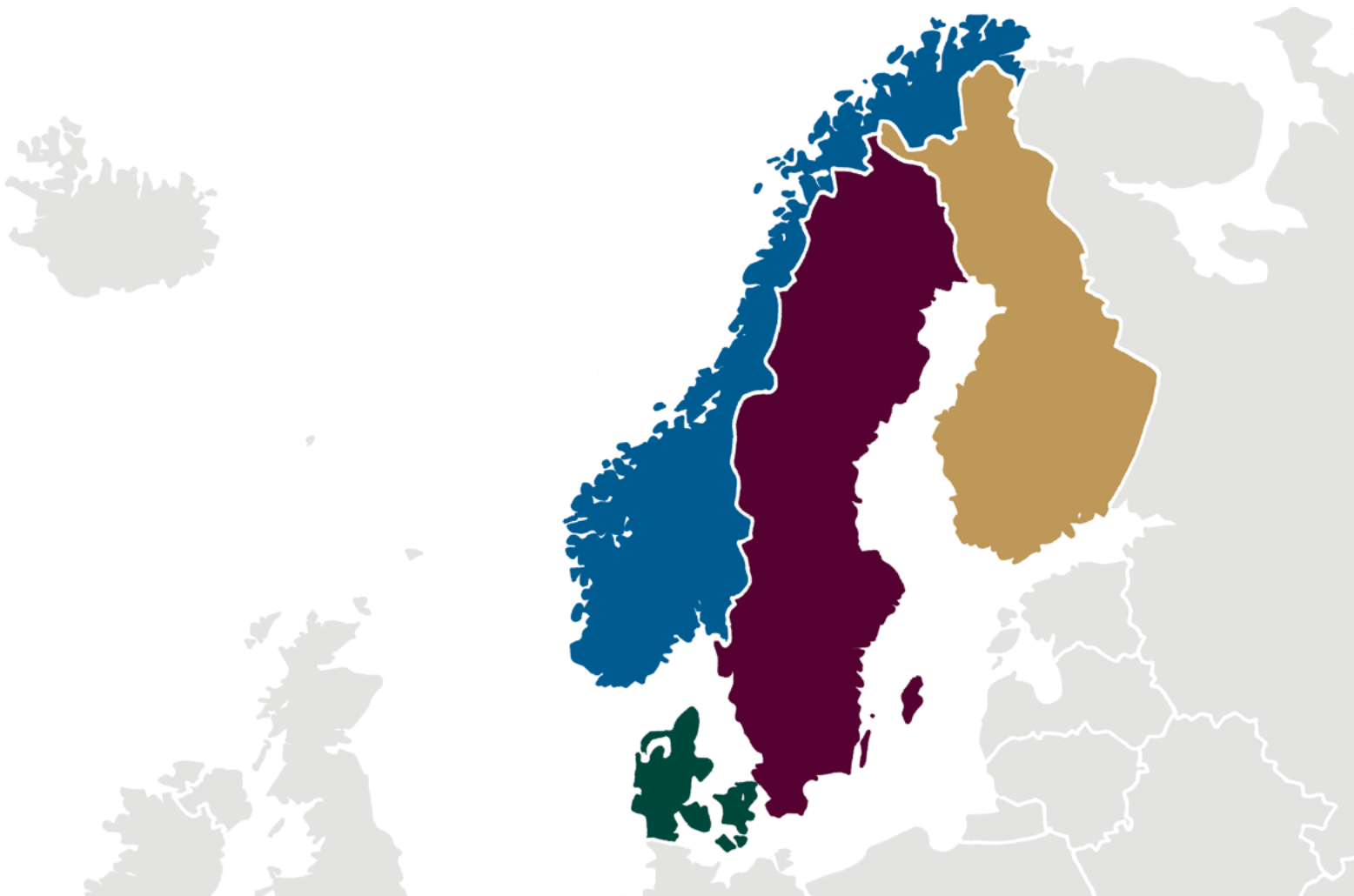


GLOBAL CHILD FORUM IS INITIATED BY
H.M. KING CARL XVI GUSTAF AND H.M. QUEEN SILVIA OF SWEDEN



DECEMBER 2016

THE CORPORATE SECTOR AND CHILDREN'S RIGHTS IN THE NORDIC REGION



IN COLLABORATION WITH:

BCG

THE BOSTON CONSULTING GROUP

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INTRODUCTION CORPORATE IMPACT ON CHILDREN

Children are stakeholders to companies and investors. They are consumers, family members of employees, young workers and important future employees and leaders. Businesses interface with children in the workplace, marketplace, and in the communities where they operate, providing opportunities for companies and investors to not only respect and support, but also to work toward the advancement of children's rights.

GLOBAL CHILD FORUM AND THE BOSTON CONSULTING GROUP BENCHMARK SERIES

Global Child Forum and the Boston Consulting Group initiated the Corporate Sector and Children's Rights Benchmark series in 2013 to fill a gap in the research. There was a lack of data on whether children were considered as significant to corporate core operations and commitments. This is the fifth study in the benchmark series. We have previously produced one global and three regional studies of the Middle East and Northern Africa; Southern Africa, and Southeast Asia. The purpose of the series is to develop a children's rights benchmark for the corporate sector and to enable tracking of progress over time on how children's rights are addressed by business. Our research is based on publicly available data, and measures neither compliance nor company performance.¹ To date, we have systematically assessed over 2000 companies against a set of criteria to compare across geographical regions and within industry sectors.²

HOW WE CONDUCTED THE STUDY

Do companies have policies throughout their operations to ensure that their board members, employees, and suppliers do not negatively impact children? Do businesses ensure that children's rights are safeguarded; for example, their rights to education, health, and play? To answer these questions we developed a set of indicators, organised in three key areas, to assess whether companies 1) include children's rights in their governance structures and their operations; 2) have policies addressing their impact on children's rights and if they report on the results of these policies; and 3) establish partnerships with children's rights organizations. Our indicators are based on the Children's Rights and Business Principles.³ The maximum number of points achievable for each company in the assessment is nine. The indicators assessing Board Accountability and Materiality & Risk Assessment both receive two points. The remaining indicators each receive one point. For more information about the indicators, please refer to Appendix 1.

In this report, we present our findings in assessing 299 of the largest publicly listed Nordic⁴ companies, based on revenue.

¹ Publicly available information as of 30 July 2016 was assessed.

² For previous benchmark studies, company case studies and deep dives into company practice, please refer to our Knowledge Center. <http://www.globalchildforum.org/knowledge-centre/>

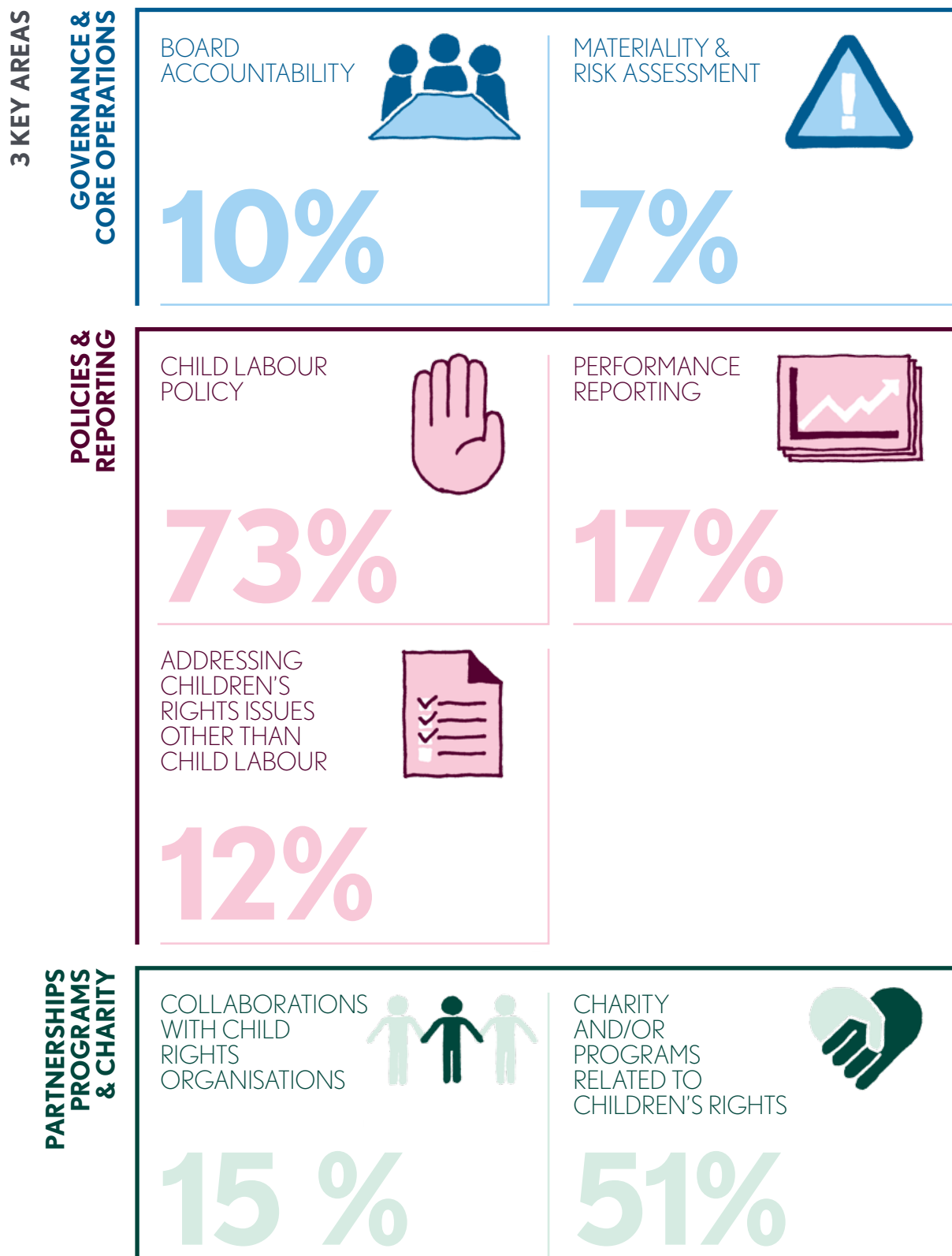
³ Developed in 2012 by UNICEF, the UN Global Compact and Save the Children, the Children's Rights and Business Principles are the first comprehensive set of principles to guide companies on the full range of actions they can take to respect and support children's rights. For more information see <http://childrenandbusiness.org>

⁴ Number of companies/country: Sweden (123), Norway (71), Finland (58) and Denmark (47).

ASSESSMENT CRITERIA AND RESULTS

% OF COMPANIES SCORING ON EACH INDICATOR

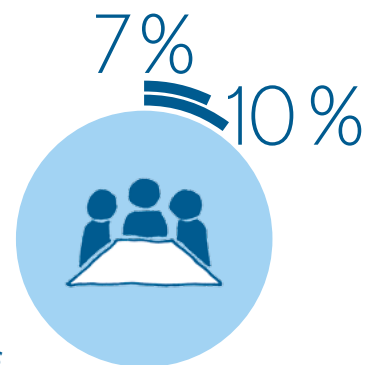
7 INDICATORS



MAIN FINDINGS

KEY AREA 1 GOVERNANCE AND CORE OPERATIONS

In 10% of the companies assessed, responsibility for children's rights issues rests with the board. Such responsibilities might include, for example, receiving and following up on regular reporting. Even fewer, only 7%, identify their impact on children's rights in risk assessments and materiality analyses.

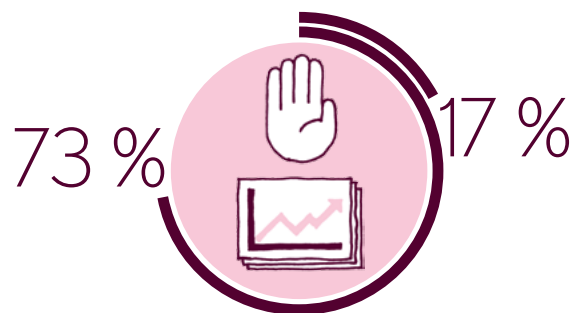


"For us it started with the Children's Rights and Business Principles. Through the principles we realised that there were aspects that we hadn't thought about or addressed in a systematic way."

Sustainability Director at a consumer goods company

KEY AREA 2 POLICIES AND REPORTING

Companies take a stand on child labour but lack reporting mechanisms. 73% have a policy or statement against child labour, but only 17% of companies report on the results of their policies, for example reporting on findings relating to child labour in their supply chain.



"It's important for us to see what other companies have done and their practices within reporting."

Manager of Corporate Responsibility and Communications at a consumer goods company

KEY AREA 3 PARTNERSHIPS, PROGRAMS AND CHARITY

Companies are charitable and do want to contribute to child rights initiatives. 51% of companies have their own program or give charitably. However, when it comes to incorporating children's rights into their business, only 15% have established strategic partnerships with children's rights organisations on issues that affect how they run their company.



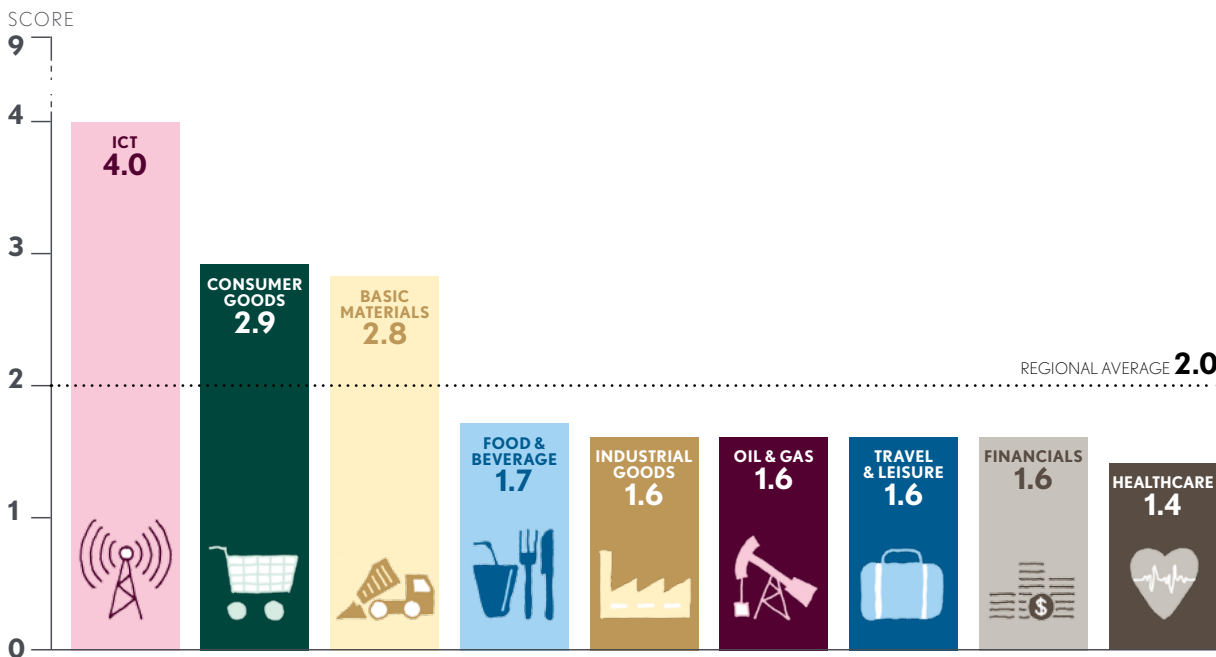
"We see it as our duty to be a good corporate citizen and to connect that with our business. That's how we can add the most value. Also, it motivates our employees to become involved and be proud of working with us."

Manager of Corporate Responsibility and Communications at an industrial goods company

INDUSTRY RESULTS

The 299 companies represent nine industries as depicted below⁵. The regional average score is two out of a possible nine points. Three industry sectors score

above the regional average: the ICT industry score on average 4.0, consumer goods and basic material industries score on average 2.9 and 2.8, respectively.



COMPARISON WITH NON-LISTED NORDIC COMPANIES

To contrast and verify our findings, we assessed 26 non-listed companies; 12 privately owned and 14 state-owned. The privately owned companies scored on average 2.7 points, while state-owned companies scored 3.6 on average

Even though the average size (in terms of revenue) of these 26 companies is smaller than the sample with publicly listed companies,

it appears that the state-owned companies excel in comparison to their publicly listed and privately owned peers. However, due to the small sample size these results are not indicative. One explanation for this difference, could be that stringent state regulations/directives on sustainability, reporting and board accountability, are in place in the region.

⁵ For more information on the industry classifications and the number of companies in each industry, please refer to Appendix 2.

INDUSTRY LEADERS

In five of the industries, there are leading companies (scoring between 6 and 9 points). Each of these leading companies have a policy against child labour, and most have established partnerships with child rights organisations on issues affecting their business operations.

"It just makes business sense: integrating children's rights makes us truly sustainable"

High scoring company



ICT

NOKIA



sanoma



TELE2

ATEA



CONSUMER
GOODS



clas ohlson



BASIC
MATERIALS



HYDRO



FOOD &
BEVERAGE

**Swedish
Match®**



INDUSTRIAL
GOODS



storaenso

COMPANY EXAMPLES

GOVERNANCE AND CORE OPERATIONS

TELE2

TAKING RESPONSIBILITY



Tele2's Board of Directors is taking responsibility for children's rights in two ways:

- The Chair of the Board has special responsibility for corporate responsibility, of which child protection is one of five main areas.
- Whistleblowing of Code of Conduct breaches (which includes both a prohibition on child

labour and protection from child sexual abuse) are reported directly to the Chair of the Audit Committee

By such measures, the company's highest governing body not only demonstrates the importance it places on the issue of children's rights, it also ensures that, through regular reporting, it stays informed of progress.

STORA ENSO

INTEGRATING CHILDREN'S RIGHTS



Stora Enso has put in place a system for managing human rights throughout the company. Children's rights are an integral part of this system through the sustainability agenda. To follow up on targets within this, Key Performance Indicators (KPIs) are set and reported on regularly to the Group Leadership Team from the business units via the Executive Vice President for Sustainability.

"For us it is important that children's rights are made an integral, yet explicit, part of our overall human rights strategy. It will not work if it's treated as an add-on issue!"

Human rights risks are taken into account in Stora Enso's due diligence processes in the following ways:

- Environmental and social impact assessments (ESIAs)
- Human rights assessments conducted in cooperation with the Danish Institute for Human Rights (DIHR), which are used to formulate human rights action plans globally
- Grievance and remediation mechanisms
- Accountability through transparent reporting

ERICSSON

ACTING ON CHILD SEXUAL ABUSE



The company uses a tool to identify child sexual abuse and takes action to prevent images from being stored or accessed on its corporate network. The company also works with leading organizations in order to proactively raise awareness of the problem, for example the Stewards of Children app: www.socapp.org

"These issues need to be made relevant for all employees. Ericsson as a company is taking the responsibility to combat child sexual abuse."

COMPANY EXAMPLES

POLICIES & REPORTING

CLAS OHLSON REMEDiating CHILD LABOUR



Children's rights work at Clas Ohlson is based on the Children's Rights and Business Principles. For example, their Code of Conduct specifies the company's impact on children as one of the main aspects. An example from the Code of Conduct shows how the company explicitly prohibits child labour:

"Child labor is not tolerated in any form. Unless local law stipulates a higher age limit, no person younger than the age for completing compulsory education or younger than 15 shall be employed. For authorized minors, management is responsible for providing age-appropriate working conditions, hours of work and wage, in compliance with applicable local law. If a child is found working at a site where Clas Ohlson products or components are produced, all actions taken must be in the

best interest of the child, and all remediating actions must be taken to maintain or improve the child's social situation. If rectification actions and agreement on remediation plan is not according to Clas Ohlson's requirement, Clas Ohlson will stop doing business with the Partner." *

"Even though we are a relatively small buyer with our suppliers, we do see that we can make a difference through setting high standards, especially through collaborations with other companies and organisations."

*

Source: Clas Ohlson Code of Conduct v. 2 (2014-06-25)
<http://om.clasohlson.com/globalassets/codeofconduct/clas-ohlson-code-of-conduct-english.pdf>

ISS SAFEGUARDING CHILDREN



ISS recognises the direct impact their employees and subcontractors have on children in the places where they work. In 2015, the company began implementing a policy and program on safeguarding children that requires ISS

employees and subcontractors to follow defined procedures, adopt appropriate behaviour and be vetted to ensure the safety and well-being of children where they provide their services.

OTHER CHILDREN'S RIGHTS ISSUES



The child rights issue best known in relation to the corporate sector is child labour, but there are many other ways in which companies may have an impact on children's lives. For example:

- product safety
- responsible marketing
- protection from sexual exploitation
- security in conflict areas

- water, sanitation and environment
- community displacement

12% of companies assessed have policies or report on issues in addition to child labour. When comparing this to the 73% who take an official stand against child labour, there is significant potential for improving the understanding of material children's rights aspects in business operations.

COMPANY EXAMPLES

PARTNERSHIPS, PROGRAMS & CHARITY

SCA AND WSSCC* PARTNERSHIP PARTNERING TO BREAK TABOOS



WSSCC and SCA developed a partnership to break the taboos surrounding menstruation and raise awareness of the importance of good menstrual hygiene. The partnership brings together WSSCC's technical expertise on sanitation and hygiene issues in developing countries with SCA's knowledge-based hygiene solutions. Together they have arranged informational seminars, menstrual hygiene trainings with local girls and women, and advocacy via the media and local advocates. The partnership works to develop and share joint research and provide recommendations for policy makers on the issue of menstrual hygiene,

and in 2016 they launched the Hygiene Matters Report (http://www.sca.com/en/About_SCA/Hygiene-matters/)

"Menstrual hygiene is not only an enabler for women and girls to participate fully in society but it is also an important entry point to raising broader issues around gender equality and women's and girls' empowerment."

*

Water Supply & Sanitation Collaborative Council - WSSCC

TRELLEBORG AB CONTRIBUTING TO THE COMMUNITY



Trelleborg has made a conscious decision to focus their work for children's rights through programs that aim to support children in the communities where the company operates in India, Sri Lanka, Brazil and Sweden. To accomplish this, they partner with various child rights organisations in select locations, focusing on access to education and development.

For the company, the primary goal is to be a good corporate citizen, contributing positively to the communities in which they work. Supporting local communities also creates

strong relationships, providing the company and its employees a way to contribute to and participate in the life of a surrounding community.

A recent example occurred in Trelleborg, Sweden – company headquarters – when a number of unaccompanied refugee children arrived. The company set up a program to supply mentors to the new arrivals. Trelleborg staff volunteered as mentors, providing information about the educational system and the labour market as a step towards settling into Swedish society.

COMPARATIVE RESULTS

REGIONAL AND GLOBAL

The Nordic region average score of 2 points is similar to averages in other regions we have assessed: Southern Africa (1.7) and Southeast Asia (1.7). All of the regions assessed score lower than the global average of 2.9 points, as depicted below.⁶

However, four industries within the Nordic region stand out against their peers globally and regionally:⁷

The **ICT** industry is the only one which, on average, scores better than the global average and also significantly higher than other regions.

The **CONSUMER GOODS** industry's Nordic score is significantly lower than the global. Nevertheless, this sector scores considerably higher than its Southern African and Southeast Asian peers.

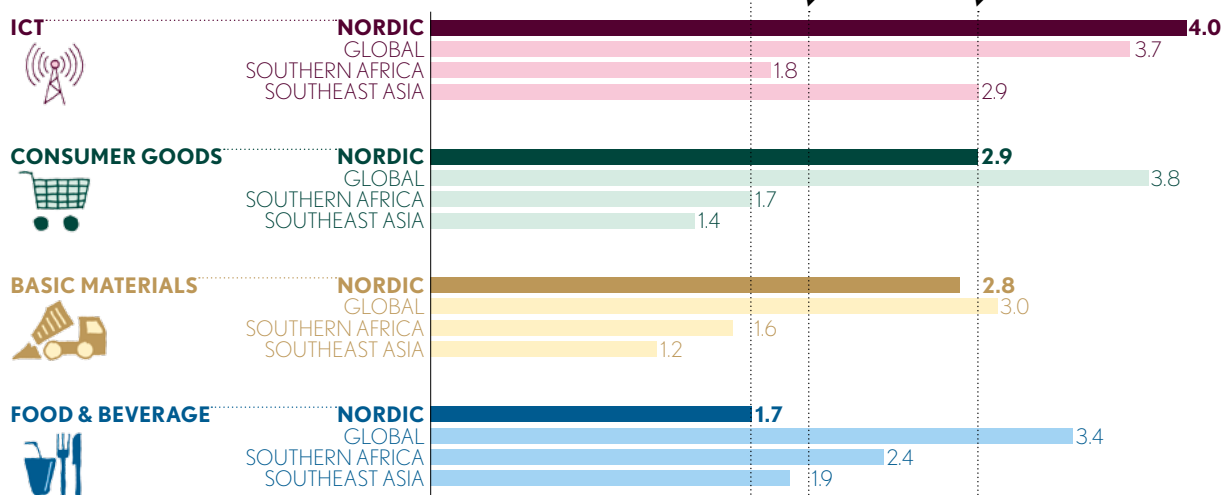
The **BASIC MATERIALS** industry also scores higher than both Southern Africa and Southeast Asia, but is on par with the global average for this industry.

For **FOOD & BEVERAGE**, the Nordic average score is significantly lower than the global and also lower than Southern Africa.

"Even though companies from different regions score similarly, companies tell us that the drivers for them are different. For the Nordic region it is often a moral one: to take responsibility for their supply chain in emerging markets. While for Southern Africa and Southeast Asia, they are addressing issues that they experience immediately around them."

Johan Öberg, Managing Partner, BCG

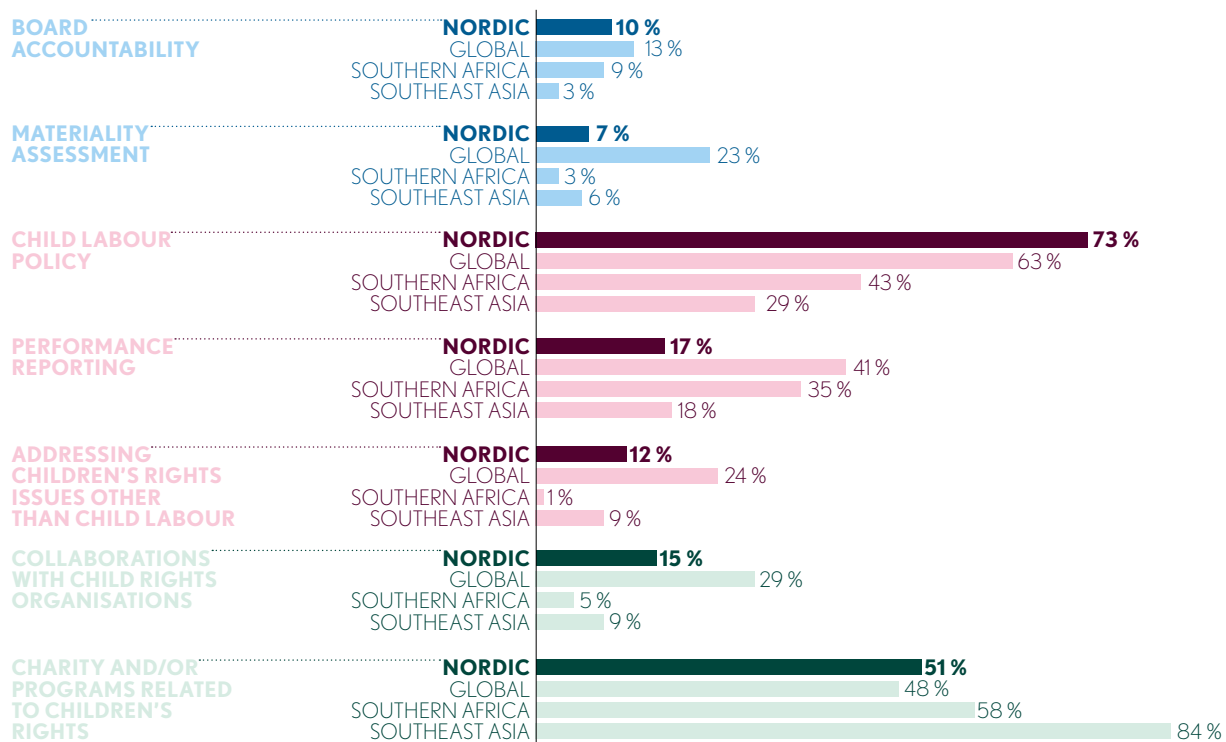
HIGHEST SCORING NORDIC INDUSTRIES



⁶ Since the initiation of the Benchmark Study series, we consolidated and improved our indicators and scoring system. We revised the number of indicators from 9 to 7 and introduced a weighted scoring system. In this report we recalculated the scores from the previous studies using the new indicators and scoring, for proper comparisons.

⁷ One aspect that merits further research is if company size has an impact on the average scores: The global study includes companies with revenue between US \$469,200 and US \$9,100 billion, while for the Nordic countries this range is between US \$81,108 and \$230 billion.

RESULTS PER INDICATOR



When comparing the indicator results to our previous regional and global benchmarks, similar patterns emerge: The percentage of companies with a board that takes responsibility for children's rights issues and considers children's rights in risk and management assessments is low. For the indicator measuring risk and materiality assessment, the global results are considerably higher than in the regional studies.

The Nordic regional companies assessed outperform the global and the other regions when it comes to having policies against child labour in place. Interestingly, the Nordic region has the lowest score in reporting back on these policies. The gap between having a child labour

policy and reporting on it is significantly smaller in the other regions assessed.

In all regions assessed, few companies address other children's rights issues beyond child labour or collaborate strategically with child rights organisations. The global result for both these indicators (addressing issues beyond child labour and forming strategic collaborations) is higher than in the Nordic region.

Lastly, the results in all regions around the issues of donating to a children's rights associated charity or having intra-company initiatives that benefit children suggest that children's rights continue to be viewed primarily as a charity issue for businesses.

KEY REFLECTIONS

- 1** To become leaders in advancing children's rights, companies need to:
- recognize that children are stakeholders
 - understand how children interact in their value chain
 - include children's rights in the code of conduct, as well as in human rights, supply chain, and procurement policies
 - ensure that the highest level of company management is accountable for, and follows up on policies regarding children's rights.

2 Although there are a few outstanding examples, the majority of companies assessed can and should address children's rights more fully.

3 One reason why Nordic companies have scored low (2.0 out of a possible 9) could be attributed to cultural factors. Within the Nordic region rules and regulations are stringent enough so that companies may believe that compliance with Nordic regulations will sufficiently address children's rights and related issues.

4 There appears to be an understanding of the importance of developing a policy or statement against child labour; but there is a lack of understanding that establishing a clear system to follow up and report transparently on the child labour policy is also of key importance.

5 We expect there will be an increase in corporate reporting on children's rights issues due to the European Union Directive 2014/95/EU on non-financial disclosure within companies. This directive not only holds companies accountable for transparent reporting but ensures that companies report on findings and any breaches of policies or code of conduct pertaining to their operations and suppliers which affect children's rights.

6 Additional leading business practices that safeguard children's rights need to be gathered and made available among corporate decision makers so that key learnings can be shared and industry collaborations/initiatives established.

"It is vitally important to discuss these questions. This study is a good reminder for us to explain how we address children's rights in a clearer way."

Executive at a basic materials company

APPENDIX 1:

SEVEN INDICATORS AND FACTORS ASSESSED

KEY AREA	INDICATOR	EXPLANATION
GOVERNANCE & CORE OPERATIONS	BOARD ACCOUNTABILITY	<p>Board of directors or a board committee explicitly states that children's rights/child labour are part of their responsibilities.</p> <p>Company receives two points if it clearly states the highest level responsibility for child rights issues (not only sustainability in general) rests with the board. The company receives two points if it is stated that managerial level/sustainability officer reports directly to board level and board acts on that information.</p>
	MATERIALITY & RISK ASSESSMENT	<p>Company conducts risk or materiality analysis on issues regarding child labour/ children's rights.</p> <p>Company receives two points if in public reporting it analyses children's rights in relation to risk management and/or issues that are considered material to its operations, for example: child labour in operations is analysed as a business risk, with potential impact on the company's reputation, sales, etc.</p>
POLICIES & REPORTING	CHILD LABOUR POLICY	<p>Company has a child labour policy. Can be part of human rights policy, supply chain policy, group-wide policy or separate child policy.</p> <p>Company receives one point if it has clearly stated a commitment against child labour, even if the actual policy document is not publicly available.</p>
	PERFORMANCE REPORTING	<p>Company specifies that they publish performance reporting results on child related issues (e.g. non-compliance in child labour).</p> <p>Company receives one point if it highlights results of or followup on policies and commitments that relate to children's rights.</p>
	ADDRESSING CHILDREN'S RIGHTS ISSUES OTHER THAN CHILD LABOUR	<p>Company addresses child rights related issues other than child labour such as: product safety, responsible marketing, sexual exploitation, environment/water/ sanitation or community displacement impacting children.</p> <p>Company receives one point if children/children's rights are specifically mentioned in relation to the issues listed to the left. All issues may not apply to all companies, giving a maximum score of one point. Addressing issues up or down the supply chain will earn a point, even if not part of a company's own operations.</p>
PARTNERSHIPS, PROGRAMS & CHARITY	COLLABORATIONS WITH CHILD RIGHTS ORGANISATIONS	<p>Company collaborates with organisations which focus on children's rights (UNICEF, Save the Children, Plan, Ecpat, etc.).</p> <p>Company receives one point if the collaboration changes how it conducts its core activities, for example: collaboration with a child rights organisation to conduct a Child Rights Impact Assessment or to take child rights into account when developing products/ marketing strategies, etc.</p>
	CHARITY AND/OR PROGRAMS RELATED TO CHILDREN'S RIGHTS	<p>Company is driving own strategic programs or projects regarding children's rights (for example, health or education focus).</p> <p>and/or</p> <p>Company donates to charity related to children's rights.</p> <p>and/or</p> <p>If company (or company's charity foundation) donates money to another established child rights organisation. Partnerships for fundraising and donation drives also fall under this indicator.</p>

APPENDIX 2: INDUSTRY CLASSIFICATION

INDUSTRY	SECTOR	NUMBER OF COMPANIES	TOTAL INDUSTRY
BASIC MATERIALS	Fertilizers & Agricultural Chemicals	1	12
	Metals & Mining	4	
	Chemicals	7	
CONSUMER GOODS	Apparel Retail	6	38
	Food Retail	3	
	Automotive Retail, Parts & Equipment	7	
	Leisure Products	3	
	General Merchandise & Department Stores	2	
	Home Furnishings & Improvement Retail	5	
	Internet Retail	3	
	Household Appliances & Products	9	
FINANCIALS	Banks & Asset Management	15	33
	Insurance	7	
	Real Estate	11	
FOOD & BEVERAGE	Brewers	3	21
	Packaged Foods & Meats	16	
	Tobacco	2	
HEALTHCARE	Pharmaceuticals	6	19
	Healthcare Equipment, Facilities, etc	11	
	Health Care Technology & Biotechnology	2	
ICT	Carriers & Telecommunications Services	6	23
	Broadcasting	1	
	Communications Equipment	3	
	Application, Internet Software, Services	3	
	IT Consulting & Other Services	6	
	Publishing	4	
INDUSTRIALS	Aerospace & Defense	2	120
	Agricultural & Farm Machinery	1	
	Airport Services	1	
	Building Products, Construction & Engineering	25	
	Electronic & Electrical Components, Equipment	9	
	Support, Environmental, Facilities Services	13	
	Heavy Equipment & Industrial Machinery	22	
	Industrial Conglomerates & Multi-sector Holdings	5	
	Marine	11	
	Paper Packaging & Products	10	
	Research & Consulting Services	4	
	Security & Alarm Services	3	
	Trading Companies & Distributors	14	
OIL, GAS & UTILITIES	Independent Power Producers & Energy Traders	1	24
	Electric Utilities	2	
	Oil & Gas	21	
TRAVEL & LEISURE	Airlines	3	9
	Casinos & Gaming	1	
	Hotels, Resorts & Cruise Lines	5	
TOTAL			299

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HKSCAN GROUP
MEDA

NOVO NORDISK A/S
RECIPHARM
RNB
SEB
SCA
SOBI
STORA ENSO
STOREBRAND
TELE2
TRANSCOM
TRELLEBORG AB

GLOBAL CHILD FORUM

Global Child Forum is an independent, global multi-stakeholder platform. We bring together leaders from business, governments, academia and civil society in a joint effort to implement children's rights. We initiate, coordinate and fund research regarding children's rights and provide effective information sharing, exposing leading case studies and learning from good practice. Global Child Forum is a non-profit foundation initiated by H.M. the King and H.M. the Queen of Sweden in 2009. www.globalchildforum.org

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