure and procurement requirements at regional (EU) and domestic level (such as in the UK, US, Australia, France, Canada) are requiring companies to conduct robust due diligence and share information on how they are managing human rights risks, such as child labor.

This brief has provided recommendations for how banks and financial institutions can strengthen action on child labor by better risk screening, better conversations with portfolio companies, and through participation in multi-stakeholder initiatives that tackle the root causes of child labor. As the providers of capital, banks and financial institutions have an important role to play in influencing portfolio companies and other stakeholders and contributing to efforts to eradicate child labor and advance children's rights.

ANNEX 1

DATA TOOLS FOR ASSESSING CHILD LABOR RISK

1. **Corporate Human Rights Benchmark,** World Benchmarking Alliance
   - *Includes indicators on child labor*
2. **Global Child Forum Investment Data on Children's Rights**
3. **National Level Child Rights Benchmarks**
   - UNICEF has conducted child rights benchmarks in Australia and Finland. The data shows the importance of financial institutions going beyond requirements of a policy on child labor, and including indicators for practices to address child labor.

ANNEX 2

FURTHER RESOURCES

1. **Children's Rights and Business Principles**, Save the Children, UN Global Compact and UNICEF,
2. **Children's rights in impact assessments - A guide for integrating Children's rights into impact assessments and taking action for children**, UNICEF and the Danish Institute for Human Rights
3. **Tool for Investors on Integrating Children's Rights into ESG Assessment,** UNICEF
4. **Investor Guidance on Integrating Children's Rights into Investment Decision Making,** UNICEF and Sustainalytics,
5. **Child Labour and Responsible Business Conduct A Guidance Note for Action,** UNICEF
6. **Financial Institutions and the Rights of the Child: An Overview of Policies and Accountability Mechanisms, ICJ**
7. **Child Labour Guidance Tool for Business,** ILO-IOE
8. **Responsible Business Conduct for Institutional Investors**, ILO-IOE
9. **Child labour and responsible business conduct – A guidance note for action,** UNICEF
10. **UN Global Compact and Save the Children, Children's Rights and Business Principles,** UNICEF
11. **Charting the Course: Embedding children's rights in responsible business conduct**, UNICEF
12. **Global Child Forum**
13. **Due diligence principles for child labour remediation**, The Centre
14. **Child labour -The supply chain connection**, The Centre
15. **Case Study: "Is Private Equity Responsible for Child Labour Violations"** NYU Stern Centre for Business and Human Rights
16. **Child Labor Database at the University of California Los Angeles,** WORLD

ANNEX 3

RISK FACTORS AND ROOT CAUSES

The drivers of child labor are complex and nuanced and often the result of the interplay between the vulnerability of individuals and workers; gaps in legislation, weak enforcement and access to justice by governments; and failures in responsible business conduct.[30]

Vulnerability of Families and Children	Nature of the Operating Context	Nature of the Business Activity and Relationships
The socio-economic pressures that families and young people face are a major driver of child labor. For example: **Lack of decent work opportunities for young people** can leave them with few alternatives and force them into more risky, hazardous and unsafe work options. **Lack of childcare options** can also mean that parents are forced to bring children along with them to work (common in agriculture and artisanal mining contexts), or may need to have older siblings stay at home to look after younger children. **Poverty, Precarious Migration and Lack of Social Protection** at a household level, including lack of decent work for parents, informal work and unpredictable income, and the absence of social safety nets for times of sickness, injury and death can force families to rely on child labor to meet their basic needs. Conflict, climate	Gaps in legislation and enforcement and access to justice can increase the risk of child labor. For example: **Weak Regulatory Frameworks:** Laws and policies are required that are aligned with international labor standards, support birth registration for age verification, create and resource mandatory primary schooling aligned with the minimum age of work, and promote responsible business conduct. At times, laws and policies may fail to keep pace with the changing nature of work (greater informality, non-standard forms of employment) or changing contexts such as the pressures from informal migration. **Enforcement and Access to Justice:** Laws are but one part of the story; many countries may have laws to protect children from situations of child labor,[31] but have weak enforcement capacity – poorly resourced labor inspectorates,	Failures in responsible business conduct can heighten risks for children. For example: **Lack of Awareness of Child Labor Laws and International Standards** by business and their suppliers; and of actions to take to prevent and remediate child labor is widespread. **Overreliance on Labor Agents** can increase the risks of children being recruited into situations of child labor, despite stated business commitments to the contrary. **Poor Visibility into Supply Chains:** Vertically disaggregated supply chains with sourcing and production spread across the globe and across multiple business relationships can limit the ability to identify and manage child labor risks. Moreover, the risk of child labor increases with sub-contractors and lower-tier suppliers. Sprawling supply chains require greater due diligence and scrutiny to avoid

Vulnerability of Families and Children (cont.)	Nature of the Operating Context (cont.)	Nature of the Business Activity and Relationships (cont.)
and other crises can exacerbate poverty or drive precarious migration and increase instability for families. **Lack of access to quality education opportunities and social norms**, whether because schools do not exist, are too expensive for families, or are of poor quality can make the school-work tradeoff starker, and leave young people engaged in or at risk of child labor. Social norms relating to education, especially girls' education can also be an inhibitor. **Discrimination, Gender Inequality and Violence** at home or school can drive children to run away and resort to unsafe work and child labor to survive.[32] Gender inequality, discrimination against migrants and other ethnic minorities are important lenses to understand children who may be more vulnerable to child labor.	weak accountability and access to justice when there are failures of compliance. These are compounded by inadequate investments in the likes of birth registration, education, social welfare and child protection mechanisms, and social protection mechanisms. **Weak Child Protection Systems**: CPS are critical for preventing, responding and removing children from child labor. They coordinate social services for families and children who may be at risk.	risks of child labor. **Lack of Understanding of Business Model Risk:**[33] Certain business models – such as business propositions which focus on the lowest cost goods or services, sourcing of low-paid labor from labor providers (agents), or sourcing of commodities that are priced independent of farmer income - may inherently carry greater risk of child labor. A decision to adopt such business models would require greater investment in managing and mitigating such risks. **Poor Purchasing Practices:** Procurement practices which drive down prices, delay payment, support cancellations, one-off and short-term contracts, production quotas or piecework payments, can exacerbate the risk of child labor impacts.

ANNEX 4

EXAMPLE OF MULTI-STAKEHOLDER INITIATIVES WHICH INCLUDE ACTION ON CHILD LABOR[34]

International Cocoa Initiative	ICI's vision is of thriving cocoa-growing communities within a dignified, sustainable and responsibly managed cocoa supply chain, where child rights and human rights are protected and respected, and where child labour and forced labour have been eliminated.
Responsible Mica Initiative	The Responsible Mica Initiative brings together a cross section of industries that produce or use mica - along with civil society and non-governmental organizations - to address the root causes contributing to child labor in mica mining. 'This initiative's theory of change works across three pillars – i) responsible business practices in processing units and mines, ii) community empowerment and iii) appropriate regulation and formalization of the mica sector.
ILO Child Labour Platform	Organized by the ILO, the child labour platform brings together member companies from across sectors to eradicate child labour in supply chains.
Child Rights in Business (CRIB) Working Group (The Centre for Child Rights and Business)	The Centre's Child Rights in Business (CRIB) working group consists of over 30 company members, working actively on sharing best practices on child labour prevention and remediation.
Global Battery Alliance	The Global Battery Alliance (GBA) is a public-private collaboration platform founded in 2017 at the World Economic Forum to help establish a sustainable battery value chain by 2030. Child labor is a key feature of this work.
Roundtable for Sustainable Palm Oil	RSPO bringing together stakeholders from across the palm oil supply chain to develop and implement global standards for sustainable palm oil.
Fair Cobalt Alliance	The FCA is a multi-stakeholder action platform launched in August 2020 that brings together actors from across the entire cobalt mineral supply chain to provide an answer to increasing scrutiny on ASM cobalt mining and the DRC mining sector. FCA works to create child labour free artisanal mining projects. In collaboration with the Centre for Child Rights and Business, the alliance runs "The Hub" – a network for child labor prevention and remediation in the Democratic Republic of the Congo. More information on the Cobalt Alliance and it's work on Child Safeguarding More information on "The Hub" initiative

Alliance 8.7	Alliance 8.7 is a global partnership taking immediate and effective measures to eradicate forced labor, modern slavery, human trafficking and child labor in accordance with SDG Target 8.7. The Alliance has strong involvement with Member States and is Chaired by the Government of Chile, with the Vice-Chair being the Government of Côte d'Ivoire. Pathfinder Countries adopt national roadmaps to accelerate progress. The Supply Chains Action Group brings together governments, business, trade unions and others to address the challenges to achieve SDG 8.7 in the context of global supply chains. For more information on the Supply Chains Action Group
Global March Against Child Labour	The Global March Against Child Labour is a worldwide network of trade unions, teachers' associations and civil society organizations working to eliminate all forms of child labor.
Fair Labor Association	The Fair Labor Association (FLA) provides training and tools to build expertise in companies and drive innovation in business practices to improve working conditions and the lives of workers. Though not solely focused on child labor, the FLA's work includes initiatives to address child labor issues in factories and agricultural settings.
Stop Child Labour	The coalition is a partnership of NGOs such as Hivos, Cordaid, Mondiaal FNV and others working with organisations in Asia, Africa and Latin America who work on the principle that 'no child should work and that every child must be in school'. Through their "Work: No Child's Business" program, they work with business, communities and governments to tackle the root causes of child labor in the supply chain. For more information on Work: No Child's Business
GoodWeave International	An NGO working to end child labor in the carpet and rug industry and promote fair labor practices. It also provides education and support services to rescued and at-risk children in weaving communities. Information for businesses

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31 Ending child labor, forced labor and human trafficking in global supply chains, International Labor Organization, Organisation for Economic Co-operation and Development, International Organization for Migration, and United Nations Children's Fund, 2019

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34 Initiatives operative at the time of publication; inclusion does not necessarily offer insight into their relative maturity or effectiveness.

Tackling Child Labor: a guide for Financial Institutions
Shift, New York. March 2023

ACKNOWLEDGMENTS

This guide is an output of Shift's Financial Institutions Practitioners Circle, and has been jointly developed by Shift, The Centre for Child Rights and Business and UNICEF. This report was authored by Subajini Jayasekaran (lead author; Shift) and Ashleigh Owens (Shift), and has benefited from the generous advice and input of Erik Nyman and Jazz Smith-Khaira (UNICEF), Malin Liljert and Ines Kaempfer (The Centre for Child Rights and Business).

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