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Federal Department of Economic Affairs,
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WEBINAR | MAY 25, 2023 | 13:30

Webinar Series: Part 2

**Develop a policy
commitment & identify child
labour risks & impacts**

WEBINAR SERIES
CHILD LABOUR DUE DILIGENCE

The Ten Principles of the UN Global Compact

Corporate sustainability starts with a company's value system. By incorporating the Ten Principles into strategies, policies and procedures, and establishing a culture of integrity, companies are not only upholding their basic responsibilities to people and planet, but also setting the stage for long-term success.

Companies operate responsibly



HUMAN RIGHTS

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. make sure that they are not complicit in human rights abuses.



LABOUR

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labour;
5. the effective abolition of child labour; and
6. the elimination of discrimination in respect of employment and occupation.



ENVIRONMENT

7. Businesses should support a precautionary approach to environmental challenges;
8. undertake initiatives to promote greater environmental responsibility; and
9. encourage the development and diffusion of environmentally friendly technologies.



ANTI-CORRUPTION

10. Businesses should work against corruption in all its forms, including extortion and bribery.

Companies contribute to progress

SUSTAINABLE DEVELOPMENT GOALS



Let's make Global Goals Local Business



Global Compact
Network
Switzerland & Liechtenstein

4-part webinar series



Understanding child labour risks and impacts in companies value chains



Develop a policy commitment & identify child labour risks and impacts



Take action to cease, prevent or mitigate child labour risks and impacts



Establish effective grievance mechanisms, remediate impacts & communicate

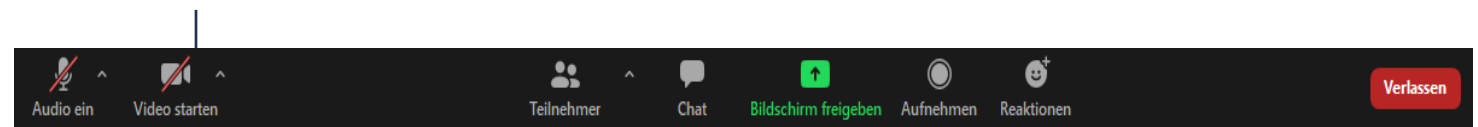
Agenda

- **ILO/IOE Child Labour Guidance tool - Setting up the basic framework**
Regula Meng & Dominic Rietmann, focusright
- **Dormakaba's approach to children's rights**
Serena Alonso, dormakaba
- **Why Zero Tolerance policies don't work**
Dorothee Baumann-Pauly & Berit Knaak, Center for Business and Human Rights at the University of Geneva
- **How to draft a holistic Child Rights policy?**
Sandra Groth, Save the Children Switzerland
- **Conducting a Child Rights Risk / Impact Assessment**
Malin Liljert, The Centre for Child Rights and Business

Webinar: Housekeeping

- The session is recorded.
- Slides & recording will be made available by the UN Global Compact Network Switzerland & Liechtenstein after the webinar.
- Please write your questions in the chat.

*Activate the video before
you make an intervention.*



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*Make sure you are muted during the
webinar. Unmute yourself if you wish
to speak.*

↑
*Use the chat function to
type in your questions or
make a comment.*

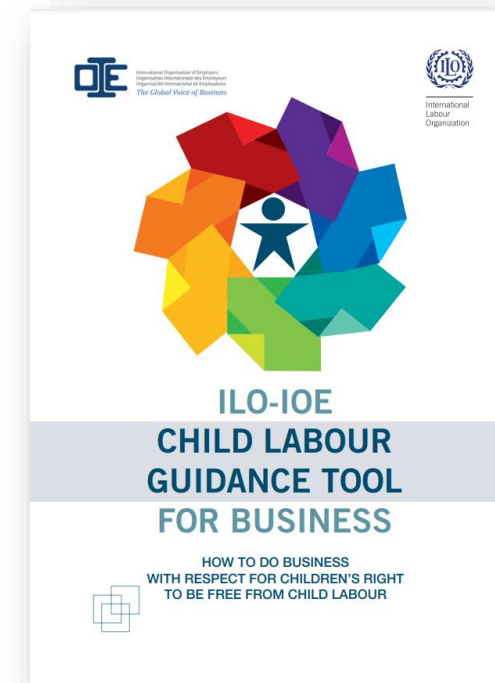
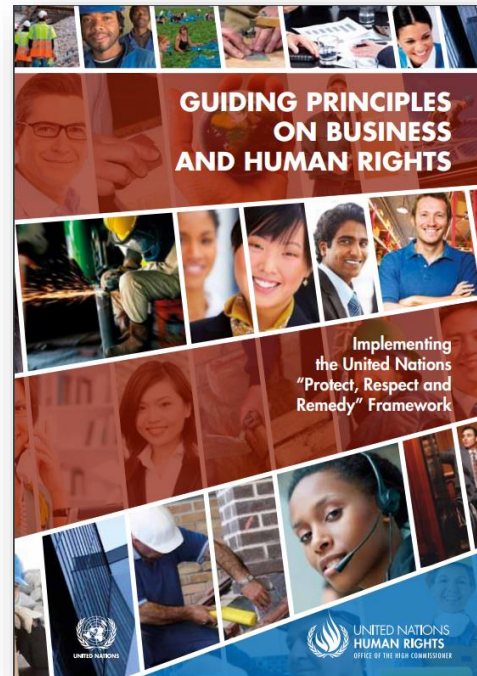
ILO/IOE Child Labour Guidance tool - Setting up the basic framework

Regula Meng & Dominic Rietmann | focusright

How to use the ILO / IOE Child Labour Guidance Tool

“A resource for companies to meet the due diligence requirements laid out in the UNGPs, as they pertain to child labour.”

- The tool brings the **UNGP lens and expectations** with regards to the actions companies should take to address child labour impacts.
- What are the **implications of the UNGPs** for company efforts to prevent and address child labour?



The tool supports companies looking to ...

1) Assess their child labour risks

MY COMPANY IS INTERESTED IN...

Knowing whether child labour is a significant risk for the company.

HOW THIS GUIDANCE TOOL MAY BE HELPFUL

- ✓ Section B.2 describes the nature of child labour impacts.
- ✓ Section B.3 explains how companies can assess whether child labour is a salient human rights issue for their company.

2) Understand the UNGP requirements with regards to child labour

Understanding the new expectations of businesses set out by the UNGPs, as they apply to child labour impacts.

- ✓ Section B.1 describes the UNGPs and Section B.3 explains how they apply to companies.
- ✓ Part C describes in detail the key policies and processes that companies should have in place to meet these expectations.

3) Self-assess their current efforts with regards to child labour

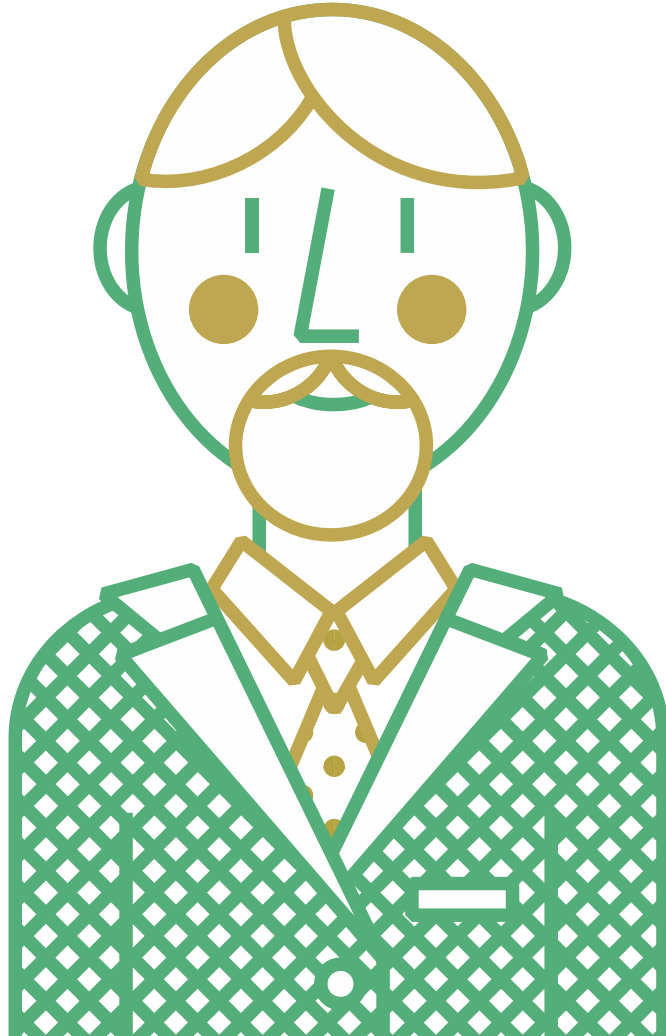
Comparing its existing efforts on child labour to the expectations of the UNGPs.

- ✓ Each of the sections in Part C contains diagnostic questions to test existing approaches.
- ✓ Some key challenges faced by companies when implementing child labour programmes are dealt with in “Hard question” sections in Part C.

A child labour perspective on the 6 core elements of human rights due diligence (HRDD)



Input Swiss Retail Ltd.*



Company profile

Name of the company:	Swiss Retail Ltd.*
No. of employees in CH:	8'500
No. of employees outside CH:	480
Sector:	Retail
Location Headquarters:	Switzerland

Company description

- Sales of food, personal care, textiles and electronics – with a total of approx. 12'000 products
- Sales of own brands and international brands
- Own brands (textiles and food): production in own factories in Switzerland and Germany as well as in factories of suppliers (e.g. textiles, mainly in Bangladesh, Pakistan, China)

*fictive company example

1. Adopt a policy commitment (1/2)

= UN Guiding Principle No. 16

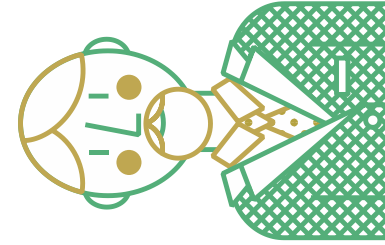
What is expected of companies?

- Make a public commitment to respect internationally recognised human rights, incl. the right to be free from child labour
- Implement and embed the commitment throughout the organization, its business values and culture

Detailed
requirements
in section C.1
of the Guide

Possible forms:

- Sustainability commitment (covering human rights, incl. child labour)
- Human rights policy (covering child labour)
- Stand alone child labour statement



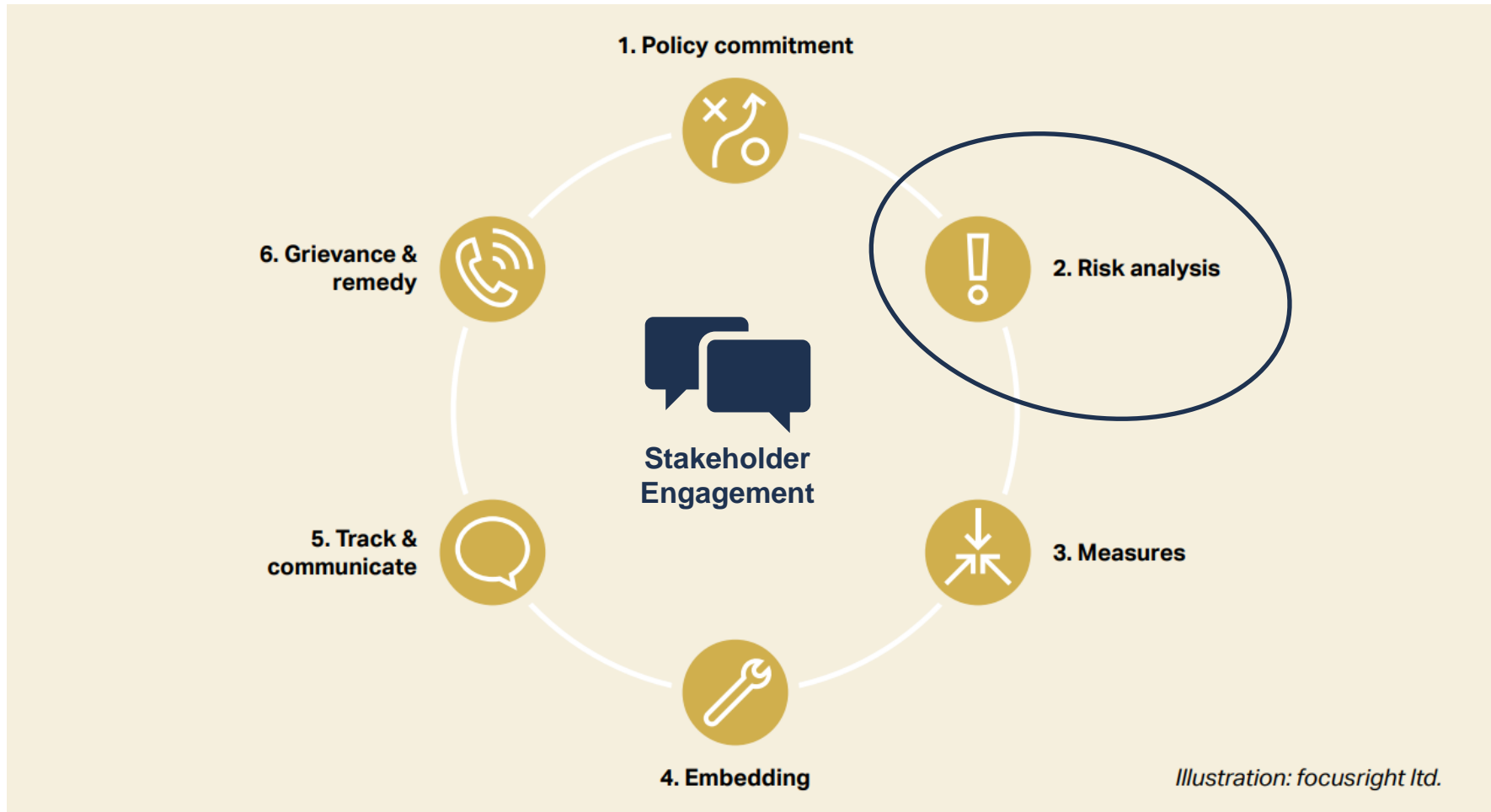
1. Adopt a policy commitment (2/2)

Recommendation: self-evaluate the company’s current policy by analysing the ILO-IOE “Diagnostic Questions” (Section C1)

C.1.1 Content and applicability: A specific commitment on child labour needs to take into account relevant international standards (see Annex A). It also needs to clearly state the company’s expectations of its own staff and business partners.

DIAGNOSTIC QUESTIONS	✓ Does the company have a public commitment to respect human rights, including children’s right to be free from child labour?
	✓ Does the commitment reference the International Bill of Human Rights and/or the ILO Declaration on Fundamental Principles and Rights at Work ? Does it reference the UNGPs?
	✓ Does it reference relevant standards relating to children’s rights, such as the UN Convention of the Rights of the Child and ILO Convention No. 138 on minimum age for admission to employment and ILO Convention No. 182 on the worst forms of child labour?
	✓ Does it permit safe work for children above the minimum age, if such work exists?
	✓ Does the commitment make clear the company’s expectations of personnel, business partners and other parties directly linked to its operations, products or services?

A child labour perspective on the 6 core elements of human rights due diligence (HRDD)



2. Assess child labour risks and impacts

= UN Guiding Principles No. 17 & 18

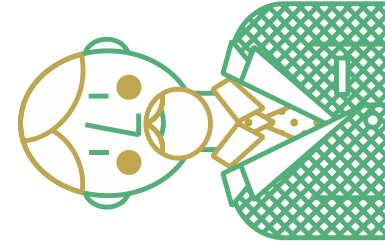
What is expected of companies?

- Know what the company's child labour impacts are or could be
- Conduct assessment as an ongoing activity, as risks change over time
- Implement a systematic assessment process of own operations and business relationships along the value chain

Possible forms:

- Based on a previous high-level analysis of the company's salient human rights issues
- Integrated into a broader human rights risk and impact assessment process
- Standalone child rights / child labour assessment

**Detailed
requirements
in section C.2
of the Guide**



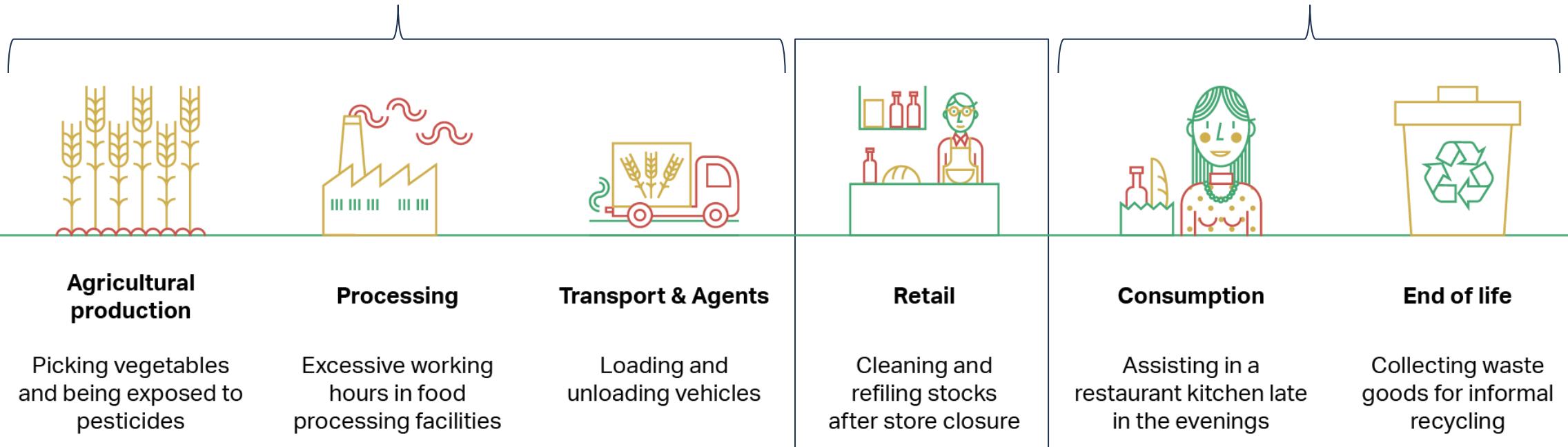
Risk and impact assessment: high-level value chain mapping

upstream business relationships

own operations

downstream business relationships

Examples of child labour



When multiple child labour impacts are taking place along the value chain, **prioritise the areas where the potential or actual impacts are most severe** - based on an evaluation of the **scale, scope and remediability** of the impact on people.

Engage stakeholders throughout the due diligence process

1. Policy Commitment

Examples of stakeholder engagement

- **Discuss experiences** / recommendations with regards to drafting and adopting a policy commitment with **industry peers**
- Seek input / **feedback from internal and external experts** when formulating the policy
- Use the policy as a basis / reference to have a **dialogue** about human rights-related issues **with business partners and suppliers**

2. Risk & Impact Assessment

Examples of stakeholder engagement

- Engage relevant **internal staff** (e.g. procurement, sustainability, community relations)
- Consult **external issue experts** (e.g. human rights, child rights, child labour)
- Meaningful consultation of (potentially) **affected groups of people** or their legitimate **representatives**
- Engage with **local / national governmental actors** as part of the assessment process

THANK YOU!

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dormakaba's approach to children's rights

Working together towards a better future for
every child

Zurich, May 2023



One of the Top 3 companies in our industry. Globally leading in smart and secure access solutions.



> 150
years of experience



> 130
countries



~ 15,000
employees



Stock-listed
SIX Swiss Exchange
(DOKA)



CHF 2.7 billion
net sales in 2021/22



Sustainable
entrepreneurship

Contents

1

 **Child Labor Policy**

dormakaba's **commitments on child labor** and **juvenile work**

2

 **Risk Identification**

Identifying **risks** of child labor in **own operations** and **suppliers**

3

 **Complementary approaches**

Towards a **new generation** of supply chain **social compliance programs**

Policy commitment



dormakaba standards

- Statement of Commitment on Human Rights
- Responsible Labor Directive (*internal*)



ILO-IOE requirements

- Reference to international standards
- **Approved at the most senior level**
- Available in relevant languages & communicated
- **Involvement of stakeholders & experts**
- Internal alignment & accountability
- Expectations from employees & business partners
- Applicable to business relationships

Responsible Labour Directive

Requirements

Default
Countries

- Prohibition of **direct/indirect employment younger than 15**
- **Age verification** during the **hiring process**
- Specific **protections** for **young workers**

High Risk
Countries

- **Access system** based on **ID or fingerprint** verification
- **ID cross-check** with another official document

Equivalent requirements in the Terms & Conditions for Labor Agents and Contractors due to the heightened risks to human rights posed by this type of suppliers



Responsible Labour Directive

Commitment to remediation

- Schedule a **health exam** for the child & provide **appropriate care for any illness found**
- **Financial support** for the completion of the **compulsory schooling** of the child
- **Maintenance of the child's income** until they are **legally eligible to work**
- When possible, **transferring** of the child laborer into an **apprenticeship position**

Equivalent requirements in the Terms & Conditions for Labor Agents and Contractors due to the heightened risks to human rights posed by this type of suppliers



Child labour risk assessment



dormakaba standards

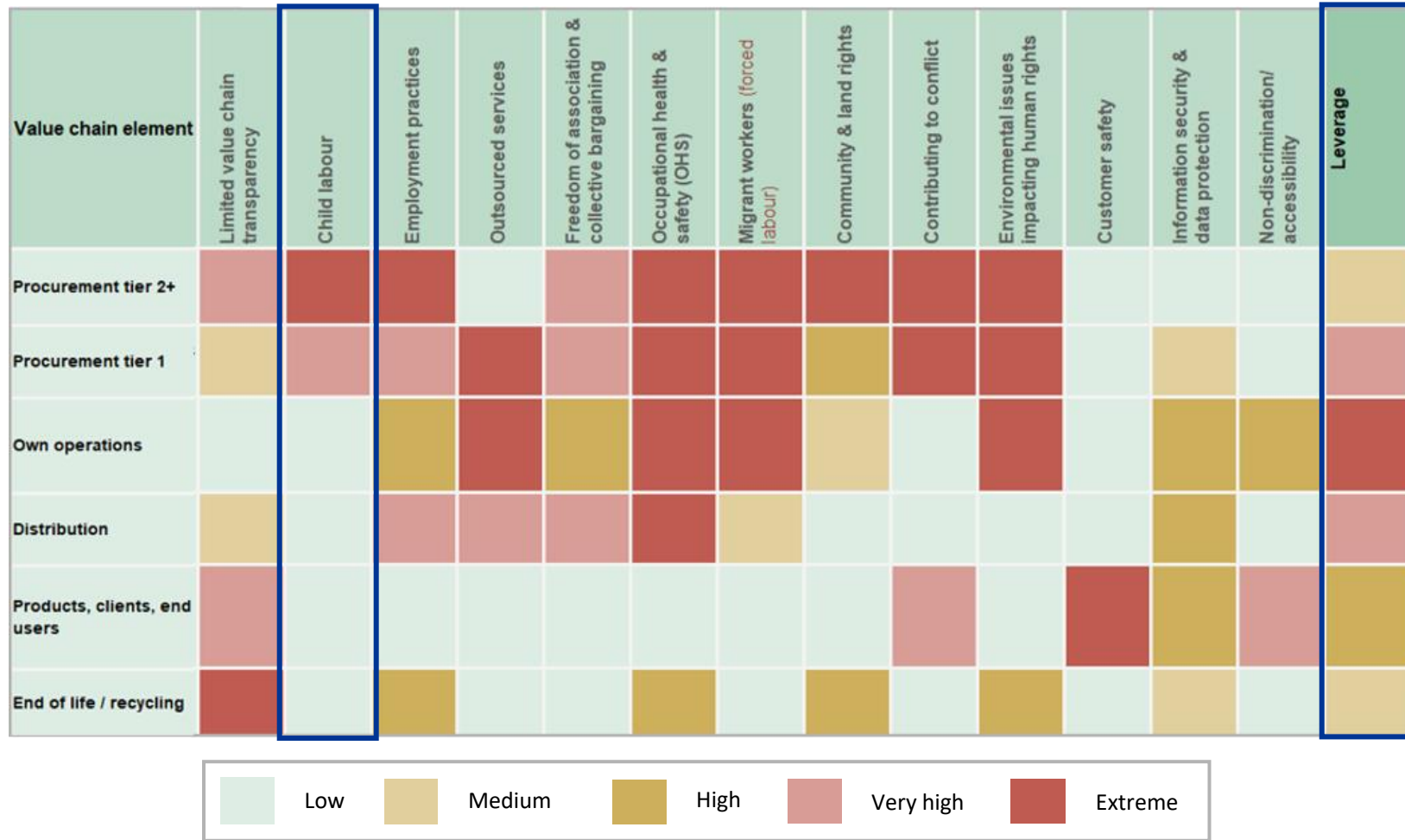
- Group Saliency Assessment
- Human Rights Risk Management System
- Supplier Risk Management System



ILO-IOE requirements

- Continuous, systematic identification and assessment of actual or potential risks of child labor
- Scope of the assessment: value chain & particular operating contexts
- Risk-based prioritization of the assessment of activities/relationships (scale, scope & remediability)
- Involvement of stakeholders & experts

Group saliency assessment



Results

- Child labour as a **salient issue**
- Highest risks in **tiers 1 and 2+**
- **Limited leverage**

Human rights risk management system



Types of Risk Assessments

Internal

- Annual **off-site assessment** of *all dormakaba sites*. Regular monitoring of **Group KPIs**, including *social risk score*

External

- **Assessment of high-risk locations** by trusted third party auditing firm

Internal/ External

- **Ad hoc assessments in particular** operating **contexts** (e.g., Merges & Acquisitions)

Supplier risk management system

Types of Risk Assessments

Internal	<ul style="list-style-type: none">• Pre-onboarding risk assessments (AI tool and SAP module)• Annual risk assessment of the entire supplier base
External off-site	<ul style="list-style-type: none">• Target group of suppliers• Linked to an escalation process
External on-site	<ul style="list-style-type: none">• Non-participant suppliers• Non-compliant suppliers



Complementary approaches



Cobalt dialogues

- **Mutual exchange** on human rights risks
- Gain **visibility beyond the first tier** of the supply chain
- Explore ways to **increase the leverage**



Cobalt study

- Increase the **visibility of cobalt supply chains**
- **Contribute to the dialogues** with business partners
- **Build the capacities** of suppliers and industry **peers**



Living Wage

- **Progressive implementation** in the different countries
- Effort to tackle one of the **root causes** of child labor
- Commitment to **fair working conditions**

Thank you



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FOR **BUSINESS
& HUMAN
RIGHTS**

Why Zero Tolerance Policies Don't Work

Prof. Dr. Dorothee Baumann-Pauly and Dr. Berit Knaak,
University of Geneva, Geneva Center for Business and Human Rights (GCBHR)

25th May 2023

GCNSL and SECO Webinar Series on Child Labour Due Diligence, Part 2



Key insights

1

Engagement

Most companies do not engage specifically with children's rights but are generally committed to human rights.

2

Awareness and policies

Companies' awareness of children's rights goes beyond child labor. However, in corporate policies, children's rights are mostly reduced to child labor in the value chain.

3

Priorities

Companies prioritize three children's rights and business principles:
1) elimination of child labor,
2) product safety, and
3) safety of children on-site and in business facilities. Overall, companies have limited awareness of the full range of children's rights in business.



4

Philanthropy

Most corporate activities in relation to children are philanthropic in nature. These activities focus mostly on providing for children (e.g., education or health-care), and less on the protection and participation of children.

5

Management

Tools and management systems to implement children's rights in business (e.g., governance, monitoring, remediation) require further development.

6

Due diligence legislations

Emerging due diligence legislations raise companies' awareness of children's rights and create momentum for advancing children's rights in business.





Policy objectives for child labor



Target

8.7

Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms



Measure 27 Promote efforts to end all forms of child exploitation in supply chains

The exploitation of children includes child labour, forced labour, sexual exploitation and child trafficking. The federal government works with civil society and the private sector to develop tools and organise events to raise awareness among businesses about the exploitation of children in all its forms.

The federal government will establish partnerships with the private sector and civil society to advance Goal 8.7 of the 2030 Agenda for Sustainable Development: end child labour in all its forms by 2025, ...





Zero tolerance policies: A common response to child labor risks

Extractives

We respect the right of our workers to form unions, and we operate on a zero-tolerance level regarding child labour, forced labour, or discrimination. ...

Agriculture

... has a zero tolerance of child labor. It is unacceptable.

... farmers must comply with our zero tolerance to child labor as a pre-requisite in order to join our ... Program.

Finance

Similarly, our **Code of Conduct** ...
... incorporates the commitment to eliminate discrimination from the workplace through the creation of a respectful work environment free of any form of discrimination and/or harassment, and it also describes zero tolerance for any form of forced, compulsory or child labor.



Children's rights in corporate policies

Companies' awareness of children's rights goes beyond child labor, however, in corporate policies, children's rights are mostly reduced to child labor in the value chain.

“ *A zero-tolerance policy on child labor is the sine qua non condition for supplier selection.*

Policies are only a piece of paper but are the starting point to raise awareness and build capacity.

We realized that the challenges are so big that we will never be able to create impact on our own. ”



Why zero tolerance policies don't work

Zero tolerance policies can have **unintended negative consequences** for companies and for the affected children and their families, including –

- Child labor can become **harder to detect** because it sets incentive for suppliers to hide child labor or even falsify documents for audits.
- Child labor is pushed into the **deeper layers** of the supply chain and sub-contractors.
- Children end up working in **other, more dangerous facilities or sectors** (e.g., moving from farming to mining) to support their families' livelihoods.
- Such policies **signal a limited commitment to remediating** the complex drivers for child labor – in particular when child labor cases lead to the immediate termination of a contract.

The problem: Zero tolerance policies can be a form of outsourcing responsibility which is not in line with human rights due diligence.



What can companies do to address child labor adequately

The premise: The long-term vision is to live in a world where children don't work. However, socio-economic realities today are very different and require engagement. Companies need to emphasize their commitment to remediation.

- **Identify:** Differentiate and understand what constitutes child labor
- **Analyze:** Understand reasons and root causes why children work
- **Address:** Work on the remediation of child labor and address the root causes

How does this translate to a policy statement

Elements of a good child labor policy include, e.g., –

“ We envisage a world where children don’t work. ”

“ We carefully analyze the context and the root causes of all cases and remediate child labor. ”

“ Only if a supplier is unwilling to work with us, we will terminate the relationship. ”



The way forward: Zero tolerance policies to eliminate child labor are well-intentioned but the commitment to child labor due diligence must be expressed with an emphasis on remediation.



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Thank you!

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Further information: <https://gcbhr.org/insights/2022/08/addressing-childrens-rights-in-business-an-assessment-from-switzerland-and-liechtenstein-publication>



How to draft a holistic Child Rights policy?

Sandra Groth | Save the Children Switzerland

Purpose of a Child Rights policy



What it is...	What it's not...
Public commitment	Marketing tool
Legal framework for supplier contracts	"Paper tiger"
Description of a "living" due diligence system	A static document that is drafted once and then put into the top drawer
Essential part of legal obligations within the Swiss Child Labour DD law	"Nice to have"
Reflecting the diverse impact of business on children	Limited to Child Labour
...	...



Convention on the Rights of the Child

- Child Labour is affecting and violating several Child Rights
- In order to holistically protect children, it's not sufficient to just prohibit Child Labour, but necessary to **put Children's Rights into focus**:
 - The **corporate responsibility to respect** – avoiding any infringement of children rights and addressing any adverse impact.
 - The **corporate commitment to support** – additional actions that seek to advance children rights, e.g. through core business operations, strategic social investments and philanthropy, advocacy and public policy engagement or working in partnership and other collective action.



Source: UNICEF

Children's Rights and Business Principles

- The Children's Rights and Business Principles provide a **comprehensive framework** for understanding and addressing the impact of business on the rights and well-being of children.
- While reinforcing standards and actions necessary to prevent and eliminate child labour, the Children's Rights and Business Principles also highlight the **diversity of ways in which business affects children**.
- By **integrating respect and support for children's rights** into the core strategies and operations, companies can strengthen their existing corporate sustainability initiatives while ensuring benefits for their business.



Essentials of a holistic Child Rights policy

Reference to applicable laws and regulations

(e.g. UN Convention of the Rights of the Child and ILO Convention No. 138 on minimum age for admission to employment and ILO Convention No. 182 on the worst forms of child labour)

Description of business model and supply chain set up

Date/ Status of policy

Definition of terms

(e.g. Child Labour, Hazardous Work, Young Worker, etc.)

Publicly available (language, access)

Expectations for everyone directly linked to business operations, products and services (personnel, suppliers, customers, business partner,...)



Description of Due Diligence system (Processes to cease, prevent and mitigate Child Rights risks)

Updated regularly (at least every 3 years)

Grievance mechanism (Contact data, process)

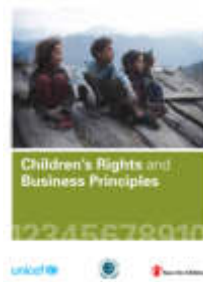
Communicated in- and externally

Commitment to remediation of Child Rights violations

Signature of top management representative

Tools and guidelines

- [Children`s Rights and Business Principles](#)
- [Children`s rights in policies and codes of conduct](#)
- [Child Labour Policy: A child-centred approach](#)
- [Children are everyone`s business: WORKBOOK 2.0](#)



Child Rights Impact Assessments

Malin Liljert | The Centre for Child Rights and Business

What is a Child Rights Impact Assessment (CRIA)?

- A CRIA take a **deep dive** into key sourcing locations to identify actual and potential child rights risks on the ground.
- The aim is to provide a comprehensive understanding of where operations have a **direct and indirect impact** on children and parent workers.
- The **focus of CRIAs are adjusted** to respond to the specific circumstances of the relevant geography and supply chain under review.
- Assessments consider key areas, including **child rights, associated human rights risks, working conditions, gender, and vulnerable groups.**
- In the final CRIA report, we **provide business friendly and best practice recommendations** on how to manage the risks identified.



The Centre's CRIsAs include the following steps:



What is the difference from a social audit?

- Is **independent** from brands and suppliers
- The assessment scope and methodology is **tailormade** to the specific needs and the context
- A range of **different stakeholders** are included and part of the assessment; community leaders, school teachers, the children themselves etc
- We use **various techniques** to capture data including surveys, interviews, focus group discussions and participatory exercises
- CRIA review **purchasing practises** and how this impact children and workers
- It's not a snapshot from one day/one moment at a farm/factory. We assess the **risks** and the **likelihood of the risks**. Are there risks for child labour even though we don't see it today?
- Recommendations takes **both child rights impact and business impact** into consideration.



What do you do after a CRIA?

- Recommendations presented on three levels, with each level rated by five key dimensions: resources, impact, complexity, sustainability and scalability
- Recommendations will be feasible and directly linked to the risks and to the business operations
- It will include tested approaches that are low-threshold and are sustainable and can be implemented by local partners



Training for community facilitators on child labour prevention & remediation



Youth development programme



Child care centre in rattan forest

Thank you!

THE CENTRE
FOR CHILD RIGHTS AND BUSINESS



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FOR CHILD RIGHTS AND BUSINESS

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WEBINAR SERIES

CHILD LABOUR DUE DILIGENCE

May 11 | May 25 | June 1 | June 22