Executive Summary

Investing in the Future

Why Do Children Matter in the Sustainability Reports of Publicly Listed Companies

This baseline study is commissioned by UNICEF, in partnership with the Securities and Exchange Commission

Investing in the Future

Why Do Children Matter in the Sustainability Reports of Publicly Listed Companies

This baseline study ***Investing in the Future: Why Do Children Matter in the Public Listed Companies Sustainability Reports*** recognizes the integration of children's rights in publicly listed companies' (PLCs) sustainability reports. The study is commissioned by UNICEF, in partnership with the Securities and Exchange Commission.

In December 2024, UNICEF reviewed 86 (around 30 per cent) publicly available 2023 sustainability reports of PLCs. The study aims to establish baseline evidence that describes child rights-related sustainability reports of PLCs. It supports UNICEF Philippines' goal of integrating children's rights into policies, legislation and mechanisms governing responsible business conduct.

In the Philippines, children under 18 years old make up about 36.5 per cent of the total population. Along with young people and young workers aged 19 to 24, this demographic constitutes 50 per cent of the country's population. In this baseline desk review, children are highlighted as among the most vulnerable members of society who may be, or are impacted by, business activities. Children and young people have a significant stake to ensure sustainable business efforts, can further improve a company's environmental, social, and governance (ESG) frameworks, and contribute to the responsibility of businesses in respecting human rights and providing access for remedy within the United Nations Guiding Principles of Business and Human Rights. Applying a child lens to ESG can enhance investors' return on investment not only by generating profits but also contributing to sustainable practices for lasting impact on the communities they work in and serve.

Business Operations Impact Children in Many Ways:

In the workplace

Businesses impact children's rights by potentially illegally employing children, not having policies in place to protect young workers and caregivers and not protecting children who may interact with a company's employees through volunteer work or apprenticeships.

In the marketplace

Business products and services, as well as marketing and advertising, can have harmful impacts on children. A digital ad can negatively affect body image or a digital surveillance tool in the classroom can lead to self-censorship.

In the community and environment

Businesses may eliminate child labour from their supply chain and in the process, exacerbate negative living conditions for children in the community, contribute to climate change and pollute the environment in which they operate.

In recent years, increasingly more stakeholders hold businesses accountable and responsible for their negative impacts to the environment and society, thus leading to increasing disclosure requirements on a company's ESG practices. Sustainability reporting is the practice of businesses to publicly share their significant economic, environment and social impacts. It requires disclosures on a company's non-financial performance across various dimensions—positive or negative—towards the end goal of sustainable development[1].

Since the Securities and Exchange Commission introduced its framework in 2019, there has been a notable increase in compliance, with 95 per cent of listed companies now reporting on their sustainability initiatives[2].

Furthermore, broader disclosures support market efficiency, and helps investors understand their investees more comprehensively. This is important to identify risks and to incentivize changes in the business model. For example, investors may exercise their stewardship role if a company identifies salient risks of child labour in their supply chain.

[1]Global Reporting Initiative. (n.d.). The value of sustainability reporting and the GRI Standards. Retrieved January 20, 2025, from https://www.globalreporting.org/media/jzylu3ek/the-value-of-sustainability-reporting-and-the-gri-standards.pdf

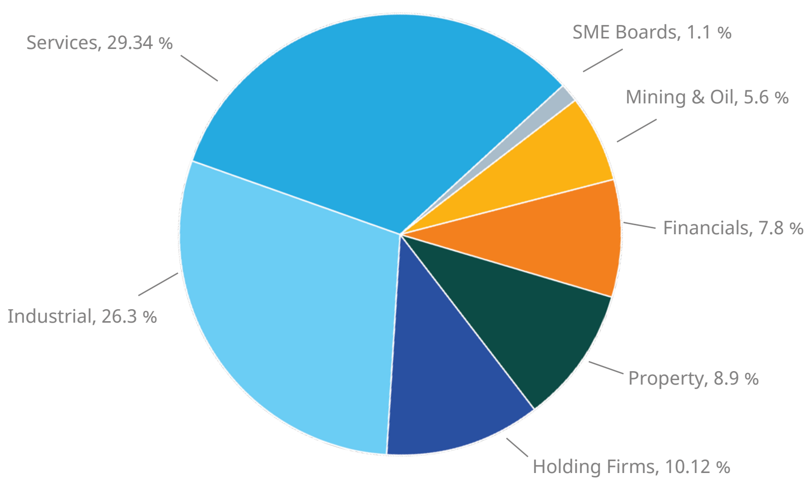
[2]Securities and Exchange Commission. (2024, December 19). SEC: 95% of listed PH companies now reporting ESG initiatives. Philippine Daily Inquirer. https://business.inquirer.net/497350/sec-95-of-listed-ph-companies-now-reporting-esg-initiatives[4]

Methodology, Limitations and Industry Profile

The study employed a desk review methodology. Companies were selected based on a combination of UNICEF recommendations; industry balance to ensure comprehensive sector coverage; and company size, considering Economic Value Generated and Distributed (EVGD) and employee count. The primary data sources were the 2023 sustainability reports, accessed through the either the Philippine Stock Exchange website or individual company websites. Findings are based solely on company disclosures without validation. In addition, this baseline study is exploratory and does not represent the entire Philippine business community. There is no intention to rank or judge company sustainability performance. The sustainability reports were reviewed against all indicators (Table 1). Users must keep in mind the materiality considerations for different types of companies.

Figures 1 and 2 shows a snapshot of the PLCs included in the baseline assessment.

Figures 1: Profile of Selected Publicly Listed Companies (Philippine Stock Exchange)

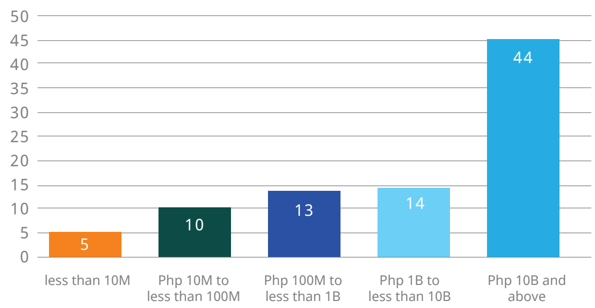


Publicly Listed Companies Included in the Baseline of the Study based on the PSE Sector Classification

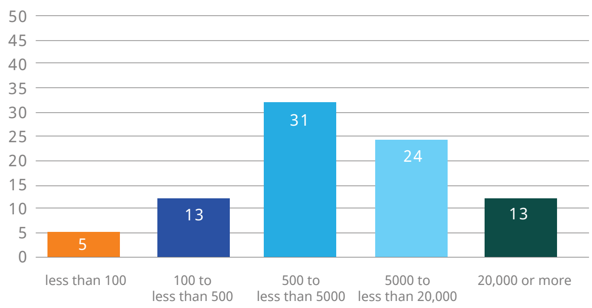
*Service industry companies include media/ construction, infrastructure, allied services/ telecommunications information technology/hotel and leisure/ education/ casinos and gaming/retail/other.

** Industrial companies include electricity, energy, power, water/food, beverage, tobacco/chemicals/ electric components and equipment/other.

Figures 2: Company Size, by Revenue & Employee Size



Number of Companies Grouped by Annual Revenue or EVGD



Number of Companies Grouped by Employee Size

Framework Analysis

A thematic analysis using the Children's Rights and Business Principles (CRBP) as the main framework is complemented by indicators from the UNICEF Tool for Investors on Integrating Children's Rights into ESG Assessment. This approach allowed for a thorough evaluation of how PLCs integrate children's rights into their sustainability disclosures and practices. This analysis used only publicly available data that companies chose to disclose in their sustainability reports. There may be instances that businesses did not disclose their actions, which does not, or may appear as not committed to child rights as they really are in practice.

Key Findings

Children's rights are rarely explicitly addressed in corporate sustainability reports. This is due to their exclusion from due diligence and stakeholder engagement.

Positive efforts are evident in certain areas. Notable among these efforts are compliance with child labour laws, equal opportunity and non-discrimination policies, support for the United Nations Sustainable Development Goals, and corporate social responsibility programmes benefiting children and families.

Companies commonly address child labour but often overlook broader children's rights. Expanding the scope of children's rights must be considered in company operations, including participation, protection from harm, responsible marketing and environmental impacts.

Companies are more likely to consider children's rights when children are directly impacted (e.g., as consumers), relevant regulations exist, or they adhere to advanced reporting frameworks like Global Reporting Initiative.

Mandatory reporting requirements, such as those from the Securities and Exchange Commission, can drive basic disclosures on child labour and United Nations Sustainable Development Goals. This highlights the role of regulation in promoting children's rights.

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Summary of Findings of Child Rights Integration in Publicly Listed Companies' Sustainability Reports

Business Operations

The core principle of Child Rights Integration emphasizes the importance of integrating child rights considerations in all aspects of business operations. Disclosures pertaining to Principle 1 could typically be found in the Governance section of most sustainability reports.

CRBP Principle	Does the company...	Summary Findings
1	... meet its responsibility to respect children's rights and commit to supporting the human rights of children?	Findings for all eight indicators show no explicit mentions or commitments to respect children's rights. Most companies have implicit commitments through general human rights policies.

The workplace

This set of principles focuses on the impact business on the rights of children who work, as well as the rights of their parents and caregivers. It includes principles related to child labour, protection from harmful work and the integration of child rights into business policies.

Disclosures pertaining to Principles 2–4 could typically be found in the Social section of most sustainability reports, under topics such as Human Resources, Employee Benefits and Occupational Health and Safety.

CRBP Principle	Does the company...	Summary Findings
2	... contribute towards the elimination of child labour, including in all business activities and business relationships?	Findings for four indicators mostly show implicit or no evidence of prevention of child labour in business relationships. However, explicit mentions of elimination of child labour within the companies' own operations are high.
3	... provide decent work for young workers, parents and caregivers?	Indicators for decent work cover health and safety for young workers, skills development opportunities, equality and non-discrimination, availability of family leaves, job security, support for dependents, sufficient wages and breastfeeding support. Most companies showed no evidence in eight out of nine indicators. However, many companies provide explicit commitments to equal opportunities and non-discrimination owing to their diversity and inclusion policies.

CRBP Principle	Does the company...	Summary Findings
4	... ensure the protection and safety of children in all business activities and facilities?	Indicators for protection and safety cover protection of children on company premises and digitally. There is no evidence of specific policies on child protection and safeguarding in physical and online settings for most companies. While most companies have data privacy policies, most do not specifically mention special consideration for children.

The marketplace

This set of principles focuses on the impact of business on children as consumers and users of products and services. It includes principles related to marketing and advertising, freedom of expression and the right to information.

Disclosures responding to Principles 5-6 could typically be found in the Social section of most sustainability reports, under topics such as Product or Customer Health and Safety, or Customer Engagement.

CRBP Principle	Does the company...	Summary Findings
5	... ensure that products and services are safe, and seek to support children's rights through them?	Most companies have general product safety policies. The implication is that this also includes safety for children.
6	... use marketing and advertising that respect and support children's rights?	The three indicators for marketing and advertising cover responsible marketing policies, marketing of unhealthy food and digital marketing practices to children. These are typically applicable to companies in food, retail, technology and consumer goods. Some explicit evidences are available in the mentioned industries. The assessment covered a wide range of companies, and results reflected that most companies showed no evidence of marketing and advertising that respect children's rights.

The community & environment

This set of principles focuses on the impact of business on the rights of children in the wider community and environment. It includes principles related to the environment and land, security, emergencies and community and government engagement.

Disclosures responding to Principle 7 could typically be found in the Environment section of most sustainability reports. Disclosures covering Principles 8 – 10 could be found in company's Social disclosures, which may cover safety, emergency response and corporate social responsibility.

CRBP Principle	Does the company...	Summary Findings
7	... respect and support children's rights in relation to the environment and to land acquisition and use?	The two indicators for the environment cover environment impact assessment for children and consideration of children's rights in land use. No companies explicitly considered children in land acquisition and impact assessment, even for industries with high potential for such operations. While most companies, however, report on environmental metrics and risk mitigation, they do not specify considerations of impact to children.
8	... respect and support children's rights in security arrangements?	There were limited disclosures on companies' usage of security services. Except for one company which explicitly mentions respecting children's rights in security arrangements, others had no evidence of this in their reports.
9	... help protect children affected by emergencies?	While majority of companies provide emergency assistance during times of calamities and disasters, few explicitly mention specific provisions for children. The implication is that this also responds to children's needs.
10	... reinforce community and government efforts to protect and fulfill children's rights?	Companies show explicit support to the United Nations Sustainable Development Goals and implement various initiatives that specifically benefit children and support their rights.

Recommendations

This study provides the following recommendations to improve child rights integration and reporting practices in Philippine businesses.

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For Companies:

Integrate child rights into due diligence and impact assessments across all business operations, including supply chains.

Integrate child rights considerations into core business practices (e.g., strengthen the implementation of family-friendly policies and development of child-safeguarding policies).

For Investors:

Invest in businesses that demonstrate strong commitment to children's rights through their policies and practices (including sustainability mechanisms).

For Government Agencies & Regulators:

Enhance industry regulations geared towards protection of child rights across all sectors.

Encourage more comprehensive disclosure and explicit reporting on children's rights impacts. The Security and Exchange Commission's Sustainability Reporting Template (SEC Memorandum Circular No. 4, series of 2019, Annex A) already includes disclosures on employee benefits, labour standards and human rights, which may encompass child rights indirectly. The Securities and Exchange Commission's framework provides a foundation for sustainability disclosures, including child rights considerations.

Provide resources and integrate child rights training to help companies understand and implement child rights reporting.

For UNICEF:

Build the capacity of companies and government in developing policies and commitments to children's rights.

Focus CRBP capacity-building and advocacy on high potential, high risk industries.

Embark on further studies to gain more insight on the extent of child rights integration in business and legislation.

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			Explicit	Implicit	No Evidence
CORE PRINCIPLES (Due Diligence)	**P1: Meet their responsibility to respect children's rights and commit to supporting the human rights of children**				
	P1.1	Does the company explicitly state its commitment to respecting children's rights?	4	59	23
	P1.2	Does the company have board oversight of Children's rights issues?	1	34	51
	P1.3	Does the company integrate children's rights in its impact assessments	2	45	39
	P1.4	Does the company identify children as a stakeholder group and engage in consultation with stakeholders on children's rights?	4	70	12
	P1.5	Does the company have an operational level grievance mechanism that is focused on children's rights and accessible to children?	2	51	33
	P1.6	Does th e company support its children's rights commitments with training for personnel and business partners?	0	29	57
	P1.7	Does the company include children's rights in its materiality assessments?	1	53	32
	P1.8	Does the company communicate externally how child rights impacts are addressed?	3	35	48
THE WORKPLACE	**P2: Contribute to the elimination of Child Labor, including in all business activities and business relationships**				
	P2.1	Does the company require that suppliers and contractors respect children's rights?	10	59	17
	P2.2	Does the company assess suppliers and contractors on respecting children's rights and family-friendly policies?	9	36	41
	P2.3	Does the company commit not to use child labor in operations and the supply chain?	29	33	24
	P2.4	Does the company have a child labor prevention and/or remediation policy or plan?	1	13	72
	P3: Provide decent work for young workers, parents and caregivers				
	P3.1	Does the company provide decent and safe work for young workers?	1	12	73
	P3.2	Does the company employ young workers with an emphasis on skills development and vocational training?	3	37	46
	P3.3	Does the company commit to equal opportunities and non-discrimination on the basis of gender, pregnancy, maternity, paternity, and family responsibilities?	43	38	5
	P3.4	Does the company provide sufficient paid maternity, paternity, and parental leave?	16	63	7
	P3.5	Does the company guarantee job security for workers on maternity, paternity, and parental leave?	6	13	67
	P3.6	Does the company offer flexible working arrangements to workers with family responsibilities?	10	29	47
	P 3.7	Does the company support workers' children to access good quality childcare and early childhood education?	0	71	15
	P3.8	Does the company commit to paying wages that are sufficient for employees to meet their basic needs and the needs of their families	7	9	70
	P3.9	Does the company protect the health and safety of pregnant and breastfeeding workers?	5	10	71
	P4: Ensure the protection and safety of children in all business activities and facilities				
	P4.1	Does the company have a child safeguarding or protection policy?	4	15	67
	P4.2	Has the company put in place measures in place to protect children using digital services?	5	10	71
	P4.3	Does the company have standards on privacy and the collection of personal data on or from children?	1	73	12
THE MARKETPLACE	**P5: Ensure that products and services are safe, and seek to support children's rights through them**				
	P5.1	Does the company ensure that its products are safe for children?	2	61	23
	P6: Use marketing and advertising that respect and support children's rights				
	P6.1	Does the company have a responsible marketing policy that places limits on marketing to children?	1	16	69
	P6.2	Does the company limit marketing of unhealthy foods to children?	1	5	80
	P6.3	Does the company have responsible digital marketing practices with respect to children?	1	5	80
THE COMMUNITY & THE ENVIRONMENT	**P7: Respect and support children's rights in relation to the environment and to land acquisition and use.**				
	P7.1	Does the company have a policy on land acquisition and resettlement that considers children's unique vulnerabilities?	0	15	71
	P7.2	Does the company identify and monitor special environmental risks to pregnant women and children in the community?	1	73	12
	P8: Respect and support children's rights in security arrangements				
	P8.1	Does the company ensure that childrens rights are protected in security arrangements?	1	7	78
	P9: Help protect children affected by emergencies				
	P9.1	Does the company help protect children affected by emergencies?	3	51	32
	P10: Reinforce community and government efforts to protect and fulfill children's rights				
	P10.1	Does the company integrate the SDGs into its Sustainability/ CSR Strategy?	65	11	10
	P10.2	Does the company participate in initiatives and partnerships to support the realisation of children's rights ?	68	3	15

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