

Child Labour in the Supply Chain of LafargeHolcim in Uganda: Unresolved Issues



Artisanal quarry of pozzolana in Harugongo.



Hima Cement factory in Hima Town.

May 2017



 **BREAD FOR ALL**

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1. Executive Summary

For more than 10 years, **LafargeHolcim and its suppliers benefitted from child labour among artisanal miners who supplied raw materials (specifically pozzolana, a volcanic rock) to the company in Uganda.** Following a public scandal, including the publication of an article in the newspaper *Le Monde* in March 2016, LafargeHolcim stopped buying with artisanal miners and decided to work only with mechanised mines.

Bread for All (BFA) and its partner organisation in Uganda, Twerwaneho Listeners' Club (TLC), **carried out an investigation** following this scandal. To assess the situation, **we interviewed 54 informants over a period of six months.** Our investigation found that:

1. Until September 2016, according to several estimates, **approximately 150 children worked in the quarries that were supplying pozzolana to Hima Cement Limited,** the subsidiary of LafargeHolcim in Uganda. Hima Cement started buying pozzolana from artisanal miners in 1992, and child labour in the quarries had been confirmed since the early 2000s. **We met 20 working children between the ages of 12 and 17 during our interviews.** Many children who worked at the mines dropped out of school and did not go on to secondary school. **Working in pozzolana quarries is hazardous: most children interviewed reported having experienced injuries** (leg, hand, foot). They also reported that working in quarries has a negative impact on their health and physical development. This type of work is classified by the International Labour Organization (ILO) as **“hazardous child labour.”**
2. In September 2016, the company decided to source only 10% of its material from artisanal miners and 90% from mechanised mines. In January 2017, Hima Cement announced it would completely stop buying from artisanal miners and it denied having had child labour in its supply chain. With this move, **LafargeHolcim merely reduces its reputational risks without implementing measures to guarantee a decent future for children who were working in the quarries.**
3. Since Hima Cement stopped buying raw materials from artisanal miners, **most of the children, who dropped out of school, lost their sources of income. The increased unemployment led to higher theft in the communities and also led to more school drop outs** (as some parents who entirely depended on quarrying cannot afford school fees).

In this respect, **LafargeHolcim does not meet the requirements of the UN Guiding Principles on Business and Human Rights (UNGPs),** according to which companies should use their leverage on their suppliers to provide remediation in the case of negative human rights impacts.

Conclusions and recommendations:

- **LafargeHolcim should work with its suppliers to implement programmes that enable former child labourers to return to school or receive vocational training in order to generate another source of income.** After more than 10 years of benefitting from child labor in its supply chain, a company bears a huge responsibility. It seems that firms too often seek simply to reduce reputational risks for themselves while ignoring the need to provide remediation for victims of human rights violations.
- Child labour is a complex issue but **Swiss firms have to respect the rights of children in their supply chain.** Dialogue and voluntary Corporate Social Responsibility measures, as promoted by the Swiss Federal Council in its January 2017 report on child labor, are not enough to get firms to fight child labour effectively. The LafargeHolcim case represents only the tip of the iceberg: other Swiss firms, such as Glencore or Nestlé, face the same challenges.
- **Legally binding human rights due diligence (HRDD) is necessary:** We recommend that **Switzerland introduce legally binding human rights due diligence (HRDD) for all Swiss companies** through a new regulation. New laws in France and the Netherlands recently introduced such a requirement. In Switzerland, the Responsible Business Initiative, a campaign supported by 80 organisations (including Bread for All and Fastenopfer), has called for such a legal obligation.

2. Context of This Report

Goals of the report

The goals of this report are the following:

- To present the research findings of Twerwaneho Listeners' Club (TLC) and Bread for All (BFA) on child labour in the sub-county of Harugongo in Uganda, where pozzolana is mined.
- To give recommendations to LafargeHolcim and its suppliers so that they can take full responsibility for the former child labourers who supplied raw materials to them.
- To give recommendations to the Swiss Federal Council regarding child labour and Swiss companies.

History

Twerwaneho Listeners' Club (TLC) was contacted at the end of 2015 by aggrieved community members of Harugongo who wanted to discuss their concerns. The main issues were road safety, destruction of roads by trucks transporting pozzolana, low prices paid by buyers of pozzolana and child labour.

In March 2016, French journalists from *Le Monde* and Radio France International conducted research in the region and published an article¹ on child labour and hazardous working conditions among artisanal miners supplying pozzolana for Hima Cement.

TLC and BFA conducted extensive research from March to November 2016 on pozzolana mining in Harugongo. The investigation found extensive child labour in the supply chain of Hima Cement. Because the company announced in September 2016 that it wanted to reduce its supply from artisanal miners, TLC and BFA shared the research findings with Hima Cement and offered their help to the company to improve the situation while also recommending that the company continue working with artisanal miners, to improve their working conditions and ensure that appropriate measures were taken for children who had worked in the supply chain.

However, in January 2017, the company denied that it had child labour in its supply chain and it informed TLC and BFA for the first time that it wanted to completely cease its collaboration with artisanal miners and to switch to mechanised mining. BFA and TLC then decided to publish the results of their research on child labour in order to encourage the company to recognise that it and its suppliers benefitted from child labour and that they should put in place remediation measures for the children who had lost their source of income following the company's decision.

¹ Le Monde (website), «En Ouganda, LafargeHolcim accusé de produire du ciment avec du minerai extrait par des enfants» (In Uganda, LafargeHolcim is accused of producing cement with minerals mined by children), 22 March 2016, http://www.lemonde.fr/planete/article/2016/03/22/en-ouganda-lafargeholcim-accuse-de-faire-son-ciment-du-minerai-creuse-par-des-enfants_4887414_3244.html?xtmc=uganda_lafarge&xtcr=1

3. Uganda Country Background

Uganda's gross domestic product (GDP) was USD 21.15 billion in 2015 and represents 0.03 percent of the world economy.² The country has made significant economic progress in the last two decades. The national poverty rate fell to 19.7 percent in 2012-13 from 24.5 percent in 2009-10 and 56 percent in 1992-93.³ Despite the progress, almost one in every five people still lives on less than USD 1 per day.⁴



Map 1: map of Uganda⁵

²Trading Economics, "Uganda's GDP 1960-2015", 2015, <http://www.tradingeconomics.com/uganda/gdp>.

³Ministry of Gender, Labour and Social Development (MoGLSD) and UNICEF, "Situation analysis of Children in Uganda, 2015," 2015. [WEB LINK?]

⁴Ministry of Finance, Planning and Economic Development, Population Secretariat (POPSEC), "The state of Uganda population Report 2014," 2014, <http://popsec.org/the-state-of-uganda-population-report-2014/>.

⁵Infoplease website, Map of Uganda, 2017, <http://www.infoplease.com/atlas/country/uganda.html>

4. Child Labour Worldwide and in Uganda

Child labour in the world

According to the ILO, as of 2012 there were still an estimated 168 million child labourers, including over 85 million children in hazardous work – one of the worst forms of child labour that poses the greatest risks to children’s mental and physical health.⁶ Worldwide, approximately one in every 10 children is involved in child labour, and in Sub-Saharan Africa it is one in five.⁷

Legal Framework on Child Labour in Uganda

Uganda has ratified the following international instruments: the ILO Minimum Age Convention (No. 138); the ILO Worst Forms of Child Labour Convention (No. 182); the UN Convention on the Rights of the Child (UNCRC); and the African Charter on the Rights and Welfare of the Child.

To fulfil the commitments of ILO Convention 182 on the prohibition of the worst forms of child labour, the Ugandan Government defined the types of hazardous work for children. It has developed relevant national laws for the protection of the rights of children, including child labour:

- Section 32 of the Employment Act, 2006 provides that a child under the age of 12 shall not be employed in any business, undertaking or workplace;⁸
- A child under the age of 14 shall not be employed in any business, undertaking or work place, except for light work carried out under supervision of an adult aged over 18 years, and which does not affect the child’s education.⁹

The Act further states that a child shall not be employed in any employment or work which is injurious to his or her health, dangerous or hazardous or otherwise unsuitable.¹⁰

Article 34(4) of the Constitution of the Republic of Uganda provides for the “protection of children against social and economic exploitation.”¹¹ It further “prohibits the employment of children in work that is likely to be hazardous or interfere with their education or is harmful to their health or physical, mental, spiritual, moral, or social development.”¹²

The legal framework of Uganda can be considered robust, as child labour is prohibited in the Constitution and in the Employment Act. However, enforcement of this legal framework is weak, as the statistics on child labour show.

⁶ ILO-IPEC, “Global child labour trends 2008 to 2012” (Geneva), 2013, www.ilo.org/ipec/Informationresources/WCMS_IPEC_PUB_23015/lang--en/index.htm.

⁷ Ibid.

⁸ The Employment Act, 2006, Laws of Uganda.

⁹ Ibid., Sec 32(2).

¹⁰ Ibid., Sec 32(4).

¹¹ Uganda Parliament website, Uganda National Constitution, <http://www.parliament.go.ug/index.php/documents-and-reports/the-constitution>.

¹² Ibid.

Ugandan statistics on child labour

A report of the Uganda Ministry of Gender, Labour and Social Development states that almost 51% of children aged 5–17 are working and that 25% of working children are considered to be in hazardous forms of work.¹³ The report states further that there was an increase of 19% for child labour overall and 9% for hazardous child labour from 2005 to 2010.¹⁴ Child labour can be considered a country-wide concern in Uganda.

The report explains that the main reasons for working are the following:¹⁵

- To supplement family income and to pay school fees;
- To help in the household business;
- To replace an adult who is working away from home or who is sick;
- To buy medication.

Other factors include low quality of education, no interest in school (other skills are more highly valued), food insecurity and the effects of war (particularly in Northern Uganda), the impact of HIV/AIDS and the high level of orphanhood. Orphans are more vulnerable to child labour.¹⁶

Uganda: at “extreme risk” of child labour

Uganda has been classified as being at “extreme risk” of child labour by Maplecroft in its global analysis of child labour risks (see map below). Maplecroft is a UK-based consulting company specialised in “global risk analytics.”¹⁷

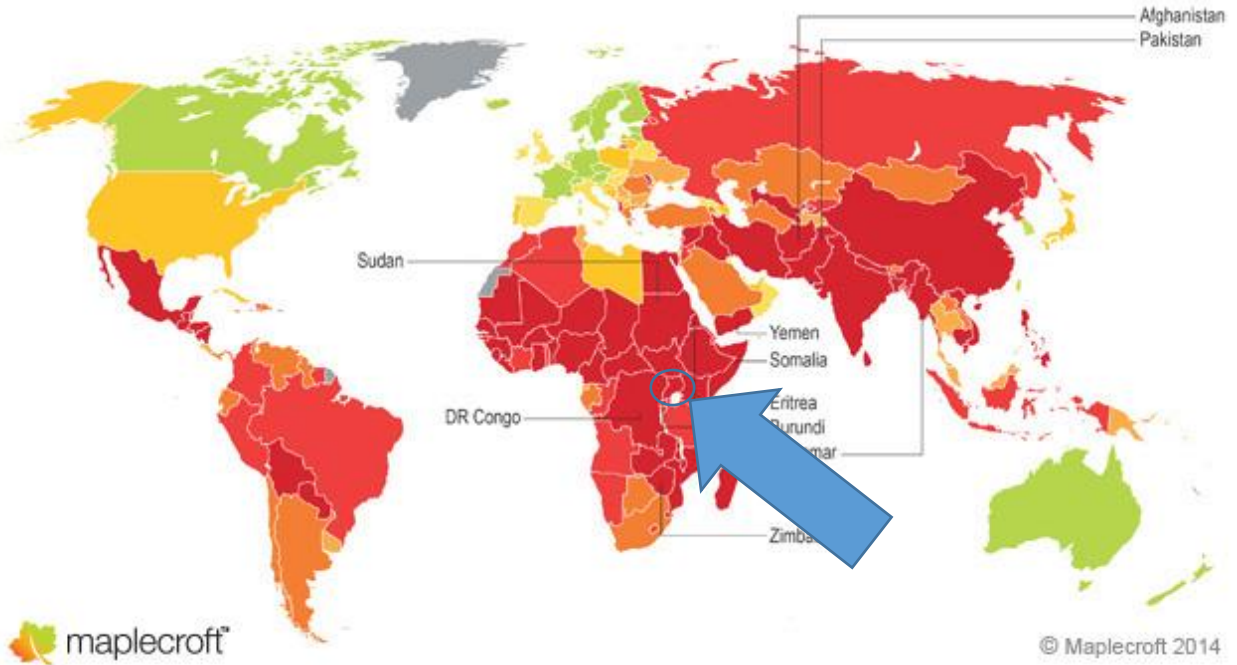
¹³Ministry of Gender, Labour and Social Development, “National Action Plan on elimination of the worst forms of child labour in Uganda, 2012/13 - 2016/17,” May 2012, http://www.unicef.org/uganda/NAP_Uganda_June_2012.pdf.

¹⁴SOMO, “No Golden Future, Use of Child Labour in Gold Mining in Uganda,” 2015, p. 17, <https://www.somo.nl/no-golden-future-2/>

¹⁵Ministry of Gender, Labour and Social Development, “National Action Plan...”

¹⁶Ibid.

¹⁷Maplecroft website, About us, <https://maplecroft.com/>



Map 2: Uganda is classified as at “extreme risk” regarding child labour in Maplecroft’s Child Labour Index Map of 2014¹⁸

¹⁸Maplecroft, Child Labour Index Map 2014, <https://maplecroft.com/portfolio/new-analysis/2013/10/15/child-labour-risks-increase-china-and-russia-most-progress-shown-south-america-maplecroft-index/>

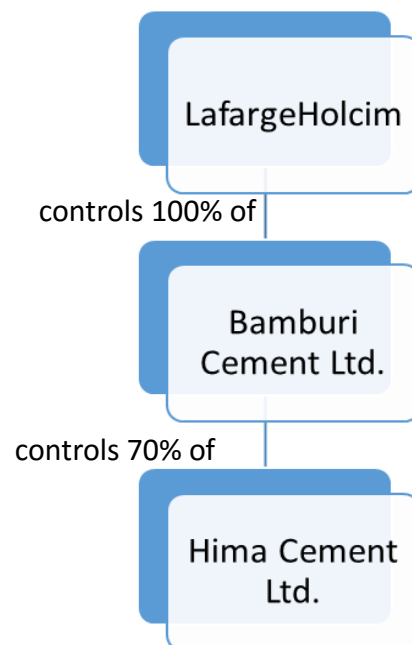
5. Company Profile: LafargeHolcim

LafargeHolcim claims to be the largest manufacturer of building materials in the world (primarily cement, aggregates and concrete), with 90,000 employees and a presence in 80 countries.¹⁹ It has a turnover of CHF 26.9 billion.²⁰ Moreover, its installed capacity globally amounts to 353 million tonnes.²¹ It owns 2,300 plants worldwide, including over 1,400 in ready-mix concrete, over 600 in aggregates and over 200 in cement and grinding.²²

LafargeHolcim was formed by the merger of Swiss cement company Holcim and French cement company Lafarge in July 2015.²³

LafargeHolcim in Uganda

The subsidiary of LafargeHolcim in Uganda, Hima Cement Limited, has 357 employees and is based in the capital, Kampala.²⁴ Hima Cement was privatised in 1994 by the Government of Uganda and acquired in 1999 by Lafarge. LafargeHolcim now controls Hima Cement through Bamburi Cement Limited, a company based in Nairobi, Kenya.²⁵ The main production site of Hima Cement Limited is in Hima Town (Kasese District) in the southwest of Uganda.²⁶



Graph 1: Links between LafargeHolcim and Hima Cement Limited.

¹⁹ LafargeHolcim website, "LafargeHolcim at a glance," 2017, <http://www.lafargeholcim.com/lafargeholcim-at-a-glance>.

²⁰ Ibid.

²¹ Ibid.

²² Ibid.

²³ Ibid.

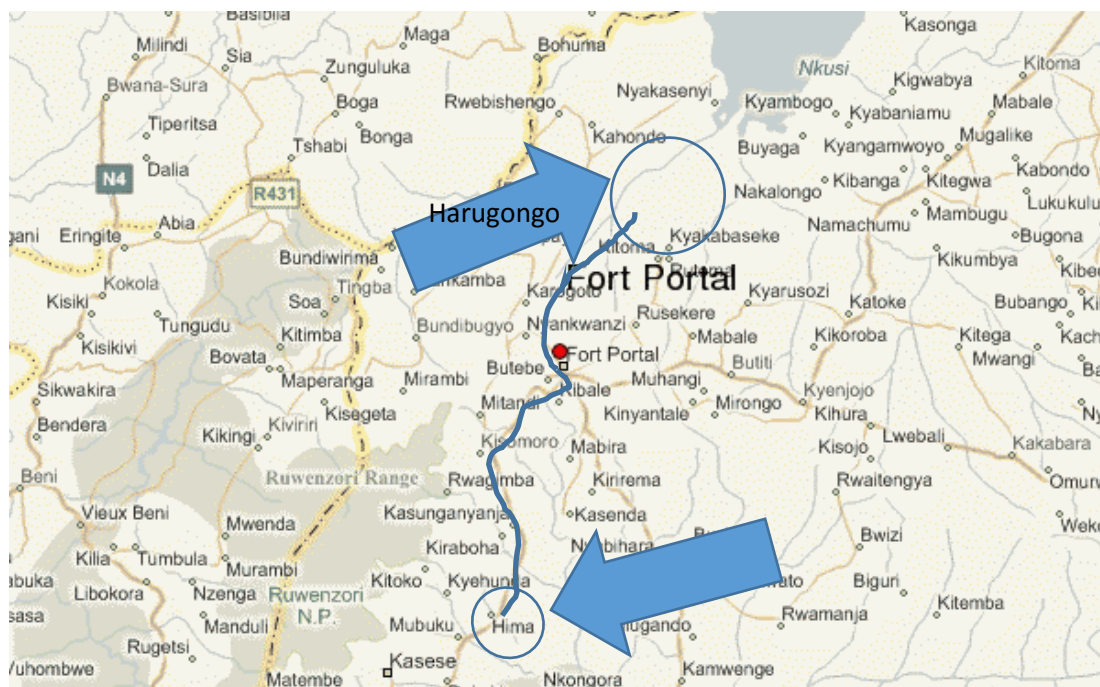
²⁴ Bamburi Cement Limited, *Annual Report & Financial Statements 2015*, http://www.lafarge.co.ke/wps/portal/ke/1_4_6-Financial_reports.

²⁵ Ibid.

²⁶ Ibid.



Map 3: Map showing the location of the Kasese District (in orange)²⁷



Map 4: Map²⁸ showing the location of Hima Town in the Kasese District (where the cement factory of Hima Cement is located) and of the sub-county of Harugongo (where the pozzolana is mined). The blue line shows the road taken by trucks transporting pozzolana from Harugongo to Hima (about 60 km).

²⁷Wikipedia, Article on Kasese District, 2017, https://en.wikipedia.org/wiki/Kasese_District

²⁸Weather-Forecast.com, Fort Portal Location Map, 2017, <http://www.weather-forecast.com/locations/Fort-Portal>

Human rights management system of LafargeHolcim

According to LafargeHolcim, the company has developed a group-wide human rights management system in line with the UN Guiding Principles on Business and Human Rights (UNGPs) that includes comprehensive issue monitoring.²⁹ The company declares the following: “The business risk level of each country we operate in is assessed using global indices related to human rights and we use this to determine the type of assessment to implement for each country, namely an Impact assessment or Self-assessment. Impact Assessments are conducted in Group companies that operate in high-risk business environments or in medium-risk countries where human rights-related claims occurred in the past. The assessment identifies local impacts, risks and opportunities through consultations with internal and external stakeholders” [...] ³⁰

It notes further: “Based on the results of the assessments, action plans addressing priority areas are developed to ensure that all identified business-related human rights risks are properly mitigated. Results of human rights assessments are reviewed by the country executive management and corresponding actions and responsibilities are defined [...] Progress is monitored and reported at local and corporate levels. Impact or Self-Assessments are programmed to be repeated after 3 years.”³¹

Moreover, LafargeHolcim has adopted a Code of Business Conduct for Suppliers³² that states: “Suppliers shall not employ children at an age where education is still compulsory. Children under the age of 18 or below the legal minimum age, shall not be employed.”

Apparent lack of human rights due diligence regarding child labour in Uganda

While LafargeHolcim’s human rights management system can be considered progressive, it does not appear **to have implemented this system comprehensively in Uganda for Hima Cement’s supply chain, considering the large number of children working in Harugongo** and supplying raw materials to suppliers of Hima Cement, as our research showed. This is especially surprising considering that Uganda is classified as being at “extreme risk” with regard to child labour.

²⁹LafargeHolcim, “UN Global Compact - Communication on Progress (COP) 2016,” January 2017, http://www.lafargeholcim.com/sites/lafargeholcim.com/files/atoms/files/lafargeholcim_communication_of_progress_270117.pdf

³⁰Ibid.

³¹Ibid.

³²LafargeHolcim website, “Code of Business Conduct for Suppliers,” p. 6, http://www.lafargeholcim.com/sites/lafargeholcim.com/files/atoms/files/lh_supplier_code_of_conduct.pdf

6. Research Findings

Research methodology

Twerwaneho Listeners' Club (TLC) and Bread for All (BFA) conducted extensive research from March to November 2016 on pozzolana mining in Harugongo. A total of 54 informants were interviewed, among them 20 child labourers (aged between 12 and 17) working in the pozzolana quarries, 10 lorry drivers, as well as local government representatives, youth leaders, and landowners.

Child labour in quarries in Uganda

A large number of children work in Uganda's artisanal quarries. An estimated 20-30 percent of all artisanal miners in quarries in Uganda are children. Some children attend primary school periodically whilst still working in the mines in order to pay for their education, clothes and books. Many other children work in the quarries throughout the year. Very few of the working children go on to secondary school. Mining is arduous work even for adults, but for children the conditions are even more unsafe because of frequent accidents, and unhealthy because of the exposure to dust.

Type of work in quarries

In the Harugongo sub-county, quarry sites are spread among the villages. Pozzolana is a volcanic rock that can be used to produce pozzolanic cement. Pozzolana in Harugongo can be extracted at a depth of between 30 cm and 1.5 meters. Miners perform various tasks:

- Clearing vegetation;
- Clearing soil up to the pozzolana stone;
- Extracting and breaking pozzolana using hammers, chisels and iron bars (the stones weigh 15-20 kilograms);
- Piling the stones;
- Loading the stones on a truck.



Picture 1: artisanal miners extracting pozzolana with chisels and hammers without wearing protective equipment. © TLC

Working in quarries classified as hazardous child labour

Working in quarries can be considered “hazardous child labour” as per the ILO definition, which is “work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children.”³³

Total number of children working in Harugongo

The children we met and interviewed were between 12 and 17 years old. The phenomenon of working children in artisanal quarries in Harugongo started in the early 2000s. There are no official statistics on the total number of working children in Harugongo. However, according to the informants interviewed for this report, the total number of working children in Harugongo **before September 2016 was at least 150**. For example, a landlord told us that month that “in two parishes of Busaiga and Kyakaigo at Harugongo and Geme at Kicwamba, **I estimate the number of child miners to be at least 150**.”³⁴

Another landlord reported: “**About 50-60 underage children per parish operate in the two parishes of Harugongo and one parish (Geme) in Kicwamba.**”

³³ILO, “Hazardous Child Labour,” <http://www.ilo.org/ipec/facts/WorstFormsofChildLabour/Hazardouschildlabour/lang--en/index.htm>

³⁴ He further stated: “The challenge here is there are no records taken. The business is too informal. But with my knowledge on the communities I can be certain that that’s close to my estimates. I sit on the school management committee of Harugongo primary school. We have noted with concern about the effects of child labour and the effects on attendance of children.”

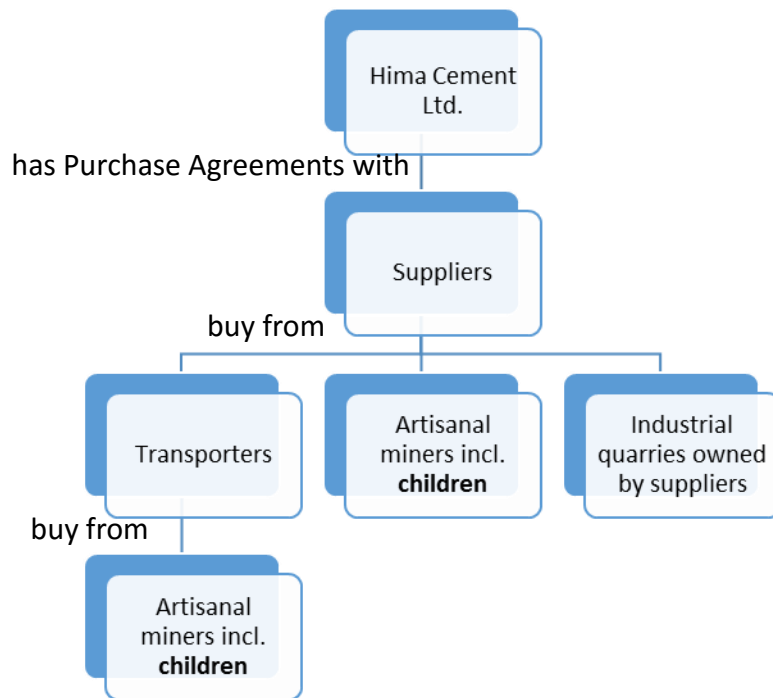
A third landlord stated in September 2016: “Myself and [AUTHORITY REPRESENTATIVES³⁵] of Harugongo sub-county carried out a survey in one parish where I come from. **We met 50 children who I can confirm as child miners all quarrying pozzolana to supply Hima suppliers.**”

Links between pozzolana miners and Hima Cement

Many informants (especially truck drivers) confirmed that the pozzolana mined in Harugongo is supplied mainly to Hima Cement Limited in Hima Town. The truck drivers who reported buying pozzolana from child labourers were working for **12 different companies (both suppliers and transporters) in the supply chain of Hima Cement, indicating a practice that is widespread, not isolated.**

Informants reported that only a small part of the pozzolana mined is sold not to Hima Cement but to local construction companies.

A landowner confirms this: “Most of the children supply/work for companies that supply Hima.”



Graph 2: Links between Hima Cement Limited and artisanal miners until September 2016.

The graph above shows the links between Hima Cement Limited and artisanal miners until September 2016. Hima Cement had Local Purchase Agreements with a number of suppliers. These suppliers supplied pozzolana either from their own quarries (if they had them), from artisanal miners directly, or they contracted transporters (or transporting companies) to supply pozzolana on their behalf.

³⁵ The names are kept confidential.

Age verification by suppliers and transporters of pozzolana for Hima Cement

None of the interviewees (lorry drivers, lorry owners, child labourers) mentioned any kind of age verification of pozzolana miners, nor any guidelines given to them by Hima Cement.

A lorry owner stated the following: **“Truck owners buy from anyone. Hima as a company does not supervise the field activities.”**

Two lorry drivers reported the same information: **“Hima Cement never asked me for the age of the miners.” And, “we do not ask for the age of the miners.”**

Another lorry driver said: **“In all the discussions we have with Hima Cement and other suppliers, no one has ever mentioned child miners as a concern** because we all benefit [...].”

Still another lorry diver stated: **“In Hima no one asks us where we have got the material from.”**

A child labourer (age 17) confirmed this: **“Those lorries buy from everyone they don’t mind whether rocks are sold by an old person or a young one.”**

Health and safety impacts

Working in pozzolana quarries is **hazardous** and has a negative impact on the health and physical development of children. Most children interviewed reported **having experienced injuries (leg, hand, foot)**. Some of them also mentioned the exposure to dust. Many children interviewed reported general body pains, chest pains and weakness, and child labourers confirmed the hazardous nature of their work:

Child labourer (age 12): **“Some of the problems I face are general body pains and one time I got a fractured hand. It is my father that paid for my treatment.”**

Child labourer (age 17): **“We face problems like harsh weather and accidents at the place of work.”**

Adult (former child labourer) (age 18): **“I sometimes get injuries but I have to go back and work because quarrying is my only source of livelihood.”**

Child labourer (age 16): **“Each Pozzolana stone extracted goes for about 10-15 kilograms and some which are exceptional goes beyond. I personally weigh 45 kilograms. My health has deteriorated since the work affects my chest.”**

Child labourer (age 15): **“The kind of work we do is risky and tiresome, the stones are heavy and there is a lot of dust in the mines. We all have various chest problems because we don’t use any protective gear.”**

Child labourer (age 16): **“I experienced health complications (such as injuries with chisel and flying stones, chest pains). We do not wear protective equipment. I never experienced a fracture but I had leg and hand injuries and I lost some of my nails[...].”**

Child labourer (age 16): **“We often have hand, palm and leg injuries.”**

School dropouts and the right to education

The **majority of children interviewed dropped out of school**. This has had an impact on the school drop-out rate in the region. Only a minority of child labourers said they worked part-time in the quarries while still attending classes. This was confirmed by landowners and local authorities.

This situation has a negative impact on the right to education, not only of the approximately 150 child labourers who worked until 2016, but of all the children who dropped out of school since the early 2000s because they were mining pozzolana for Hima Cement.

One landowner's comment is indicative: "I sit on the school management committee of [a] primary school. We have noted with concern about the effects of child labour and the effects on attendance of children."

Le Monde article on child labour

A **March 2016 article in Le Monde³⁶ uncovered the issue of child labour in the supply chain of Hima Cement Limited**. The journalist **interviewed several children working in pozzolana quarries, documenting their unsafe working conditions** and frequent accidents. According to the article, several hundred children were working in the pozzolana quarries of Harugongo and most of the pozzolana mined was sold to Hima Cement. Contacted by Le Monde, Hima Cement denied that its supply chain was linked to child labour and claimed to "ban" child labour, stressing that it required its suppliers to sign a commitment "dealing with ethical issues and human rights." Hima Cement claimed to ensure that it "only buys from government-authorised suppliers with valid mining permits and in compliance with Ugandan labour law."³⁷ These arguments were rejected by the human rights organisation Chapter Four Uganda, which stated that LafargeHolcim and Hima were trying to hide behind their intermediaries. "They believe they will not be held directly responsible," states Peter Magelah, a lawyer specialising in mining law at Chapter Four Uganda³⁸.

Our own research results confirmed what Le Monde found in March 2016.

Impacts of Hima Cement's decision to supply from mechanised mines

In September 2016 **Hima Cement decided to drastically reduce the amount of pozzolana that it bought from artisanal miners to only 10%**.

In November 2016, **the total number of child labourers dropped significantly**: an estimated 60 children (around 20 children in each of three parishes) were still working in pozzolana quarries and supplying Hima Cement.

According to informants interviewed that month, Hima Cement's decision had the following impacts:

³⁶ Le Monde website, «En Ouganda, LafargeHolcim...»

³⁷ Le Monde website, «En Ouganda, LafargeHolcim...»

³⁸ Le Monde website, «En Ouganda, LafargeHolcim...»

- Many artisanal miners **lost their source of income**;
- **Many children, who had dropped out of school, lost their source of income**;
- The increased unemployment **led to increased theft in the communities**;
- The increased unemployment **also led to more school dropouts** (as some parents who depend entirely on quarrying cannot afford school fees).

In January 2017, Hima Cement told TLC and BFA that it wanted to **completely cease buying from artisanal miners and to switch to mechanised mining**. This **second decision worsened the negative impacts described above**.



Picture 2: An excavator loads pozzolana on a large truck in a mechanised mine. © TLC

Protests and attacks from angry artisanal miners in September 2016

In September 2016, a number of angry adult miners at Harugongo protested against Hima Cement's decision to drastically reduce the amount of pozzolana it bought from artisanal miners. Trucks belonging to suppliers and transporter companies were attacked and damaged and some lorry drivers were injured. Anti-riot police were deployed to defuse the situation and six adult miners were arrested. Trucks had to be escorted by anti-riot police. The arrested miners have since been released.

Demands from the communities

A political leader summarised the demands of the communities in November 2016: "I appeal that the local people are allowed to continue supplying. Theft has increased because people have no source of income. Hima [Cement] must also support the community. They take our materials but have never supported any community project like road maintenance, school support, health support or even supporting children to

attend school.” A landlord stated that the artisanal miners should still be able to supply raw materials to Hima Cement: “Machines can work and the local artisans work so that the young generation is not redundant to become criminal offenders.”

7. Interactions of TLC and BFA with LafargeHolcim and Hima Cement

Meeting with Hima Cement in September 2016

On 13 September 2016, a team from Twerwaneho Listeners’ Club (TLC) met four executives of Hima Cement. The meeting’s goal was to discuss communities’ concerns, including health and safety and child labour in quarries in Harugongo where suppliers of Hima Cement were active. During the meeting, TLC mentioned the fact that many interviewees were children who had said that the pozzolana they mined was bought by transporters for Hima Cement. Le Monde’s March 2016 article on child labour was also brought up. Hima Cement stated that it had carried out its own investigation and could not substantiate the article’s claims. Hima Cement also claimed that suppliers undergo prequalification checks before being contracted and that the company expected them to follow the guidelines.

Meeting with Hima Cement in November 2016

On 9 November 2016, TLC and BFA met two executives of Hima Cement. TLC and BFA reported that their research showed a widespread use of child labour in the supply chain of Hima Cement Limited. TLC and BFA shared the research results with Hima Cement along with recommendations to the company. The two NGOs offered to work with the company so it could put measures in place to avoid child labour while still buying from artisanal miners.

Letter from TLC and BFA with recommendations in December 2016

On 15 December 2016, TLC sent an email³⁹ with the research results and recommendations to both Hima Cement Limited and LafargeHolcim.

Letter from Hima Cement in January 2017

On 23 January 2017, Daniel Petterson, Country CEO of Hima Cement Limited, sent a letter⁴⁰ to TLC and BFA in response to the report and recommendations sent to the company. In the letter, Hima Cement denied that it had child labour within its supply chain: “Following the child labour allegations that came to the attention of Hima Cement management in March 2016, LafargeHolcim Group commissioned an investigation by an international independent qualified auditor. The investigation found that although children work routinely alongside their parents in agriculture, **there was no material evidence that Hima Cement or its suppliers used, or were aware of the use of child labour within the supply chain.**”

Further, Hima Cement informed TLC and BFA for the first time that it had decided to completely phase out purchasing pozzolana from artisanal miners and to work only with quarries with machines: “In 2014,

³⁹Email correspondence from TLC and BFA to Hima Cement and LafargeHolcim, 15 December 2016.

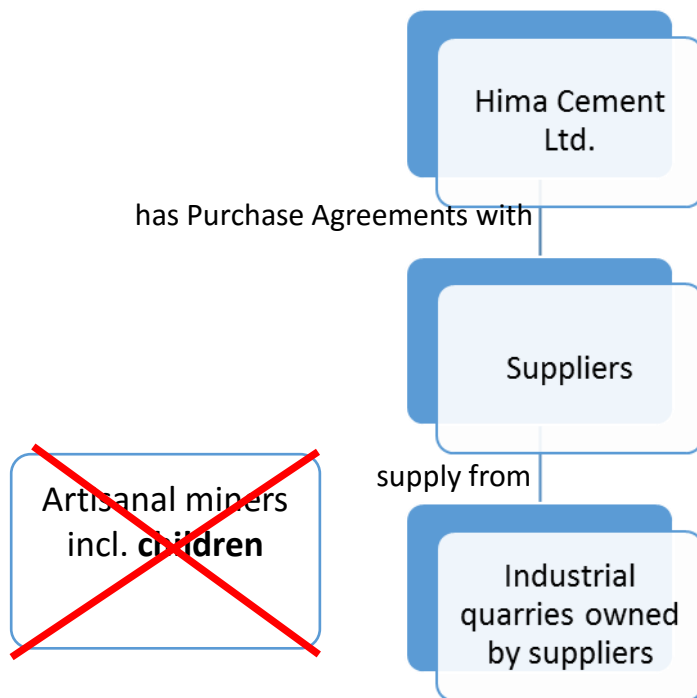
⁴⁰Correspondence (letter sent by email) from Hima Cement Limited to TLC and BFA, 23 January 2017.

Hima Cement took a decision to mechanise its supply chain with regards to raw materials and to that effect contracted with six suppliers for pozzolana.”⁴¹

It also stated that it wanted to monitor its suppliers: “We have implemented regular random visits to the quarries for inspection purposes; this is conducted by the Hima Cement team and includes night visits.”

Hima Cement claimed that it recognized the impact of the mechanisation of the quarries: “With regards to your report, we recognise the impact that the mechanisation of our operations might have had on the community in Harugongo.” Further, the company noted: “We have put in place an action plan to engage the communities in Harugongo. Specifically:

- CSR activities extended to Harugongo: we have already identified a primary school in the community, which we will support through infrastructure development in 2017;
- We will explore partnership opportunities with government and civil society to create sustainable income-generating opportunities for the communities e.g. through vocational training or co-operatives.”⁴²



Graph 3: No more links between Hima Cement Limited and artisanal miners from January 2017 on.

As of January 2017, Hima Cement Limited cut its ties with artisanal miners. It still has Local Purchase Agreements with a number of suppliers, but they supply pozzolana directly from their own quarries and no longer source from artisanal miners, nor do they contract transporters to supply pozzolana on their behalf.

⁴¹ Ibid.

⁴² Ibid.

Conference call with LafargeHolcim in February 2017

On 4 February, TLC and BFA had a conference call with two LafargeHolcim managers. LafargeHolcim re-affirmed that it has no child labour in its supply chain. When asked to provide more information on the “investigation by an international independent qualified auditor,” the company stated only that “it was carried out after the Le Monde article” and declined to provide a copy of the investigation and even declined to name the auditor who conducted it.

Position of BFA and TLC on Hima Cement’s letter of January 2017

For TLC and BFA, **it is very troubling that Hima Cement does not fully accept that it benefitted from child labour in its supply chain.** Following the scandal in 2016, LafargeHolcim decided to cut its ties with artisanal miners. The fact that TLC and BFA shared with Hima Cement numerous minutes of interviews confirming widespread child labour in pozzolana quarrying for Hima Cement does not seem to have changed the position of the company.

Regarding child labour, **Hima Cement appears to care more about reducing its own reputational risks** than implementing measures to guarantee a decent future for children who were working in the quarries.

Moreover, Hima Cement, in its letter, refused the offer of TLC and BFA to work with it on addressing problems in its supply chain of pozzolana. It is regrettable that the company declined to take this opportunity.

TLC and BFA recommend that Hima Cement publish the main results and methodology of its own investigation of child labor in its supply chain.

Hima Cement stated in January 2017 that it had “implemented regular random visits to the quarries for inspection purposes.” This is a positive step, but it seems to be recent, as none of the interviewees mentioned any supplier monitoring during our research in the second half of 2016. **This lack of supplier monitoring until September 2016 is one reason child labour was found in the supply chain of Hima Cement.**

For BFA and TCL, **Hima Cement does not meet the requirements of the UNGPs, under which companies are expected to use their leverage on their suppliers to provide remediation in the case of negative human rights impacts,** such as those stemming from the use of child labour.

Hima Cement and its suppliers should implement programmes that enable former child labourers working in their supply chain to return to school or to receive vocational training in order to find a job and a place in society.

The Corporate Social Responsibility (CSR) initiatives announced by Hima Cement are positive steps, **but they are not a substitute for measures the company should take to address its negative human rights impacts** (as described in Chapter 8).

Furthermore, the following **contradictions** are noteworthy:

- Hima Cement has said it intends to stop all purchases of pozzolana from artisanal miners, despite the fact that the company denies any child labour in its supply chain;
- Hima Cement plans to support one primary school and promote vocational training, both of which are measures that will provide benefit to some former child labourers.

8. Recommendations to LafargeHolcim and Hima Cement

The meaning of HRDD in the area of child labour

The UNGPs are the recognised global standard for “preventing and addressing the risk of adverse impacts on human rights linked to business activity.”⁴³ They state that every company should start by conducting a Human Rights Impact Assessment: “In order to gauge human rights risks, business enterprises should identify and assess any actual or potential adverse human rights impacts with which they may be involved either through their own activities or as a result of their business relationships.”⁴⁴ This would require Hima Cement to assess its human rights impacts in relation to child labour in its supply chain in Uganda. Moreover, according to the UNGPs, companies “should integrate the findings from their impact assessments across relevant internal functions and processes, and take appropriate action.”⁴⁵ Based on its assessment of its child labour risks, Hima Cement should take appropriate action, e.g. ensuring that no children work among the artisanal miners selling raw materials to Hima Cement’s suppliers.

Further, the UNGPs assert: “Where a business enterprise has not contributed to an adverse human rights impact, but that impact is nevertheless directly linked to its operations, products or services by its business relationship with another entity, the situation is more complex. Among the factors that will enter into the determination of the appropriate action in such situations are the enterprise’s leverage over the entity concerned, how crucial the relationship is to the enterprise, the severity of the abuse, and whether terminating the relationship with the entity itself would have adverse human rights consequences.”⁴⁶

This paragraph of the UNGPs describes the situation where a supplier, not the company itself, has caused or contributed to the negative human rights impact: in this case, when the supplier bought raw materials from child labourers.

Moreover, the UNGPs advise companies to assess the adverse human rights consequences of terminating their relationship with an entity, i.e. with artisanal miners in this case. LafargeHolcim should have conducted an assessment of its decision to stop sourcing from artisanal miners. Our research showed that terminating the relationship with artisanal miners led to a loss of income for many adults and child labourers and to increased theft in the communities.

Hima Cement has significant leverage over its suppliers as it is the largest buyer of pozzolana in the region. As the UNGPs make clear, “if the business enterprise has leverage to prevent or mitigate the adverse impact, it should exercise it.”⁴⁷

⁴³Office of the High Commissioner for Human Rights, *Guiding Principles on Business and Human Rights: Implementing the United Nations „Protect, Respect and Remedy“ Framework*, United Nations (New York and Geneva), 2011, p. 19, http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

⁴⁴*Guiding Principles on Business and Human Rights...*, p. 19.

⁴⁵Ibid. p.20.

⁴⁶Ibid. pp. 21-22.

⁴⁷Ibid. p. 22.

To help address child labour abuses, TLC and BFA recommend using the ILO and International Organisation of Employers' "Child Labour Guidance Tool for Business."⁴⁸ This guide, in our view, is the best available tool for businesses operating in contexts with a high risk of child labour. It confirms that a company should "**seek to use or build leverage in its business relationships where the risk of child labour impacts exists.**"⁴⁹ Thus, Hima Cement should use its leverage on all its suppliers to take appropriate action.

The Guidance Tool also suggests that a company "**seek to engage with potentially affected children or their families**, particularly in regards to assessing its impacts and tracking the effectiveness of its responses."⁵⁰

In addition, TLC and BFA recommend the ILO and IOE's "Eliminating Child Labour. Guide for Employers: Guide Two: How employers can eliminate child labour."⁵¹ The document sets out the following measures, which are relevant for both Hima Cement and its suppliers:

- **Working with child labour reduction programmes:** compensating for the loss of a child's wage and getting children into school bring costs, so a comprehensive approach is needed;
- **Paying wages while children attend school:** for larger companies, the most direct method of reducing the number of full-time child workers is **to transfer them to schools while continuing to pay their wages**;
- **Encouraging microfinance and skills training:** microcredit and savings and credit cooperatives "can provide one or both parents with the start-up capital needed for an income-generating activity...It is often best to supplement credit with vocational training to increase the quality of the products produced."⁵²

Annexes A and B contain a summary of further selected questions from both of the above-mentioned ILO-IOE guidance documents that TLC and BFA consider important in relation to child labour.

⁴⁸International Labour Organization (ILO) and the International Organisation of Employers (IOE), *Child Labour Guidance Tool for Business*, 2015, http://www.ilo.org/ipec/Informationresources/WCMS_IPEC_PUB_27555/lang--en/index.htm

⁴⁹Ibid. p. 38.

⁵⁰Ibid. p. 38.

⁵¹ILO and IOE, "Eliminating Child Labour. Guide for Employers: Guide Two: How employers can eliminate child labour," 2007, https://apyouthnet.ilo.org/%2Fresources%2Feliminating-child-labour-guides-for-employers-enterprises%2Fat_download%2Ffile1&usq=AFQjCNHvIT79iBz4Fb8mr-ybXb1E4M2gjQ&sig2=TwDMlonH8ddXzIDJrnNBQA&cad=rja

⁵² Ibid. pp. 21-22.

Main recommendations to Hima Cement

TLC and BFA offer the following recommendations to Hima Cement and its suppliers.

Recommendations	Advantages for Hima Cement and for communities
<p>Hima Cement, in collaboration with its suppliers, should engage in a meaningful stakeholder dialogue with both the authorities and the communities in Harugongo to assess the child labour situation and define the needed remediation measures.</p>	<p>This ensures that all stakeholders are involved</p>
<p>Hima Cement and its suppliers should make an in-depth assessment of the number of child labourers in its supply chain until the end of 2016 and the impact on school dropouts in the region. This should be done in collaboration with local authorities, artisanal miners and communities.</p>	<p>This allows the company and its suppliers to better understand the situation in Harugongo</p>
<p>Hima Cement and its suppliers should take responsibility for the child labourers who dropped out of school for quarrying by taking the following measures:</p> <ul style="list-style-type: none"> - For school-age children: paying former child labourers to attend school (so that children and their families do not lose their source of income) and/or - For older children: implement a skills training project for all former child labourers to help them develop alternative sources of income 	<p>This can be beneficial for the reputation of Hima Cement and its suppliers</p> <p>It can also help communities as child labourers go back to school or become skilled so that they can find other sources of income</p>

Table 1: Recommendations for Hima Cement and its suppliers.

9. Switzerland, Swiss Companies and Child Labour

Child labour is a complex issue. The case of LafargeHolcim in Uganda represents only the tip of the iceberg: other Swiss firms are faced with the challenges of respecting the rights of children as part of their activities abroad, as seen in the cases of Nestlé⁵³ and its cocoa supply chain in Ivory Coast or Glencore and artisanal miners in the Democratic Republic of Congo,⁵⁴ to cite just two examples.

Analysis of Swiss government's position regarding child labour

On 25 January 2017, the Swiss Federal Council published its report on child labour in response to a parliamentary postulate of the Commission for Science, Education and Culture.⁵⁵ The report presents existing initiatives in this area supported by the Swiss government, such as the International Program for the Elimination of Child Labour (ILO-IPEC), the "Better Work Program"⁵⁶ and various UNICEF programmes. It also highlights the importance of legislative incentives for combating child labour and cites the example of the integration of social criteria in public procurement or in free trade agreements. However, the report does not assess the impact or effectiveness of the government's current measures, nor does it clearly define the future objectives of the Swiss Federal Council. In this regard, the report ignores a central question of the parliamentary postulate. Finally, the report does not propose any clear and binding policy measures to improve respect for children's rights by companies based in Switzerland.

The child labour case of LafargeHolcim in Uganda as well as other cases involving Swiss companies demonstrate that the conclusions put forward by the Federal Council in its report on child labour are insufficient:

- **Dialogue and voluntary Corporate Social Responsibility (CSR) measures are not enough to get firms to fight child labour effectively.** For more than 10 years, LafargeHolcim's subsidiary in Uganda has benefitted from child labour. Today the subsidiary denies having children in its supply chain and does not want to take action in favor of children working to extract materials for the company. Its acceptance of its due diligence responsibilities with regard to child labour is only partial.
- In the event of a child labour scandal, **firms too often seek to reduce reputational risks for themselves while ignoring the need to address the impact on victims of the violations.**

⁵³Fair Labor Association, "Independent External Monitoring of Nestlé's Cocoa Supply Chain in Ivory Coast: 2015," 2016, http://www.fairlabor.org/sites/default/files/documents/reports/september_2016_nestle_executive_summary.pdf.

⁵⁴Bread for All and Fastenopfer, "[Glencore in the Democratic Republic of Congo: Profit before human rights and the environment](https://business-humanrights.org/en/intl-congolese-ngos-accuse-glencore-of-human-rights-and-environment-abuses-in-drc-%E2%80%93-with-comments-by-glencore)," 2012, <https://business-humanrights.org/en/intl-congolese-ngos-accuse-glencore-of-human-rights-and-environment-abuses-in-drc-%E2%80%93-with-comments-by-glencore>.

⁵⁵Swiss Federal Council, "Bericht des Bundesrates in Erfüllung des Postulats der Kommission für Wissenschaft, Bildung und Kultur NR (15.3010)," 2017, <https://www.admin.ch/gov/de/start/dokumentation/medienmitteilungen/bundesrat.msg-id-65378.html>

⁵⁶Better Work, a collaboration between the ILO and the International Finance Corporation (IFC, a member of the World Bank Group), is a comprehensive programme bringing together all levels of the garment industry to improve working conditions and respect of labour rights for workers and boost the competitiveness of apparel businesses. Better Work website, <http://betterwork.org/about-us/the-programme/>.

Recommendations of the UN Committee on the Rights of the Child

In 2015, the UN Committee on the Rights of the Child stressed in its recommendations to Switzerland that voluntary self-regulation in this area of business and child labour is insufficient⁵⁷. The Committee stated that it is “concerned that the State party solely relies on voluntary self-regulation and does not provide a regulatory framework.”⁵⁸ It recommended that the Swiss government “establish a clear regulatory framework for industries operating in the State party, including through expediting the adoption of the Ruggie Strategy for Switzerland, to ensure that their activities do not negatively affect human rights or endanger environmental, labour and other standards, especially those relating to children’s rights, and ensure its effective implementation.”⁵⁹ The UN Committee also recommended legal accountability: “Ensure that business enterprises and their subsidiaries operating in or managed from the State party’s territory are legally accountable for any violations of children’s rights and human rights in general.”⁶⁰

Examples from the Netherlands and France

Pioneering examples on an international level could inspire the Swiss Government.

The Netherlands is a leader regarding laws for child labour prevention and business. In February 2017, the Dutch Parliament passed a new law that awaits approval by the Senate, and which will make it a legal duty to combat child labour. According to this law, companies will need to take steps to identify, prevent and resolve child labour in their production chain. In the event of problems, they will have to draw up a declaration detailing their investigations and defining a plan of action. The law provides for a complaint mechanism, first at the level of the company and then by a supervisory authority, which can impose a binding directive on the company. If the company does not comply with the directive, it is liable to an administrative fine. If the bill is approved by the Senate, it will enter into force in January 2020.

France also recently introduced mandatory due diligence for large companies. In March 2017 the French Parliament adopted a corporate duty of vigilance law⁶¹ that establishes a legally binding obligation for parent companies to identify and prevent adverse human rights and environmental impacts resulting from their own activities, those of companies they control, and those of subcontractors and suppliers with whom they have an established commercial relationship.⁶² The law will require the largest companies based in France to assess and address the risks of serious harms to people and the planet through annual, public vigilance plans. This law, which will enter into force in January 2018, also addresses child labour.

⁵⁷UN Committee on the Rights of the Child, “Concluding observations on the combined second to fourth periodic reports of Switzerland,” 2015, http://www.humanrights.ch/upload/pdf/150317_Concl_Obs_rights_children.pdf. See also the analysis of Humanrights.ch, “Recommendations by the UN Committee on the Rights of the Child to Switzerland,” 2015, <http://www.humanrights.ch/en/switzerland/internal-affairs/groups/children/recommendations-committee-rights-child-switzerland>.

⁵⁸UN Committee on the Rights of the Child, “Concluding observations...” 2015, p. 5.

⁵⁹[Ibid.](#)

⁶⁰[Ibid.](#)

⁶¹Assemblée Nationale, «Proposition de loi relative au devoir de vigilance des sociétés-mères et des entreprises donneuses d’ordre,» 2017, <http://www.assemblee-nationale.fr/14/ta/ta0924.asp>

⁶²European Coalition for Corporate Justice (ECCJ), “French corporate duty of vigilance law. FAQs,” 2017, <http://corporatejustice.org/documents/french-corporate-duty-of-vigilance-law-faq.pdf>.

Recommendations to the Swiss Government regarding child labour

Bread for All recommends that the Swiss Government introduce mandatory human rights due diligence for all Swiss companies. This human rights due diligence forms part of the Responsible Business Initiative (RBI),⁶³ which is supported by an unprecedented coalition of 80 organisations in Switzerland. Under the initiative, companies will be legally obliged to adopt human rights due diligence policies and measures. RBI is a so-called “popular initiative” that allows Swiss citizens to request an amendment to the Swiss Federal Constitution (of one article or its entirety).⁶⁴

RBI foresees mandatory due diligence based on the UNGPs.⁶⁵ According to these principles, companies must first review all their business relationships and activities with an eye to identifying potential risks to people and the environment. They must then take effective measures to address the potentially negative impacts identified. As a third step, companies are required to report in a transparent manner on the violations identified as well as on the related measures taken. This mandatory due diligence would also apply to Swiss-based companies’ activities abroad.

⁶³Responsible Business Initiative website, “This is how the Initiative works,” <http://konzern-initiative.ch/initiativtext/?lang=en>.

⁶⁴Swiss Confederation website, “Having your say on political matters.” <https://www.admin.ch/gov/en/start/federal-council/political-system-of-switzerland/yoursay-political.html> .

⁶⁵RBI website, “This is how the Initiative works.”

10. Conclusion

For more than 10 years, LafargeHolcim's subsidiary in Uganda, Hima Cement, has benefitted from child labour among artisanal miners who supplied raw materials (pozzolana, a volcanic rock) to the company in Uganda. Bread for All (BFA) and its partner organisation in Uganda, Twerwaneho Listeners' Club (TLC), investigated the case and uncovered disturbing findings: a large number of children worked for over a decade in the quarries supplying pozzolana to Hima Cement. Because of mining, many children dropped out of school and did not go on to secondary school. Working in pozzolana quarries is hazardous, with most children interviewed reporting that they had experienced injuries.

In January 2017, Hima Cement announced it would stop buying from artisanal miners and denied having had child labour in its supply chain. By doing this, Hima Cement simply reduced its reputational risks without implementing measures to guarantee a decent future for children who were working in the quarries. In this respect, the company does not meet the requirements of the UNGPs, under which companies should use their leverage on their suppliers to provide remediation in the case of negative human rights impacts. This would include implementing programmes that enable former child labourers to return to school or be trained in order to generate another source of income.

Child labour is a complex issue, and the LafargeHolcim example represents only the tip of the iceberg: other Swiss firms face challenges in respecting the rights of children in their supply chains. This case underscores that the conclusions of the Swiss Federal Council in its report on child labour are insufficient: dialogue and voluntary CSR measures are not enough to get firms to fight child labour effectively.

We recommend that Switzerland introduce legally binding human rights due diligence (HRDD) for all Swiss companies through a new regulation. The Responsible Business Initiative, supported by an unprecedented coalition of 80 organisations in Switzerland, would introduce such a legal obligation for Swiss companies.

Annex A

This Annex contains a summary of selected diagnostic questions from the Guidance Tool⁶⁶ (pp. 25-59) that TLC and BFA consider to be important regarding child labour in Harugongo.

The Child Labour Guidance Tool was created jointly by the International Labour Organization (ILO) and the International Organisation of Employers (IOE) as a resource for companies to meet the due diligence requirements laid out in the UNGPs, as they pertain to child labour. It draws on the long experience of the ILO's International Programme on the Elimination of Child Labour (ILO-IPEC) in collaborating with employers to combat child labour in supply chains.

C.1 Develop a policy commitment and embed it throughout the organisation

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.

Selected 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 make clear the company's expectations of personnel, business partners and other parties directly linked to its operations, products or services?

C.1.3 Dissemination: The company needs to consider how to best communicate its commitment to those who need to be part of its implementation (e.g., staff, contractors, suppliers), and those who have a direct interest in its implementation (e.g., potentially affected children and their families, local communities).

Selected Diagnostic Questions

Is the commitment publicly available, and communicated internally and externally to all personnel, business partners, and other relevant parties?

C.1.4 Internal alignment: The company should consider and address any tensions between the commitment and other operational policies, procedures and guidance.

Selected Diagnostic Question

Are relevant operational policies and procedures aligned with the commitment, and if there are any tensions between them, are they addressed?

C.1.5 Application to business relationships: Business partners should be made aware of the company's policy commitment and be appropriately supported, incentivised or required to align with its contents.

Selected Diagnostic Question

How is the policy or statement embedded in the terms of business relationships (e.g., with suppliers, joint venture partners, customers)?

⁶⁶International Labour Organization(ILO) and the International Organisation of Employers (IOE), "Child Labour Guidance Tool for Business," 2015, http://www.ilo.org/ipec/informationresources/WCMS_IPEC_PUB_27555/lang-en/index.htm

C.2 Assess child labour impacts

C.2.1 Systematic assessment processes: Impact assessment processes should identify where and how children may be at risk of child labour through the company's own operations or business relationships.

Selected Diagnostic Questions

Does the company systematically identify and assess actual or potential child labour impacts with which it may be involved?

Does it consider its business relationships as well as its own operations?

C.2.3 Expertise and stakeholder engagement: When assessing impacts, companies should engage relevant staff internally (e.g., procurement staff for impacts in the supply chain, community relations staff for child labour in the local community), as well as drawing on external expertise as needed. To fully understand the impacts in question, a company should also engage with potentially affected stakeholders or their representatives, or with credible proxies for their views where direct engagement is not feasible.

Selected Diagnostic Questions

In assessing its impacts, does the company draw on appropriate internal and external expertise?

In assessing its impacts, does the company engage meaningfully with potentially affected groups (or credible proxies for their views) and other relevant stakeholders?

C.3 Integrate and take action on child labour impacts

C.3.1 Responsibility, resources and decision-making: In order to take effective action, the right internal decision-making structures need to be in place. The people in the company whose decisions or actions can affect the management of child labour impacts also need to be engaged.

Selected Diagnostic Questions

Has the company assigned appropriate responsibility internally for addressing child labour impacts, including impacts arising through the company's business relationships?

C.3.3 Using leverage in business relationships: Leverage is critical when seeking to prevent or mitigate impacts in the value chain by changing the behaviour of those who may be causing or contributing to those impacts.

Selected Diagnostic Question

How does the company seek to use or build leverage in its business relationships where the risk of child labour impacts exists?

C.4.3 Internal and external feedback: Tracking should include feedback from both internal sources and external stakeholders, including affected stakeholders such as children and their families wherever possible, or credible proxies for their views where that is not.

Selected Diagnostic Questions

Does tracking of responses draw on feedback from both internal and external stakeholders, including affected stakeholders where possible?

How does tracking link to the company's broader stakeholder engagement processes?

Does tracking link to an operational-level grievance mechanism?

Useful information on C.3:

Trends among the new generation of supply chain social compliance programmes

- **Providing commercial incentives to suppliers for improvements in social performance, such as price, volume, duration, and preferred supplier status**
- **Aligning internal purchasing practices with human rights commitments**

- The shift from “pass/fail” compliance to comprehensive continuous improvement programmes
- The integration of capacity building approaches for suppliers
- Developing metrics to help suppliers identify the business case for better social performance
- Replacing audits with collaborative assessment and root cause analysis conducted together with suppliers
- Greater attention to the potential role of grievance mechanisms in improving social performance, without undermining the role of trade unions
- Efforts by buying companies to use their leverage to address systemic issues through different forms of partnerships with civil society organisations or through collaboration with business peers or in MSIs.

C.5 Communicate performance on child labour

C.5.1 Communication with stakeholders: The UNGPs expect that the form and frequency of a company’s communications should reflect its human rights impacts.

Selected Diagnostic Questions

If the company is or may be involved in severe child labour impacts, does it report formally on how it addresses them?

Do any formal communications by the company include information or observations from stakeholders, helping to increase its credibility?

In what other ways does the company communicate with stakeholders, including potentially affected stakeholders and their representatives, about its efforts regarding child labour?

C.5.2 Nature of the information provided: Information provided by the company, whether through formal reporting or otherwise, should enable stakeholders to properly evaluate its efforts to prevent and address child labour.

Selected Diagnostic Questions

Does the company provide information that is sufficient to evaluate the adequacy of its responses?

Is the information accurate and honest?

C.6 Stakeholder engagement

C.6.1 Engagement with potentially affected stakeholders: Companies should engage with those people who may be impacted by their operations and take their views into account.

Selected Diagnostic Questions

Does the company seek to engage with potentially affected children or their families, particularly in regards to assessing its impacts and tracking the effectiveness of its responses?

Does the company follow expert guidance when designing or conducting any such direct engagement with children?

C.6.2 Engaging other stakeholders: Governments are critical actors to engage in sustainable efforts to remediate child labour impacts. Companies will want to engage other relevant stakeholders at different points in their management of child labour risks. These other relevant stakeholders may include representatives of trade unions, policy-focused civil society organizations, international organizations and individual governments.

Selected Diagnostic Questions

How does the company identify other relevant stakeholders to engage with about child labour risks?

How do the views of such stakeholders influence the company's decisions and actions?

C.7 Remedy and grievance mechanisms

C.7.3 The role of business partners in providing remedy: Where the company has not caused or contributed to an impact, it should still encourage or require its business partner to provide remedy. Companies have found that they need to consider supporting or incentivising business partners that face legitimate constraints if such requirements are to be effective in practice, such as due to costs.

Selected Diagnostic Questions

What steps does the company take to encourage or require its business partners, suppliers and others to have effective grievance mechanisms in place and to provide remedy where they cause or contribute to a child labour impact?

How does the company know if those mechanisms are effective, and if the remedies provided are in line with the best interests of the children involved?

Annex B

This Annex contains a summary of selected diagnostic questions from “**Eliminating Child Labour. Guide for Employers: Guide Two: How employers can eliminate child labour**”⁶⁷. International Labour Organization (ILO) and International Organisation of Employers (IOE).

The following chapters of the Guide are particularly relevant (page numbers are indicated):

Step 3 Three immediate actions: hiring, hazards and hours

Immediate Action 1: End the practice of hiring children 18

Your business can immediately stop the hiring of children. This will ensure that you are not adding to the problem. This is a not a *freeze* on hiring (which is temporary) but a permanent ban. It can be put into effect through a firm policy implemented by those in charge of the hiring process.

Immediate Action 2: Eliminate hazardous child labour 18

Children should not be working in conditions in which the risks from hazards are high. 'Hazardous' child labour is defined in the ILO's Worst Forms of Child Labour Recommendation (R. 190) as work involving: exposure to physical, psychological or sexual abuse; work underground, under water, at dangerous heights or in confined spaces; **exposure to dangerous machinery, equipment or tools; the handling of heavy loads**; [...]

Immediate Action 3: Reduce the hours for children under the minimum age

Reduce hours but not income.

There is, however, one important requirement here: **while the hours may be reduced, the income should not**, if at all possible.

Step 4 Supporting children and their families 21

Working with child labour reduction programmes 21

Compensating for the loss of a child's wage and getting children into school generate costs. As a result, efforts to reduce child labour often rely on the support of projects funded by governments and donors.

Encouraging microfinance and skills training 22

Microcredit and savings and credit cooperatives can provide one or both parents with the start-up capital needed for an income-generating activity. The added income can reduce the need for the wages earned by a child.

Income generation for parents

Parents can engage in light trading, in service provision (e.g. tailoring), in the manufacture of wood, metal and other products and in food and agro-processing. Craft activities can serve the tourist trade. Effective micro-credit provision is a complex undertaking that requires an experienced microcredit provider. **It is**

⁶⁷ International Labour Organization (ILO) and International Organisation of Employers (IOE), “Eliminating Child Labour. Guide for Employers: Guide Two: How employers can eliminate child labour,” 2007, <https://apyouthnet.ilo.org%2Fresources%2Feliminating-child-labour-guides-for-employers-enterprises%2Fdownload%2Ffile1&usq=AFQjCNHvIT79iBz4Fb8mr-ybXb1E4M2gjQ&sig2=TwDMLonH8ddXzIDJrnNBQA&cad=rja>

often best to supplement credit with vocational training to increase the quality of the products produced.

Improving wages and hiring family members 23

An enterprise owner may also look at his own operations and consider ways in which his pay or hiring decisions can help families. For example, if a parent and a child work for the same employer, the employer may be able to increase the parent's wages. Alternatively, if members of the family (parents, older siblings) are unemployed, these might be hired instead of the children or to fill vacancies.

Supporting education 24

Enterprises can provide support for children's education either through scholarships, bursaries and stipends, or by providing funds to establish hand improve schools near a plantation or a factory. Such support can be curative (to help child labourers) or it can be preventative (to ensure children stay in school).

Child allowance paid to parents

Schooling can be unaffordable, and thus work is seen by parents as the obvious alternative. Removing these children from work does not mean that they will attend school. Thus, a second approach is for the business or farm to pay part (or all) of the costs of schooling.

Paying wages while children attend school 25

For larger companies, the most direct method of reducing the number of full-time child workers is **to transfer them to schools while continuing to pay their wages**. This is similar to the third immediate action noted in Step 3, only here it applies to children working at or near full time.

Costs and the 'sunset' aspect 27

Several of the above measures will result in additional costs for the enterprise. For an enterprise that decides to remove children from work by paying for schooling and/or continuing to pay wages, the costs will decline and then fall to zero. These costs thus have a 'sunset' aspect.

Gradual decline in costs

They will be highest in the initial year and then decline over time as no additional children are engaged. For example, paying the wages of 14-year-olds who are transferred to school will add costs for no more than a year (if the legal age is 15). After the children turn 15 they will then have the right to work and will not require income support. The same is true for school fees which only need to be paid up to the end of compulsory schooling or the minimum working age.