

Mitigating Child Labour in Pakistan

Bulleh Shah Packaging is a joint venture between Stora Enso and Packages of Pakistan in which Stora Enso has a 35% shareholding. The joint venture was formed in May 2013 after a due diligence process.

Stora Enso is investing in Pakistan to improve food safety through high-quality packaging products. Pakistan is the fourth-largest dairy market in the world.

In Pakistan child labour is a societal problem of great magnitude prevailing in urban and agricultural communities.

- **Stora Enso and Bulleh Shah Packaging do not accept child labour, and this is stated in our supplier requirements. We are committed to the ILO conventions on child labour.**
- **Child labour does not exist in the operations of Bulleh Shah Packaging, but it is present in its supplier networks.**
- **Bulleh Shah Packaging is committed to mitigating child labour in the long term by addressing its root causes and driving change in its suppliers.**
- **Bulleh Shah Packaging is also taking short-term action to remedy the situation in areas where child labour is known to exist.**
- **Bulleh Shah is co-operating with local and global stakeholders to define the targets and time frame for eliminating child labour in its sphere of influence.**

Background information

- Bulleh Shah Packaging uses pulp, wheat straw (a by-product of wheat farming), recycled fibre (mainly old corrugated containers, old newspapers and used carton board) as raw materials for production.
- During the due diligence process, several human rights risks related to the operations of Bulleh Shah Packaging were identified. To address these risks, the joint-venture partners agreed to establish a robust responsibility organisation for the company together with a sustainability action plan.
- The organisation is headed by Ambreen Waheed, a Corporate Social Responsibility expert and educator. Her team includes a manager responsible for the supply chains and a team of supply chain auditors, along with experts in occupational health and safety, and in environmental management.
- Child labour occurs in different contexts in wheat straw farming and in collection of recycled fibre. In the agricultural society, children often work in the fields with their families, and the work may be seasonal. The recycled fibre is collected in urban areas.
- Our supply of domestic recycled fibre comprises mainly used corrugated containers from institutions, shops, retailers and households. The material is collected by a layered network of suppliers and ultimately sold to us. A small portion of our supplies (less than 5%) used to come from suppliers that supply material collected from streets and dumps. This type of material is largely collected by scavengers, including children, and is therefore the focus of our human rights work. This supply chain was terminated in April 2014, but Bulleh Shah Packaging continues to support the scavenger children and their families.
- Bulleh Shah currently has 60 direct suppliers of recycled fibre in the old corrugated containers/old newspapers supply chain, and 103 direct suppliers in the wheat straw supply chain. In the used beverage carton supply chain we had 3 direct suppliers until April 2014, when the supplier relationships were terminated.

Fact sheet

- This year we will start to procure biomass including farming residues other than wheat straw, such as cotton stalks and corn stalks, and so we will increase our supplier network. The suppliers buy the straw from farmers, collect it from their fields and transport it to our collection centres. We have identified no child labour among these suppliers, even though we are aware that child labour is deeply rooted in the agricultural society, and addressing it will be the focus of our human rights work.

Our approach to mitigating child labour in Pakistan

1. Research and investigation

As Bulleh Shah's approach to child labour is based on finding long-term solutions, the first action taken after establishing the joint venture was to identify and analyse the various root causes of child labour in the different supply networks. The SEBCON (Socio-Economic and Business Consultants) research report, which we ordered during our due diligence, showed that the root causes of child labour are different in the wheat straw and recycled fibre supply networks, so the actions to mitigate child labour should be different in the two cases.

The investigations were completed by the end of 2013. They focused on identifying the extent of the issue and its causes, local health and education infrastructure, barriers to education and mindset change, power structures in the community, and enabling factors to support our initiatives, such as organisations, companies with the same supply chains, government and politicians with similar interests. Bulleh Shah's action plans are being developed based on these results.

2. Driving structural change – Suppliers' compliance with human rights

Bulleh Shah's wheat straw and recycled fibre suppliers have different levels of education and awareness regarding sustainability and human rights. Our target is to bring about lasting change in the attitudes, awareness levels and business models of our suppliers. That is why Bulleh Shah works consistently with all suppliers, but focuses especially on the suppliers with lowest awareness levels.

We start our work with all direct suppliers by raising awareness and by providing training for them. These sessions involve lengthy educational discussions about child labour, forced labour and working conditions. We hold awareness sessions each attended by multiple suppliers, and one-on-one interactions between individual suppliers and our Responsible Supply Chain team. We require at least 20-40 vendor representatives to participate in these sessions to ensure real coverage in the organisation. Once the supplier fully understands Bulleh Shah's sustainability requirements – including occupational health and safety standards, human rights and child labour issues – the supplier is asked to show its commitment to working with us by signing Bulleh Shah's supplier sustainability requirements. As of today, 100% of all our direct fibre suppliers have signed the supplier sustainability requirements.

Although our focus is primarily on developing the competence of our direct suppliers, they are in turn expected to require their sub-suppliers to follow the same principles. Ultimately, the target is to educate our whole supplier network to understand the root causes of child labour in their respective business environments and address it with the support of Bulleh Shah. In some cases this may entail increasing the wages of adult employees, providing opportunities for additional income for parents, looking into forms of collective bargaining or changing the whole business model for collecting wheat straw or recycled fibre.



Fact sheet

In addition to developing competence, Bulleh Shah is carrying out gap analysis of all its suppliers to launch an individual improvement plan for each supplier. The gap analysis includes reviewing the occupational health and safety of the supplier, human rights (including minimum wage and child labour), environmental management and use of chemicals. If there are indications of children working for the supplier or its sub-suppliers, we investigate the number of children working in that supply chain, the reasons why the children are working, and the education opportunities and health facilities in that area. As of today, we have carried out this gap analysis on 81% of our recycled fibre suppliers.

3. Support for children and families

Although eradicating all child labour from all supply networks will take time, Bulleh Shah is also taking immediate action to support the communities affected by child labour. We offer support for communities living from recycled fibre collection in areas near our suppliers and their potential supply networks. For example, we help the suppliers to improve safety and working conditions and we have set up an evening school.

When we identify the worst forms of child labour (children clearly under age working on heavy tasks and/or in unsafe working conditions), we intervene immediately and remedy the situation with concrete steps in a short period of time to remove children from hazardous work through options agreeable to parents. We help assess the loss of income for the family that results from removing their children from work, and compensate for that.

These immediate measures are however not the long-term solution to combat child labour in Pakistan, and the main focus of Bulleh Shah's work is on driving lasting change in the supply chain.

4. Monitoring, auditing and follow-up of progress

To ensure progress in the supply network, we monitor and audit our suppliers. The monitoring is divided into self-monitoring and external auditing. Self-monitoring means encouraging suppliers to evaluate themselves through checklists and Code of Conduct guidelines provided by Bulleh Shah Packaging and set corrective action plans. This work is now ongoing.

The auditing plan is based on categorising suppliers according to their human rights risk factor and value to Bulleh Shah Packaging. All suppliers will be audited at least once a year, and the suppliers with the highest risk and highest business value will be audited continuously including regular site visits, direct verification of progress, reviewing pay slips and contracts, employee interviews and continuous follow-up of improvements.

Bulleh Shah has a team of auditors and uses SGS as an external auditing partner both in auditing direct suppliers and their sub-suppliers.

5. Stakeholder dialogues and partnerships

Since the establishment of the joint venture, Bulleh Shah Packaging has been committed to finding long-term solutions to the problem of child labour in its supply chains. Bulleh Shah is currently co-operating with local and global stakeholders to define the time frame for completely eliminating child labour in its sphere of influence.



Fact sheet

Bulleh Shah Packaging is currently in a dialogue with the International Labour Organisation (ILO) in Pakistan. We are looking for partners and ways of co-operating on child labour issues.

In 2014 Bulleh Shah Packaging signed the United Nations Global Compact and committed to its ten principles on human rights, labour, the environment and anti-corruption. Bulleh Shah Packaging is also active in the working groups of the UN Global Compact.

The sustainability agenda of Bulleh Shah Packaging is regularly reviewed by the Multilateral Investment Guarantee Agency (MIGA).

Actions in the supply chains

Wheat straw

- In the wheat straw supply chain all direct suppliers had signed the supplier Code of Conduct by March 30, 2014
- Direct suppliers (transporters and dealers) are being audited by SGS and Bulleh Shah's own team, starting early May 2014. Bulleh Shah requires suppliers to cascade these requirements in the supply chain. SGS will be provided with details of our suppliers and sub-suppliers and based on that information they will select the sub-suppliers to be audited.
- Bulleh Shah Packaging will continue to work with farmers in our supply networks on raising awareness on child labour and other human rights issues.

Old corrugated containers/Old newspapers

- In the old corrugated containers/old newspapers supply chain all suppliers had signed the supplier Code of Conduct by April 18, 2014.
- Direct suppliers are being audited by SGS and Bulleh Shah's own team and corrective actions started in January 2014. Bulleh Shah requires suppliers to cascade these requirements in the supply chain. SGS will be provided with details of our suppliers and sub-suppliers and based on that information they will select the sub-suppliers to be audited.

Used Carton Board

- In the Used Carton Board supply chain all supplier relationships were terminated by April 20, 2014. The focus now is on rebuilding a sustainable supply chain by creating an infrastructure that involves direct collection of used carton boards and no possibility for the material to end up in dump sites. This is a long term process.
- Bulleh Shah Packaging will continue to support children and their families who collect waste from the dump sites despite terminating supplier relationships. We are helping families in taking children off work at the dump sites and assessing the loss of income for the families resulting from this. Based on this assessment we will provide adequate compensation for the families. We have set up an evening school for children between 6-14 years. So far, about 60 children have moved from work to school.

Fact sheet

Ambreen Waheed

Widely recognized for pioneering work in responsible entrepreneurship and ICT. Represent on governance bodies of GRI Global Reporting Initiative, APRSCP-Asia Pacific Roundtable for Sustainable Consumption & Production, UN Global Compact, CSR expert committees UNCTAD-ISAR and Accountability SES. Co-founded Asia-Pacific CSR Centre Group, South Asia Forum on Responsible Business & Globally Responsible Leaders Initiative. She has taught at ESSEC France, University of Michigan and the Wharton Business School in USA. She has authored Pakistan's first CSR status review (2005) and "Responsible Business Guide: A Toolkit for Winning Companies (2010)" and contributed to many international publications and textbooks on anti-corruption, peace, ethics, fair trade, risk mitigation, stakeholder involvement and open innovation .

Read more

Stakeholder Bulletin on child labour and Bulleh Shah Packaging:

<http://www.storaenso.com/about/news/stakeholder-bulletin-regarding-bulleh-shah-packaging>

MIGA Environmental and Social Review summary

http://www.miga.org/documents/ESRS_Stora_Enso_25_January_2013.pdf

Contact information

Terhi Koipijärvi, SVP Global Responsibility, Stora Enso
terhi.koipijarvi@storaenso.com

