



Investor Guidance on Integrating Children's Rights into Investment Decision Making



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This is the first edition of the Investor Guidance as a joint publication by Sustainalytics and UNICEF. The Guidance is a work in progress as efforts to carry out research and establish evidence of financial materiality as well as to develop child rights metrics continue, in order to further refine the publication.

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Foreword

More than ever, business and investors are in a position to shape a better and more sustainable world for children. They can highlight the critical yet underappreciated role that children play in the creation of both shareholder and societal value by addressing children's rights in their policies, processes and decision making and through engaging with their portfolio companies on environmental, social and corporate governance (ESG) issues.

This Guidance is directed at investors and ESG research providers interested in exploring how companies and investors can mitigate risks and identify opportunities that advance children's rights while generating both societal and upside financial benefits. It aims to help investors ensure that child rights impacts linked to business activities do not constitute a blind spot within their approach to responsible investment and active ownership.¹ As investors can both tremendously influence and benefit from improved corporate ESG practices, we suggest establishing clear investor expectations on child rights issues and provide a set of indicators and criteria that can be used as discussion points and measurement tools in company engagement.

Children rely on others to ensure that their rights are both respected and supported. This means that special consideration and the implementation of specific actions are needed to put children's best interests first. Investors can play a critical role here by influencing the corporate policies and actions that most significantly impact children's lives. We

encourage them to elevate this to an issue for consideration in its own right in ESG assessments and not presume the matter is covered by human rights compliance. This Guidance thus calls greater attention to children's rights risks and impacts in investment decision making.

We recognize that not all the information in this Guidance will apply to all investors and every possible investment scenario. Indeed, some readers may already have an advanced child rights approach in place and a mandate to prioritize child-related issues across their holdings, while others may be considering the evidence about the materiality and business relevance of the topic. For some investors, thinking about children's rights as an engagement theme or source of potential financial benefit is likely to be a completely new concept. Likewise, while the possibilities and practical steps available vary when investing in listed equities or commodities, for example, we do not go into detail regarding specific asset classes but outline overarching guiding themes and criteria. This publication illustrates why and how children intersect with investments, and we encourage readers to use the guidelines within as a source from which to progressively pick practical, actionable measures appropriate to their situation.

We welcome feedback on the aspects investors would like us to elaborate on in the next iteration of this tool to make it as useful as possible.

Sustainalytics and UNICEF



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¹ This Guidance does not propose impact investment or innovative finance mechanisms but seeks to support investors who wish to uphold children's rights.

Introduction

Children² make up almost one third of the world's population³ and interplay with business as consumers, employees' family members and workers in their own right.⁴ They are a unique stakeholder group in the sense that they require others to protect and enforce their specific rights, which are enshrined in the United Nations Convention on the Rights of the Child. The Convention spells out every child's right to survival; to develop to the fullest; to be protected from harmful influences, abuse and exploitation; and to participate fully in family, cultural and social life (*see Appendix 1*). Moreover, children have particular vulnerabilities and needs; in some cases, business activities that have no negative effects on adults may be very harmful to children's rights and well-being.

Investors can play a potentially immense role in shaping and influencing corporate actions related to children's rights. In an investor landscape of proliferating human rights and sustainability initiatives, however, children have little prominence on the agenda. Apart from their concern regarding child labour, investors' attention to children's rights issues remains low; GES⁵ surveys conducted in cooperation with the Global Child Forum indicate limited integration of children's rights into

investment processes.⁶ While few would admit to knowingly neglecting this stakeholder group, investors' human rights policies and other due diligence rarely reflect the special considerations surrounding children. Indeed, the status quo approach may not sufficiently identify, let alone mitigate, the related business risks to children, and the failure to manage such risks or to identify child-related opportunities can have material consequences for companies and investments alike.

The benefits associated with incorporating children's rights into business strategy and processes are numerous.⁷ For instance, products and services that better meet parents' and children's needs can open new markets for companies, such as digital technology that allows children living in remote areas of the world to access educational content and digital tools.⁸ Moreover, the promotion of youth employment programmes, apprenticeships and scholarships can help secure a skilled workforce and contribute positively towards corporate reputational capital. From a risk perspective, corporate actions that undermine children's rights are – by definition – unsustainable, posing a range of legal, operational and reputational risks. This issue is further discussed in the following section on key child rights risks and impacts.

2 The United Nations Convention on the Rights of the Child defines children as everyone under the age of 18.

3 United Nations Children's Fund, 'The State of the World's Children 2017 Statistical Tables', December 2017, <<https://data.unicef.org/resources/state-worlds-children-2017-statistical-tables>>, accessed 3 June 2019.

4 International Labour Organization Convention No. 138 requires national governments to set the minimum legal age of children allowed to enter the workforce, seeking to ensure that work does not interfere with compulsory schooling. It also provides strict age-related guidelines on the nature of work that a child can lawfully undertake.

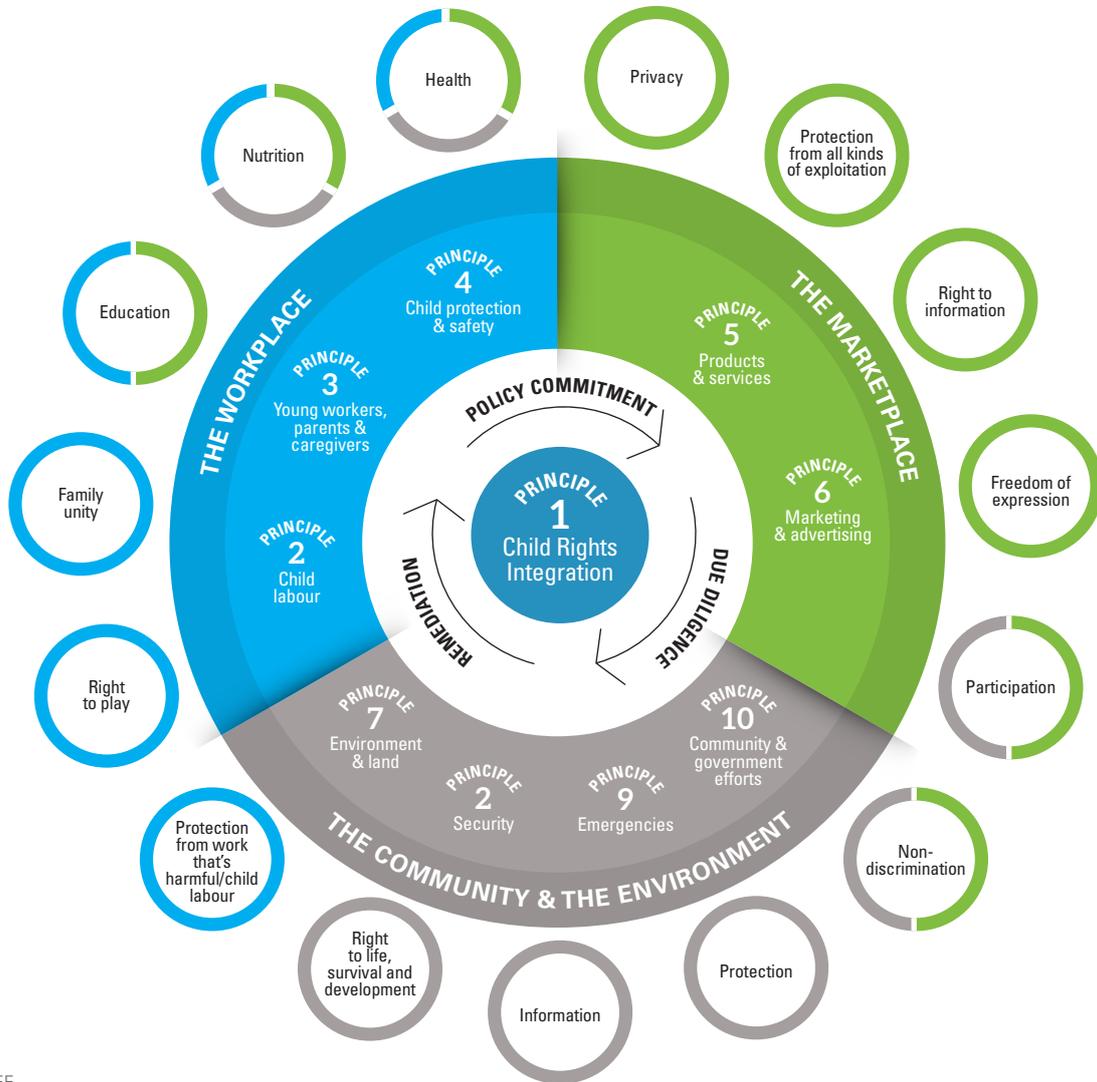
5 GES was acquired by Sustainalytics on 2 January 2019.

6 Global Child Forum and GES International, *Investor Insights on Children's Rights*, March 2018, <www.globalchildforum.org/wp-content/uploads/2018/03/Investor-Insights_Global-Child-Forum-180328.pdf>, accessed 3 June 2019.

7 See United Nations Global Compact, 'Human Rights & Labour: Children's Rights and Business Principles, The Business Case for Children's Rights', <www.unglobalcompact.org/docs/networks_around_world_doc/resources/engagement_framework/business_case/crbp_businesscase.pdf>, and United Nations Children's Fund Thailand/Sasin Center for Sustainability Management, 'The Business Case for Supporting Education for Disadvantaged Children in Thailand', Working Paper, UNICEF/Sasin, <www.unicef.org/thailand/media/941/file/The%20Business%20Case%20for%20Supporting%20Education%20for%20Disadvantaged.pdf>, both accessed 3 June 2019.

8 See more examples in United Nations Children's Fund, *The State of the World's Children 2017: Children in a Digital World*, UNICEF, New York, January 2018, pp. 14-16, <<https://doi.org/10.18356/d2148af5-en>>, accessed 3 June 2019.

FIGURE 1: BUSINESS IMPACT AREAS LINKED TO THE CONVENTION ON THE RIGHTS OF THE CHILD



Source: UNICEF

Accordingly, investors should consider the advantages of integrating children’s rights into investment decision making. Universal ownership, responsible investment, fiduciary duties and long-termism are all inherently linked to ensuring that investors are mindful of the impacts and risks related to children. Likewise, international norms and guidelines, as well as the United Nations Sustainable Development Goals (SDGs), clearly expect children’s rights to be respected and supported to at least the same extent as those of adults.

Owing to a growing interest in advancing this issue and building on the need to establish the business case, UNICEF and Sustainalytics have developed this Guidance to help investors to better take into account children’s rights in investment policies, processes and decision making. This document is based on the *Children’s Rights and Business Principles*,⁹ launched by UNICEF, United Nations Global Compact and Save the Children in 2012 (see Appendix 2), and on GES’ *Investor Guidance for Children’s Rights Integration issued in 2016*,¹⁰ and is intended to serve as a practical reference and checklist for investors to use in their daily operations.

9 United Nations Children’s Fund, ‘Children’s Rights and Business Principles’, <<http://childrenandbusiness.org>>, accessed 3 June 2019.

10 Sustainalytics, *Investor Guidance for Children’s Rights Integration*, GES, June 2016, <www.sustainalytics.com/esg-research/integrating-childrens-rights-in-investments>, accessed 3 June 2019.

Key child rights risks and impacts

Investors often exclusively link children's rights in the context of business operations to the concept of child labour. But this narrow association does not capture the extent to which children's rights can be affected by business. UNICEF has built evidence of the myriad ways in which the rights of children are impacted across business operations and supply chains. While not an exhaustive list, key impact areas include workplace policies and practices, information and communications technology (ICT), commercial messaging and marketing techniques, and the way in which a company interacts with children in local and global communities.

Not all risks and impacts are material to all companies but there is a need for investors to have a basic understanding of the key child rights issues that may be impacted by a company's operations and supply chains (*see Appendix 3*). The guidance and indicators provided in this document should be used to supplement investors' existing knowledge and understanding of the overall risk landscape and footprint of an investee company. Distinct child rights metrics are still being developed, but the issue-specific indicators provided in Appendices 3–6 represent the evidence and guidance developed by UNICEF to date.

While child labour remains a recognized concern that companies must address and manage in the workplace and throughout supply chains, the extent to which a company supports parents, especially mothers, in their dual role as workers and caregivers can also directly affect children. In addition, other workplace issues are inextricably linked to the wider community and economy. For instance, insufficient wages can undermine parents' ability to support the health, nutrition and education of their children, whereas better access to services in the community can improve parents' situation in the workplace, including through maternal health and nutrition amenities. Companies can further children's well-being by supporting mothers and fathers in their childcare responsibilities. For example, companies can put

in place workplace policies related to parental leave, maternity break, childcare and breastfeeding support to assist mothers during pregnancy and in the critical months when they nurse their babies, through (*see Appendix 3*). Moreover, improvements in employees' working and living conditions can enhance their well-being and reduce occupational health and safety risks, while ensuring other beneficial spill-over effects on children. Likewise, higher wages can positively affect the health of workers' family members and their education opportunities.

In addition to the workplace, there are other areas where companies can have adverse impacts on children, including through their digital reach (*see Appendix 4*). More and more children worldwide

Children and digital marketing

Childhood and adolescence are periods in life when an individual's roles and behaviour, especially gender roles and identities, are formed and intensified. Most businesses engage in marketing and advertising, which can significantly shape children's gender roles and behaviour, for better or for worse. From stimulating positive behaviour change to reinforcing disempowering stereotypes, marketing and advertising can support or impede health, good nutrition and overall well-being. Today's children occupy a unique position in the marketing ecosystem. They are an extraordinarily powerful consumer group, equipped with technology to exercise commercial influence while wielding persuasive sway over their parents' buying choices. Although they have progressively become impervious to traditional forms of advertising, their distrust does not extend to familiar online spaces. The digital marketing environment is sustained in part by the collection, analysis, storage and sale of children's personal data. Many data collection practices occur without children's knowledge or consent, or under circumstances that do not empower them to understand and control the use of their own information.¹¹

11 More on how digital advertising practices have both positive and negative effects on children's rights is available in United Nations Children's Fund, 'Children and Digital Marketing: Rights, risks and opportunities', Discussion Paper, UNICEF, Geneva, July 2018, <[www.unicef.org/csr/files/Children_and_Digital_Marketing_-_Rights_Risks_and_Opportunities\(1\).pdf](http://www.unicef.org/csr/files/Children_and_Digital_Marketing_-_Rights_Risks_and_Opportunities(1).pdf)>, accessed 3 June 2019.



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are relying on digital tools, platforms and services to learn, engage, participate, play, innovate, work or socialize. While countless examples exist of how digital tools can help promote human development, new risks have also evolved. These include exposure to violence; access to inappropriate content, goods and services; concerns about excessive use; and issues relating to data protection and privacy.

Similarly, companies have a significant impact on children through their marketplace practices influencing their health, opinions, education and much more. These effects can be negative or positive depending on what is being advertised, how and where. For example, advertisements encouraging the consumption of foods high in calories, fat, sugar and salt (HFSS)¹² can negatively affect children's nutrition and escalate the rate of obesity in children¹³ while ads promoting fruits and vegetables can incentivize healthy preferences.¹⁴

Child rights in global supply chains

Globally, an estimated 250 million children are affected by the garment and footwear industry. While child labour is one of the most widely recognized concerns, there are a number of other ways in which the rights of children are directly and indirectly impacted. The working conditions of the sector's predominantly female workforce, for example, are inextricably linked to the welfare of their children. Issues such as living wages, maternity protection, breastfeeding support and access to childcare are critical aspects affecting workers' families. Jointly with Norges Bank Investment Management (NBIM), UNICEF has established a network of leading companies that aim to improve business policy and practice related to children's rights in the garment and footwear supply chain. The collaboration includes providing brands, factories and investors with guidance on better integrating child rights metrics into their sustainability efforts.

12 HFSS food and drink are products that, after nutrient profiling that ranks their fat, salt and sugar content and nutritional value, clearly fall into the classification of 'unhealthy'. The World Health Organization has established a robust nutrient profile that UNICEF recommends as a standard to determine what can or cannot be advertised. See also, United Nations Children's Fund, 'A Child Rights-Based Approach to Food Marketing', UNICEF, Geneva, April 2018, p. 8.

13 United Nations Children's Fund, 'A Child Rights-Based Approach to Food Marketing', UNICEF, Geneva, April 2018, p. 26.

14 UNICEF's agenda towards sustainable food systems for children includes addressing how children are influenced by food marketing. Marketing is a significant element of the external food environment that determines (to a large extent) what people eat, and thus their nutritional health. The availability, labelling and pricing of food products are other important elements of the food environment. See United Nations Children's Fund, 'Food Systems for Children and Adolescents: Working Together to Secure Nutritious Diets', UNICEF, Office of Research Innocenti, Florence, 5-7 November 2018 (<www.unicef.org/nutrition/food-systems.html>, accessed 5 June 2019), which outlines an essential framework for a positive approach.

It should be noted that marketplace practices encompass more than traditional advertising; they also refer to a company's decision regarding the availability of healthier options, their price, packaging and even in-store placement. Unhealthy food marketing as well as certain sophisticated marketplace techniques often undermine a child's right to the highest attainable standard of health and adequate nutrition (see Appendix 5).

Likewise, marketing campaigns based on traditional stereotypes or that create and promote unrealistic beauty standards can perpetuate disempowering gender norms that limit the confidence of young girls and boys. Conversely, campaigns that commit to portraying both men and women equivalently and realistically can empower girls and boys by elevating their aspirations and self-image.¹⁵

Children and security arrangements

Children and young people are particularly vulnerable to the impacts of physical security arrangements, including at or around corporate sites and operations. These vulnerabilities may arise in various ways and involve either public or private security personnel. For instance, children may be recruited and used by public or private security forces, become victims of abuse including sexual violence, be treated as perpetrators or witnesses of offences on company property, or experience adverse effects when family members suffer harm. These security-related incidents can have vast and substantial negative effects on children and young people. They can cause lasting physical and psychological harm to children and their families, hinder individual development and affect entire communities. The implications may be particularly acute for girls and young women where the risks of gender-based violence are elevated. Any company employing security personnel (private or public) needs to understand the potential risk to children and other stakeholders, and develop management plans and place necessary requirements on their own, contracted or public security providers.¹⁶

Further, how a company operates and interacts with the local community can have a strong bearing on children. This includes its approach to waste management and pollution, the extraction of natural resources the behaviour and conduct of security personnel, the management of land acquisition, and the use of land for business purposes (see Appendix 6). Children's rights must thus be considered in a holistic way, considering the direct and indirect implications.

Importantly, however, children should not be viewed solely as risks and collateral victims, as they are also a powerful stakeholder and consumer group. Companies can play a crucial role in advancing children's rights through product development, responsible marketing and supporting workers in their role as parents and caregivers. Investing in children's safety, education and health leads to more resilient and peaceful societies in the long term, and their access to quality education can in due course provide companies with a qualified pool of workers.¹⁷

Thus, a company's approach to children's rights has material and investor-relevant implications; irresponsible or negligent corporate behaviour in relation to children's rights and well-being can lead to reputational damage, declining sales, lawsuits, fines, boycotts, project or delivery delays, the loss of contracts, increased costs or tougher regulation. Conversely, successfully and appropriately acknowledging children as stakeholders and customers can result in new profit opportunities, increased sales, a more satisfied and productive employee base, first-mover advantage, a loyal long-term customer base, more goodwill, positive attention and a more stable operating environment.

15 See World Federation of Advertisers (WFA), *A guide to progressive gender portrayals in advertising. The case for unstereotyping ads*, WFA, Brussels, <www.wfanet.org/app/uploads/2018/05/WFA-Gender-guide_final.pdf>, accessed 3 June 2019.

16 See United Nations Children's Fund, 'Child Rights and Security Checklist', UNICEF <www.unicef.org/csr/files/Child_rights_and_Security_Checklist_ENG.pdf>, accessed 3 June 2019.

17 For evidence on the returns on education, see Taylor & Francis Group, Psacharopoulos, George and Harry Anthony Patrinos, 'Returns to investment in education: a decennial review of the global literature', *Education Economics*, vol. 26, no. 5, 7 June 2018, pp. 445-458, <www.tandfonline.com/doi/abs/10.1080/09645292.2018.1484426?journalCode=cede20>, accessed 3 June 2019.

The role of the investor

As already mentioned, disregarding the ways children are impacted by corporate practices can have financial implications for companies, which in turn represents a potential risk for their owners.

Investors can play a key role in influencing corporate behaviour and working towards improved business practices, and can also take a number of practical actions to integrate children's rights in their own policies and investment decision making, such as:

- i. Clearly integrating children's rights considerations within business principles, codes of conduct, human resource/family-friendly policies, and other values-related corporate commitments and policies, and as relevant communicating child rights expectations to business partners.
There is no linear process for integrating children's rights into a company's policy framework, but a good way to start is to map existing policies to identify if child rights are addressed and whether there are gaps. This could include policies and codes of conduct in relation to child safeguarding and privacy, and to marketing, suppliers, procurement and ethics.
- ii. Explicitly acknowledging children's rights in responsible investment policy, articulating specific expectations and publicly communicating their approach to managing child rights risks.
See, for example, NBIM's investor expectations on children's rights.¹⁸
- iii. Including children's rights indicators in corporate risk screening and when evaluating the ESG risks and performance of investee companies.
Potential criteria can be found in the UNICEF and Danish Institute for Human Rights' guide Children's Rights in Impact Assessments¹⁹ and are also outlined in the section below.

- iv. Identifying the sectors, companies and regions most at risk of child rights breaches and applying additional due diligence if related securities are considered for investment.

One tool is the Children's Rights and Business Atlas, developed by UNICEF and Global Child Forum,²⁰ which provides data on child rights risks by country and industry sector (covering apparel and footwear, extractives, food and beverage, and ICT).

- v. Avoiding investing in companies whose business idea is inherently detrimental to children's rights.
Some products are inherently harmful to children due to their composition or function, such as tobacco and weapons. Their use can have detrimental and irreversible effects on people, especially children, whose developing physiology and behaviour make them even more vulnerable than adults.
- vi. Systematically addressing children's rights through active ownership and shareholder advocacy efforts and, where relevant, discussing the topic in meetings with both potential investees and portfolio companies, especially in cases where actual or potential violations of child rights are identified.
This may include unilateral or collaborative engagement, raising the topic in shareholder meetings or addressing it in the proxy voting policy, for example. Engagement will help investors evaluate companies' preparedness to assessing and managing child-related risks and opportunities and will also remind companies of the importance investors place on children's rights. A selection of concrete conversation topics can be found in the following section.

18 Norges Bank Investment Management, *Children's Rights: Expectations towards Companies*, Norges Bank, Oslo, <www.nbim.no/en/responsibility/risk-management/childrens-rights>, accessed 3 June 2019.

19 United Nations Children's Fund and Danish Institute for Human Rights, *Children's Rights in Impact Assessments: A guide for integrating children's rights into impact assessments and taking action for children*, UNICEF, Geneva, and Danish Institute for Human Rights, Copenhagen, December 2013, <www.unicef.org/csr/css/Children_s_Rights_in_Impact_Assessments_Web_161213.pdf>, accessed 3 June 2019.

20 United Nations Children's Fund and Global Child Forum, 'Children's Rights and Business Atlas', <www.childrensrighsatlas.org>, accessed 3 June 2019.



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- vii. Requesting and ensuring, when using an external investment manager and/or buying research or engagement services, that business partners consistently assess the risks and impacts relating to children and reflect this in their offerings.

Creating such demand can contribute over time to increased availability and quality of investor-relevant data on child rights issues, including materiality. Asset owners should communicate expectations, for instance regarding exclusion criteria or investment opportunities connected to children's rights, to their asset managers. Likewise, sell-side research on the topic should be encouraged. If using an external ESG service provider, ensure that its methodology covers the norms and conventions described in Appendix 1 or as otherwise appropriate, including issues beyond child labour.

- viii. As appropriate, considering investing in companies whose products or services positively contribute to the respect and

support of children's rights and/or that demonstrate a clear commitment to respecting and supporting children's rights.

Companies can use innovation to seek ways to positively impact children's well-being and development, aligned with core competencies in products, services and distribution channels. Examples include developing products and services that are essential to children's survival and development, encouraging equal access to products and services and promoting healthy lifestyles for children.

- ix. Raising the issue of children's rights in interactions with peers in the investment community and looking for opportunities for collaboration.

Possible forums for collaboration include the Child Labour Platform²¹, Investor Alliance for Human Rights²² and Principles for Responsible Investment (PRI)²³, among others. Sustainalytics also coordinates multi-investor engagements regarding children's rights.

21 International Labour Organization (ILO), 'Child Labour Platform', <www.ilo.org/ipec/Action/CSR/clp/lang-en/index.htm>, accessed 3 June 2019.

22 Investor Alliance for Human Rights, 'Investor Alliance for Human Rights: A collective action platform connecting institutional investors with tools and strategies to promote corporate respect for human rights', <<https://investorsforhumanrights.org>>, accessed 3 June 2019.

23 Principles for Responsible Investment (PRI), <<https://www.unpri.org/>>, accessed 16 June 2019.

Checklist for assessing companies

To operationalize the actions they take to integrate children's rights into their policies and investment decision making, investors can set clear expectations to raise awareness and improve practices among investee companies. When analysing and engaging with companies, investors should seek assurances that a risk-aware and responsible approach to children's rights is in place. This should always take into account the specific circumstances and impacts applicable to each company, as not all the same questions should be considered in all conversations, to ensure a focus on the most salient issues.

A selection of questions that can be used in an active dialogue or as a checklist for assessing companies follows. The focus is on criteria that investors can use as proxies to determine the extent to which investee companies adequately address child rights. In addition, Appendices 3–6 provide questions and indicators that will help investors to assess the extent to which investee companies manage child rights risks in their supply chain as well as in relation to specific industry contexts and issues, including ICT, food marketing and the extractive sector.

1. Management strategy and corporate leadership

It is crucial that companies' senior management and board take ownership of and support the integration of children's rights into company policies and processes, as appropriate, including in strategic, commercial and investments decisions. Failure to do so can lead to adverse child rights impacts or to missed opportunities.

- Has the company identified children as a relevant stakeholder in its policies (code of conduct, safeguarding policy,²⁴ marketing policy, etc.)?
- Do the policy commitments on human and

children's rights specifically include a reference to key international conventions, including the Convention on the Rights of the Child, International Labour Organization Conventions Nos. 138 and 182, and other instruments, such as the United Nations Guiding Principles on Business and Human Rights (UNGP) and United Nations Global Compact?

- Has the board considered the interlinkages between the company's operations and children's rights, and the reputational and financial implications they may have on the company?
- Has management integrated children's rights considerations into the overall business strategy and company processes, based on well-informed due diligence?
- Has the board considered how advancing child rights may lead to new business opportunities?

2. Risk and impact assessment and management

The integration of child rights considerations into company due diligence processes is essential to recognize children as rights holders and stakeholders and for a company to understand, address and report on its impact on children.

- To what extent is the company committed to addressing its human rights risks, including children's rights, in accordance with the precautionary principle?²⁵
- Has the company integrated children's rights considerations into human rights risk and impact assessments and, as relevant, into other company risk and impact assessments?*

²⁴ Companies whose employees or business partners engage directly or indirectly with children have a legal and moral duty to do all they can to protect children from harm. See United Nations Children's Fund, 'Child Safeguarding Toolkit for Business: A step-by-step guide to identifying and preventing risks to children who interact with your business', UNICEF, May 2018, <www.unicef.org/csr/files/UNICEF_ChildSafeguardingToolkit_FINAL.PDF>, accessed 3 June 2019.

²⁵ European Parliament, *The Precautionary Principle: Definitions, applications and governance*, European Union, Brussels, February 2016, <[www.europarl.europa.eu/RegData/etudes/IDAN/2015/573876/EPRS_IDA\(2015\)573876_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/IDAN/2015/573876/EPRS_IDA(2015)573876_EN.pdf)>, accessed 3 June 2019.

- Are systems in place to track progress and company performance in relation to child rights?
- Are operational-level grievance mechanisms in place that provide a remedy for adverse impacts affecting children? Do these extend beyond the company's direct operations, especially to high-risk suppliers?
- Are children's rights included in the due diligence process for suppliers, third parties and other business associates, at a minimum in connection with those identified as having an elevated risk profile in this regard?²⁶

3. Transparency and reporting

Tracking and communicating performance creates accountability and demonstrate that a business is serious about its commitment to children. Monitoring the effectiveness of the company's response to child rights risks and impacts is key to verifying whether existing policies and management approaches are adequate.²⁷

- Does the company publicly communicate how it addresses and manages child rights risks?
- Does the company include specific child rights indicators in its sustainability reporting?
- Does the company discuss plans and improvement objectives relating to children's rights in its reporting?

4. External activities and stakeholder engagement

A company's resources (marketing, communication channels, data, expertise, etc.) and reach to children, families and other stakeholders, including policy decision makers, customers, employees and the general public, can have a great influence on public policies, public opinion and people's behaviour. Through its engagement with third parties and involvement in industry associations and initiatives, a company can benefit from additional opportunities and insights connected to protecting and empowering children. Yet policy positions and the objectives of partners and networks may also indirectly contradict the company's own efforts to champion children's rights.

- To what extent does the company identify opportunities to advance children's rights and use its influence to promote related issues and concerns?
- Does the company consult and cooperate with children's rights experts and key local stakeholders to proactively safeguard the fulfilment of children's rights in its sphere of influence?
- Does the company ensure that the issues driven through its corporate lobbying and by the organizations it associates with do not inadvertently harm children's rights?
- Does the company considered joining appropriate multi-stakeholder initiatives linked to children's rights to share best practices or to tackle related challenges at the sector level or in a specific location, for example?

²⁶ See Appendix 3<<ADD HYPERLINK TO APPENDIX 3>> for questions relating to supply chain due diligence and management.

²⁷ See United Nations Children's Fund, Children's Rights in Sustainability Reporting (second edition with a foreword by GRI), UNICEF, Geneva, September 2014, <www.unicef.org/csr/css/Childrens_Rights_in_Sustainability_Reporting_Second_Edition_19092014.pdf>, accessed 3 June 2019.

APPENDIX 1

International norms and standards

Internationally agreed norms and conventions that set the standards and provide guidance on environmental, social and governance (ESG) issues are often the basis for investors' approaches to responsible investment; many explicitly commit to adhering to them. They are typically used to ensure compliance (e.g., screening out companies associated with norms breaches) and to define expectations for investees. Apart from compelling investors to respect children's rights as part of their general human rights commitment, alignment with the norms requires them also to take into account specific child-related aspects, as illustrated below.

United Nations conventions and International Labour Organization standards

Human rights apply to all age groups, and children have the same fundamental rights as adults. However, certain rights only apply to children due to their unique needs and vulnerabilities. The Convention on the Rights of the Child spells out every child's right to survival; to develop to the fullest; to be protected from harmful influences, abuse and exploitation; and to participate fully in family, cultural and social life. *The Convention elaborates the human rights of children, recognizing the interdependence of their civil, political, economic, social and cultural rights. It also recognizes that children may need particular provisions or protections to fully enjoy these rights. The labour aspects of children's rights are outlined in International Labour Organization Convention No. 138 on the Minimum Age for Admission to Employment, and Convention No. 182 concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour.*

United Nations Guiding Principles on Business and Human Rights

The UNGPs provide a road map for companies to demonstrate their respect for human rights. The corporate responsibility to respect human – including children's – rights, as outlined in the Principles, does

not replace a State's duty to protect those rights and exists independently of a national government's abilities and willingness to fulfil its obligations. Nevertheless, the UNGPs require businesses to establish policies and processes appropriate to their size and circumstances. This involves also respecting the human rights of individuals belonging to specific groups or populations that require particular attention, such as children, where companies may have adverse human rights impacts on them.

Children's Rights and Business Principles

Save the Children, the United Nations Global Compact and UNICEF led a process to develop the *Children's Rights and Business Principles*, launched in March 2012. These Principles identify a comprehensive range of actions that all business entities, including investors, should take to respect and support children's rights in the workplace, marketplace, community and environment – in conjunction with governments' duty to protect those rights.

United Nations Global Compact

The United Nations Global Compact²⁸ is a principle-based framework that encourages business worldwide to adopt sustainable and socially responsible policies in the areas of human rights, labour, the environment and anti-corruption. Principle 1 of the 10 principles stipulates that business should support and respect the protection of internationally proclaimed human rights, *including paying special attention to the rights of vulnerable groups such as children. Principle 5 focuses on business needing to uphold the effective abolition of child labour.*

Organisation for Economic Co-operation and Development Guidelines for Multinational Enterprises and Due Diligence Guidance for Responsible Business Conduct

The *OECD Guidelines for Multinational Enterprises*²⁹ are government recommendations to multinational

28 United Nations Global Compact, 'The Power of Principles', <www.unglobalcompact.org/what-is-gc/mission/principles>, accessed 3 June 2019.

29 OECD, *OECD Guidelines for Multinational Enterprises, 2011 Edition*, OECD Publishing, Paris, 2011, <www.oecd.org/daf/inv/mne/48004323.pdf>, accessed 3 June 2019.

The Children's Rights and Business Principles are an important effort to explore the implications of the United Nations Guiding Principles on Business and Human Rights for the human rights of children. Children are among the most marginalized and vulnerable members of society, and can be disproportionately, severely and permanently impacted by business activities, operations and relationships.

– PROFESSOR JOHN RUGGIE, FORMER UNITED NATIONS SECRETARY-GENERAL'S SPECIAL REPRESENTATIVE ON BUSINESS AND HUMAN RIGHTS

enterprises. They provide non-binding principles and standards for responsible business conduct consistent with applicable laws and internationally recognized standards.

On human rights, Guideline IV notes that enterprises may need to consider additional standards for population groups that require particular human rights attention, such as children. Guideline V on employment and industrial relations urges companies to contribute to the abolition of child labour, but also emphasizes that enterprises have a positive role to play to address the related root causes of poverty through the creation of high-quality, well-paid jobs. In this context, this Guideline also underlines the importance of raising the standards of children's education in host countries and ensuring equal opportunities to training for vulnerable groups, such as youth. Guideline VIII on consumer interests similarly calls on companies to consider the situations of vulnerable and disadvantaged consumers when marketing goods and services and notes that children are becoming increasingly significant forces in the market.

The *OECD Due Diligence Guidance for Responsible Business Conduct*³⁰ further elaborates on how companies can, for instance, implement child labour

due diligence, engage with potentially vulnerable stakeholders including children, be linked to adverse impacts including child labour through their business relations, and address systemic issues such as poor access to schools, high poverty rates and the harassment of girls.

Sustainable Development Goals

Many responsible investors have started aligning and targeting their ownership activities in a way that contributes to the SDGs. The goals relating to health, education and access to water, sanitation and hygiene may have the most obvious links to children's rights and well-being, but all 17 SDGs and the 169 underlying targets in the 2030 Agenda for Sustainable Development are relevant to children's lives.³¹ Companies have numerous opportunities to contribute to the SDGs, for example through the nature of their products and services, innovation, skills-transfer, job creation and corporate philanthropy. Recognition of the vast opportunity to contribute to the SDGs by respecting human rights in core operations and supply chains has increased and many would argue that driving respect for human rights through global operations and value chains is one of the biggest contributions companies and investors can make to the SDGs.³²

30 OECD, *OECD Due Diligence Guidance for Responsible Business Conduct*, OECD Publishing, Paris, 2018, <<https://mneguidelines.oecd.org/OECD-Due-Diligence-Guidance-for-Responsible-Business-Conduct.pdf>>, accessed 3 June 2019.

31 UNICEF has mapped each of the SDGs against the articles of the Convention on the Rights of the Child. See 'Mapping the Global Goals for Sustainable Development and the Convention on the Rights of the Child', UNICEF, <www.unicef.org/agenda2030/files/SDG-CRC_mapping_FINAL.pdf>, accessed 3 June 2019.

32 John G. Ruggie 'Keynote Address', United Nations Forum on Business & Human Rights, Palais des Nations, Geneva, Switzerland, 14 November 2016, <www.ohchr.org/Documents/Issues/Business/ForumSession5/Statements/JohnRuggie.pdf>, accessed 3 June 2019.

APPENDIX 2

Children's Rights and Business Principles

Based on the *Children's Rights and Business 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

Recognizing 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; maximizing the accessibility and availability of products essential to children's survival and development

6 Use marketing and advertising that respect and support children's rights

Ensuring that communications do not have an adverse impact; complying with international and national standards, particularly in relation to health; using marketing that 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; recognizing 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

Recognizing 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 governments' efforts; respecting the rule of law and responsible business practices, including paying taxes; considering strategic social investment programmes for children

APPENDIX 3

Child rights indicators relevant in the supply chain

The following list provides example questions and indicators allowing investors to assess the extent to which investee companies manage child rights risks in their supply chain.

Key questions

- Does the company promote respect and support for child rights among its suppliers (e.g., through policies, codes of conduct, awareness raising and technical support)?
- Does the company undertake risk and impact assessments in its supply chain that include effects on children?
- Does the company disclose its list of suppliers and report on child rights metrics in the supply chain?
- Does the company include sustainability criteria in its purchasing practices with suppliers?
- Does the company monitor and address child rights risks in the deeper supply chain (beyond tier 1)?

Specific indicators related to child rights impacts in the supply chain may include (depending on the context):

Maternity protection

- Length of paid/unpaid maternity leave provided by the supplier
- Average earnings during maternity (compared to previous earnings)
- Length of paid/unpaid paternity leave
- Other support granted during parental leave (e.g., access to services)

- Special health and safety protections for pregnant and nursing mothers
- Systems to guarantee non-discrimination on the grounds of pregnancy or motherhood

Breastfeeding support

- Entitlement to paid breastfeeding breaks for nursing mothers
- Adequate space for mothers to breastfeed in the workplace
- Adequate space for mothers to express and store breastmilk in the workplace
- Other forms of breastfeeding support (e.g., awareness raising, lactation counselling, etc.)

Childcare support

- Access to employer-supported childcare (either in the workplace or community)

Child labour and safeguarding

- Effective systems to monitor and remediate risks of child labour
- Effective child safeguarding policies and processes
- Special protections for young workers and youth empowerment programmes

Health, safety and sanitation

- Effective measures to ensure health and safety in the workplace for pregnant and nursing women
- Access to clean water, sanitation and hygiene

Wages and working hours

- Minimum wages that meet the basic needs of workers and their families
- Working hours that are limited to national law and international standards (whichever is more favourable)
- Flexible working time arrangements for working parents (e.g., work-from-home policies)

Migrant workers

- Measures to address the specific challenges migrant and seasonal workers face (e.g., supporting workers to move with their families and working with governments to provide migrant families with access to basic services)

Positive parenting

- Measures to promote positive parenting practices (e.g., training and awareness campaigns to highlight the importance of early childhood development)



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APPENDIX 4

Child rights indicators relevant to online activity and ICT companies

These indicators refer to the following suppliers: mobile operators, Internet service providers, content providers, online retailers and applications (app and game developers), user-generated content providers, interactive and social media providers, national and public service broadcasters, hardware manufacturers, operating system developers and app stores.

When considering child rights protection online, businesses must strike a careful balance between children's right to protection and their right to access to information and freedom of expression. Therefore, companies must ensure that measures to protect children online are targeted and are not unduly restrictive, either for the child or other users. Moreover, there is growing consensus on the importance of industry proactively promoting digital citizenship among children and developing products and platforms that facilitate their positive use of ICT to advance the realization of children's rights. Companies have a responsibility to respect the rights of children affected by their operations and wider value chain.

The following list provides example questions that can help investors to assess the extent to which investee companies manage child rights risks when using the Internet or any of the associated technologies or devices that connect to it.

Key questions

- Does the company integrate child online rights considerations into all appropriate corporate policies and management processes?
- Does the company assess child rights impacts, opportunities and risks that may be associated with its product and service innovation, research, development and distribution?
- Has the company completed impact and risk assessments related to the specific context in all countries of operation?
- Does the company have the appropriate/necessary policies and management systems in place across key functional areas?

Child sexual abuse material policies and processes

- Does the company have processes in place for handling child sexual abuse content?
- Does the company have a policy, standard, code of conduct or other document that addresses child sexual abuse materials, and is it communicated to users? Does the company consider its application in all its local operations?
- Does the company develop or make available activities and educational materials to promote a safe online environment for children, parents, teachers and guardians? Does the company cooperate with relevant authorities and other stakeholders to provide a safe online environment for children and other vulnerable groups?

Filters, age verification and privacy

- Does the company offer free content filtering solutions and/or parental control tools for its mobile and fixed Internet services?
- Does the company have age-verification systems in place for any content or applications that are not appropriate for minors?
- Does the company set clear standards for privacy and for the collection and storage of personal data about or from children? Does it ensure data collection and storage are not allowed without the consent of parents?



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Marketing

- Does the company have a global responsible marketing and advertising policy or code of conduct in place covering children and other vulnerable groups?
- Does the company have marketing policies that consider: (1) the effects on children of using unrealistic, unhealthy and sexualized body images in advertising; (2) the minimum age for targeting advertising towards children; (3) unsuitable marketing locations such as schools, playgrounds and other places where children frequently gather; and (4) guidelines for the appropriate use of children in advertising and marketing?
- Is the company's responsible marketing policy or commitment publicly available and communicated to all relevant internal teams?
- Does the marketing policy take into account the potential effects of marketing to children specifically through the use of digital media?

APPENDIX 5

Child rights indicators relevant to food marketing

The following list provides example questions and indicators allowing investors to assess the extent to which investee companies are attuned to child rights risks in food marketing.

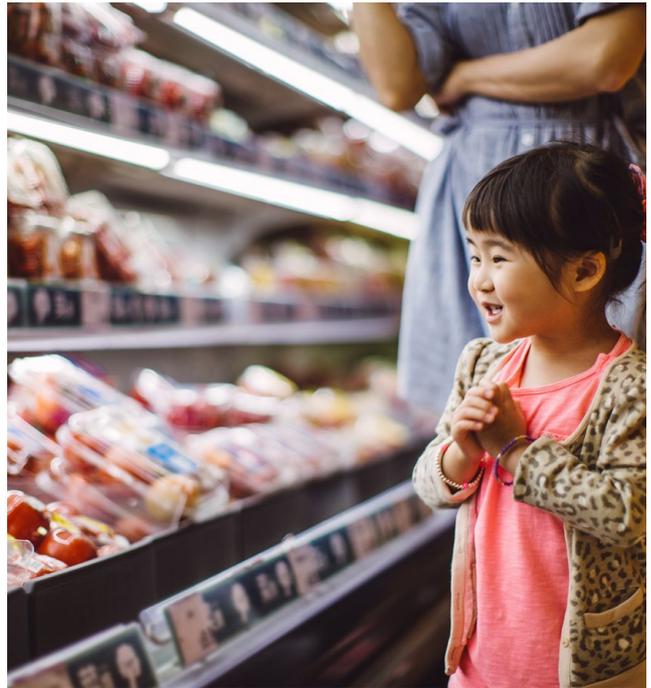
Key questions

- Does the company board recognize its role in addressing the global nutrition challenge and does this commitment address childhood obesity?
- Does the company have a responsible marketing policy that sets targets to reduce the marketing of unhealthy foods to children?
- Is the company's responsible marketing policy holistic and comprehensive, including all children to the age of 18 and all channels and forms of marketing, and is it committed to full transparency and third-party monitoring and evaluation?

Specific indicators related to child rights impacts in food marketing may include:

Policy

- Inclusion of clear definitions of:
 - children as everyone under the age of 18
 - marketing as "all forms of commercial content on children" (including sponsorships, schools, online channels)
 - unhealthy foods based on independent and evidence-based standards (e.g., from the World Health Organization)
- Inclusion of commitments and measures to:
 - reduce the exposure of unhealthy food marketing to children
 - increase the marketing of healthy foods



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- create content appropriate for children (e.g., that does not foster harmful stereotypes)
- provide regular and publicly available compliance reports

Strategy and governance

- Commitment at the C-level/board level
- Responsibility at the C-level for developing and implementing the responsible marketing strategy
- Establishment of a group of experts to support the strategy's implementation

Implementation, monitoring and evaluation, and reporting

- Appropriate checks and balances to monitor the implementation of the policy throughout the company
- Regular external compliance reports verified by a third party

APPENDIX 6

Child rights indicators relevant to the extractive industry

Extractive companies often face complex human rights risks and their operations frequently occur in disadvantaged areas. They encounter some of the most vulnerable children, with profound and diverse impacts. The extractive sector can have both adverse and favourable effects on children, and the likelihood, scale and severity of most of these impacts are linked to the nature of the activity and its proximity to local communities.

A key finding from UNICEF's research³³ is that children are more vulnerable to the impacts of extractive projects than adults, particularly between birth and the age of 5 when experiencing formative physical development. These impacts occur in relation to resettlement, in-migration, the environment, safety and security, among other issues.

Extractive companies should consider the following key questions to assess their effect on children.

Key questions

- Has a stakeholder analysis identified if children are a stakeholder group likely to be significantly affected by the project during the scoping phase?
- Are children represented in baseline studies and have they had appropriate opportunities to participate in them?
- Has the scoping analysis included an assessment of all the issues and impacts – whether economic, social, environmental or health-related – pertaining to child rights?
- Are children's rights integrated into ongoing impact assessments and/or other internal due diligence processes and management systems?

More information, guidance and indicators on how extractive companies can determine the issues and areas that should explicitly be considered according to the specific context of their operations are available in UNICEF's publication *Child Rights and Mining Toolkit. Best practices for addressing children's issues in large-scale mining*.³⁴

33 United Nations Children's Fund, *Children's Rights and the Mining Sector*, UNICEF, Geneva, March 2015, <www.unicef.org/csr/files/UNICEF_REPORT_ON_CHILD_RIGHTS_AND_THE_MINING_SECTOR_APRIL_27.pdf>, accessed 3 June 2019.

34 United Nations Children's Fund, *Child Rights and Mining Toolkit: Best practices for addressing children's issues in large-scale mining*, UNICEF, January 2017, <www.unicef.org/csr/files/FINAL_Child_Rights_and_Mining_Toolkit_060217.pdf>, accessed 3 June 2019.

We are not sources of problems; we are the resources that are needed to solve them. We are not expenses; we are investments. We are not just young people; we are people and citizens of this world.

– ‘A WORLD FIT FOR US’, 8-10 MAY 2002, UNITED NATIONS SPECIAL SESSION ON CHILDREN

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UNICEF works in over 190 countries and territories to protect the rights of every child. UNICEF has spent 70 years working to improve the lives of children and their families and believes all children have a right to survive, thrive and fulfill their potential – to the benefit of a better world. The world has changed, but children’s needs have not. UNICEF’s commitment to children remains as strong as ever despite the complexities of our world. UNICEF works day-in day-out in the world’s toughest places to reach the most vulnerable and disadvantaged, delivering results for children and young people is our driving force. Find out more at www.unicef.org