Tool 6
Information to collect from suppliers for child labour risk mapping

Content developed by CCR CSR as part of the project "Remedies Towards a Better Workplace" with input from all project partners: Hivos, Arisa, Unicef, AGT/SER, SAVE, READ, CCR CSR, WE Fashion, O'Neill, Prénatal, Hunkemöller, FNG, Cool Investments.

<u>For whom:</u> for AGT signatories, FLA affiliates, brands and companies.

<u>Objective:</u> The AGT expects signatories to increase insight into supply chains beyond direct production locations and subcontractors. To do this, companies that buy ready-made garments need to collaborate with their suppliers. The objective of this document is to provide guidance on what information is useful to collect from suppliers in order to identify possible human rights risks, with a focus on child labour risks.

Indicator	Rationale
Volume of Business (VoB)	The higher the volume (most often described in terms of annual purchases by money figures), the bigger the risk of non-compliance. In order to fine-tune this criterion, VoB can also be described in terms of Annual Purchase ($)/Supplier's Annual Turnover ($), which is a better measure of how much impact (buying power) a customer has in relation to its supplier (e.g. a specific factory). If this figure is not possible to determine due to lack of accurate data, then a reasonable measure is the Absolute Volume ($ or Product Units) of annual purchase. For instance, annual purchases over $5m can be high-risk suppliers, 1m-$5m medium risk, and >$1m low risk, etc.
Product/Process Category (PPC)	Child labour is especially common in the production of simple products or processes, usually manual assembly lines or packaging. Operations requiring education and industrial skills do not have high child labour risks, although there may be occasions where children are utilised as helpers for such roles as press operators. It is recommended that a categorical list is made of products/processes likely to be attractive for an unskilled workforce and then separate these risk groups accordingly.
Geographical & Cultural Information (GCI)	There may be districts or regions known to be prone to child labour. In general, major industrial areas/Export Processing Zones (EPZs) may not be high-risk locations due to possible oversight by authorities and law enforcement, while remote areas may harbour higher risks.
History of Child Labour (HCL)	Suppliers may reveal a history of child labour cases, minor or major, or lower scores in terms of preventive measures. This should clearly be reflected in a risk assessment scheme.

Peak Season Conditions (PSC)	Child labour violations rise during peak seasons. A better understanding of product types/cycle and key markets of buyers (Northern/Southern hemisphere) can help in predicting peak seasons.
Competitive Business Impact (CBI)	Where economic factors and financial profiles of suppliers can be known, a brand/tier 1 factory should be able to identify those struggling to stay in business, especially due to heavy competition, rising costs of raw materials, labour, etc. Hiring and exploiting cheap labour will obviously align with pressing cost issues.
In-House Subcontractors (IHS)	To reduce costs and delegate responsibilities, employers often divide processes among smaller, in-house subcontractors, which are sometimes even owned by former staff. Such subcontractors, being under pressure to produce at even lower prices, combined with lower level of legal awareness, may present higher risks of young worker exploitation.
Size of Supplier (SoS)	Size of supplier is relevant to consideration of risks. A large number of workers (e.g. 5,000) may increase the risk that underage workers are employed, and also affect buyers' ability to gain insight during audits. Even though audit days and teams can be adjusted to account for bigger sizes, it may still be a challenge to adequately review records and the sampling area may not be representative, whereby individual violations may be overlooked. If size is considered a risk element, then segmentation of suppliers by size and more frequent audits could be scheduled. Alongside the size of workforce, data on gender and age distribution can also be collected.