

UN GUIDING PRINCIPLES

# *REPORTING / FRAMEWORK*

with implementation guidance

# ACKNOWLEDGMENTS

The UN Guiding Principles Reporting Framework is the first comprehensive guidance for companies to report on human rights issues in line with their responsibility to respect human rights. This responsibility is set out in the UN Guiding Principles on Business and Human Rights, which constitute the authoritative global standard in this field.

The Reporting Framework provides a concise set of questions to which any company should strive to have answers in order to know and show that it is meeting its responsibility to respect human rights in practice. It offers companies clear and straightforward guidance on how to answer these questions with relevant and meaningful information about their human rights policies, processes and performance.

The Reporting Framework has been developed through the Human Rights Reporting and Assurance Frameworks Initiative (RAFI). RAFI is co-facilitated by Shift and Mazars through an open, global, consultative process involving representatives from over 200 companies, investor groups, civil society organizations, governments, assurance providers, lawyers and other expert organizations from all regions of the world. Consultations took place in Addis Ababa, Bangkok, Jakarta, London, Manila, Medellin, New York and Yangon.

The UN Guiding Principles Reporting Framework is the first of two guidance documents developed through the RAFI process, the second of which is Assurance Guidance for assurance providers and internal auditors. The Assurance Guidance will be issued in 2017 following further consultations.

The Human Rights Reporting and Assurance Frameworks Initiative was led by Caroline Rees, President of Shift, and Richard Karmel, Partner, Mazars UK. Additional members of the project team include Anna Triponel, Beth Holzman, John Sherman and Rachel Davis of Shift, and Howard Dorman, Anthony Carey, Bill Mellon and Bridget Day of Mazars. The Reporting and Assurance Frameworks Initiative was overseen by an Eminent Persons Group whose composition can be viewed at [UNGReporting.org](http://UNGReporting.org).

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# TABLE OF CONTENTS

## **PART I:**

<b>THE UN GUIDING PRINCIPLES REPORTING FRAMEWORK AND REPORTING PRINCIPLES</b> .....	5
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## **PART II:**

<b>OVERVIEW</b> .....	11
1. Introduction .....	12
2. Rationale .....	13
3. Objectives .....	14
4. Business and human rights .....	15
5. The UN Guiding Principles on Business and Human Rights .....	17
6. The UN Guiding Principles Reporting Framework .....	19
7. Salient human rights issues .....	22
8. Reporting principles .....	25

## **PART III:**

### **IMPLEMENTATION GUIDANCE ..... 26**

#### **PART A: GOVERNANCE OF RESPECT FOR HUMAN RIGHTS**

Policy commitment ..... 28

Embedding respect for human rights. .... 35

#### **PART B: DEFINING THE FOCUS OF REPORTING**

Statement of salient issues ..... 48

Determination of salient issues ..... 51

Choice of focal geographies ..... 52

Additional severe impacts ..... 53

#### **PART C: MANAGEMENT OF SALIENT HUMAN RIGHTS ISSUES**

Specific policies ..... 56

Stakeholder engagement ..... 59

Assessing impacts ..... 66

Integrating findings and taking action ..... 72

Tracking performance ..... 81

Remediation ..... 86

## **PART IV: ANNEX**

A. The relationship between businesses and human rights ..... 101

B. Glossary ..... 109

C. Index of Answers ..... 112

D. Key of names of referenced reporting and other initiatives ..... 113

# PART I:

THE UN GUIDING PRINCIPLES  
REPORTING FRAMEWORK  
AND REPORTING PRINCIPLES

# FOREWORD

After decades of discord and contestation among the different stakeholders, in June 2011, the UN Human Rights Council unanimously endorsed the Guiding Principles on Business and Human Rights that I developed over a six-year mandate as the Secretary-General's Special Representative.

In the nearly four years since that time, I have been gratified to see so much being done by so many to embed the Guiding Principles into practice for the benefit of the people for whom this standard was written: those at risk of greatest harm from corporate activities.

*Today, the UN Guiding Principles Reporting Framework marks the critical next step in generating truly transformative change.*

At one level, the Reporting Framework is just what it says: a framework to help companies report on their human rights performance in line with the UN Guiding Principles. Yet it is also much more than that.

This Reporting Framework puts the corporate responsibility to respect human rights into everyday language: a set of smart, straightforward questions to which any company needs to have answers – inside and outside its own walls. It offers companies a powerful tool to deepen internal conversations, identify gaps in performance and drive improvements in practice. It provides a basis to build constructive and meaningful conversations with their investors, civil society stakeholders and those groups directly affected by their operations.

The Reporting Framework further empowers all these stakeholders to call for essential information about how companies are tackling the human rights challenges they face. Reporting that glosses over these realities with easy anecdotes no longer meets the grade. Governments, stock exchanges and rating systems the world over, with an interest in advancing non-financial reporting, can now turn to this Framework to set clear expectations for corporate disclosure and to drive improved accountability in relation to human rights. Companies that respond should be recognized and rewarded.

This Reporting Framework represents an indispensable contribution to the collective effort to embed the UN Guiding Principles into practice. Many companies began using it, and investors and civil society supporting it, even before it was launched. This attests to its practicality and its value. I urge others to follow in their steps.

**John Ruggie**

*Former Special Representative of the UN Secretary-General for Business and Human Rights  
Berthold Beitz Professor in Human Rights and International Affairs, Harvard University Kennedy School of Government  
Chair of Shift*

# REPORTING PRINCIPLES

These principles should define a company's approach to implementing the UN Guiding Principles Reporting Framework.

**A**

## SETTING HUMAN RIGHTS REPORTING IN THE BUSINESS CONTEXT

Readers of a company's human rights disclosure should understand the broader context of what the company does. Relevant information includes the company's business model, organizational structure, governance, strategy and operations. If the company's human rights reporting is included in its annual report, integrated report, sustainability report or similar, the company may already be providing this information. If it uses this Reporting Framework for stand-alone reporting on human rights, it should include such information or clearly indicate where it can be found easily. It may look to the Integrated Reporting Framework or the GRI G4 Framework for guidance on the general information to be included.

**B**

## MEETING A MINIMUM THRESHOLD OF INFORMATION

Any company claiming to use this Framework should *at a minimum*:

- Provide a substantive response to the two overarching questions in Part A;
- Meet the four informational requirements under Part B;
- Provide a substantive response to the six overarching questions in Part C.

This threshold is designed to be attainable by any company that has begun to address human rights within its business. Reporting companies should then work towards answering the supporting questions and improving the quality of their responses to all questions over time.

**C**

## DEMONSTRATING ONGOING IMPROVEMENT

Implementing the necessary policies and processes to meet the responsibility to respect human rights takes time. Moreover, human rights risks evolve as a company's activities, operating contexts and business relationships change. Putting the Guiding Principles into practice is, therefore, an ongoing process requiring continuous improvement. It is not a finite process that can be reported as complete.

The Reporting Framework enables companies to start reporting, whatever their size or stage of progress in implementing the Guiding Principles, and to highlight progress over time. In using the Reporting Framework, companies should endeavour to show how they have progressed in their implementation of the Guiding Principles and how they intend to continue to improve.

**D**

## FOCUSING ON RESPECT FOR HUMAN RIGHTS

The Reporting Framework focuses on respect for human rights: the baseline expectation that all companies “should avoid infringing on the human rights of others and should address adverse human rights impacts with which they are involved” (UN Guiding Principle 11). The Framework does not, therefore, address any social investment or philanthropic activities to support or promote human rights, except where these form part of a deliberate strategy to address a risk to human rights related to the company’s salient human rights issues.

A company may wish to report on initiatives that support or promote human rights but which are unrelated to the management of salient human rights issues; if so, it should ensure that this does not obscure or detract from the responses it provides to the questions in this Reporting Framework.

**E**

## ADDRESSING THE MOST SEVERE IMPACTS ON HUMAN RIGHTS

Companies should focus their human rights disclosure on the most severe actual and potential impacts on human rights associated with their activities and business relationships. The starting point for disclosure is, therefore, risk to human rights rather than risk to business, while recognizing that where impacts on human rights are most severe, they converge strongly with risk to the business as well.

**F**

## PROVIDING BALANCED EXAMPLES FROM RELEVANT GEOGRAPHIES

Companies should ground their responses to the questions in the Reporting Framework as far as possible in specific information, including examples of how impacts related to their salient human rights issues have occurred and been prevented, mitigated or remedied during the reporting period. Where this requires the selection of examples from different operating contexts, companies should prioritize those contexts where the salient human rights issues are most significant. Taken together, examples should be balanced and broadly representative of the company’s performance; if they are not, the company should explain why.

**G**

## EXPLAINING ANY OMISSION OF IMPORTANT INFORMATION

In exceptional circumstances, it may not be possible for a company to disclose certain information that is required either to meet the basic threshold for reporting under this Framework, or to respond accurately to a supporting question that the company has chosen to address. In such cases, the company should indicate the nature of the information it has omitted and explain its reasons for the omission: for example, risk to the human rights of stakeholders, specific and legitimate legal prohibitions or confidentiality constraints, or the unavailability of reliable information. Where the company is prevented from disclosing information in specific or explicit form, it should, wherever possible, provide it in aggregated or anonymized form in order to avoid significant gaps in its disclosure.



# THE UN GUIDING PRINCIPLES REPORTING FRAMEWORK

## PART A: GOVERNANCE OF RESPECT FOR HUMAN RIGHTS

### POLICY COMMITMENT

**A1** What does the company say publicly about its commitment to respect human rights?

- A1.1** How has the public commitment been developed?
- A1.2** Whose human rights does the public commitment address?
- A1.3** How is the public commitment disseminated?

### EMBEDDING RESPECT FOR HUMAN RIGHTS

**A2** How does the company demonstrate the importance it attaches to the implementation of its human rights commitment?

- A2.1** How is day-to-day responsibility for human rights performance organized within the company, and why?
- A2.2** What kinds of human rights issues are discussed by senior management and by the Board, and why?
- A2.3** How are employees and contract workers made aware of the ways in which respect for human rights should inform their decisions and actions?
- A2.4** How does the company make clear in its business relationships the importance it places on respect for human rights?
- A2.5** What lessons has the company learned during the reporting period about achieving respect for human rights, and what has changed as a result?

## PART B: DEFINING THE FOCUS OF REPORTING

**B1** **Statement of salient issues:** State the salient human rights issues associated with the company's activities and business relationships during the reporting period.

**B2** **Determination of salient issues:** Describe how the salient human rights issues were determined, including any input from stakeholders.

**B3** **Choice of focal geographies:** If reporting on the salient human rights issues focuses on particular geographies, explain how that choice was made.

**B4** **Additional severe impacts:** Identify any severe impacts on human rights that occurred or were still being addressed during the reporting period, but which fall outside of the salient human rights issues, and explain how they have been addressed.

## PART C: MANAGEMENT OF SALIENT HUMAN RIGHTS ISSUES

### SPECIFIC POLICIES

**C1** Does the company have any specific policies that address its salient human rights issues and, if so, what are they?

- C1.1** How does the company make clear the relevance and significance of such policies to those who need to implement them?

## STAKEHOLDER ENGAGEMENT

C2

### **What is the company's approach to engagement with stakeholders in relation to each salient human rights issue?**

- C2.1** How does the company identify which stakeholders to engage with in relation to each salient issue, and when and how to do so?
- C2.2** During the reporting period, which stakeholders has the company engaged with regarding each salient issue, and why?
- C2.3** During the reporting period, how have the views of stakeholders influenced the company's understanding of each salient issue and/or its approach to addressing it?

## ASSESSING IMPACTS

C3

### **How does the company identify any changes in the nature of each salient human rights issue over time?**

- C3.1** During the reporting period, were there any notable trends or patterns in impacts related to a salient issue and, if so, what were they?
- C3.2** During the reporting period, did any severe impacts occur that were related to a salient issue and, if so, what were they?

## INTEGRATING FINDINGS AND TAKING ACTION

C4

### **How does the company integrate its findings about each salient human rights issue into its decision-making processes and actions?**

- C4.1** How are those parts of the company whose decisions and actions can affect the management of salient issues, involved in finding and implementing solutions?
- C4.2** When tensions arise between the prevention or mitigation of impacts related to a salient issue and other business objectives, how are these tensions addressed?
- C4.3** During the reporting period, what action has the company taken to prevent or mitigate potential impacts related to each salient issue?

## TRACKING PERFORMANCE

C5

### **How does the company know if its efforts to address each salient human rights issue are effective in practice?**

- C5.1** What specific examples from the reporting period illustrate whether each salient issue is being managed effectively?

## REMEDIATION

C6

### **How does the company enable effective remedy if people are harmed by its actions or decisions in relation to a salient human rights issue?**

- C6.1** Through what means can the company receive complaints or concerns related to each salient issue?
- C6.2** How does the company know if people feel able and empowered to raise complaints or concerns?
- C6.3** How does the company process complaints and assess the effectiveness of outcomes?
- C6.4** During the reporting period, what were the trends and patterns in complaints or concerns and their outcomes regarding each salient issue, and what lessons has the company learned?
- C6.5** During the reporting period, did the company provide or enable remedy for any actual impacts related to a salient issue and, if so, what are typical or significant examples?

# PART II: OVERVIEW

# 1

## INTRODUCTION

In today's ever more transparent world, companies are under increasing pressure to show that they respect human rights throughout their operations and value chains. That means demonstrating that they are not harming the fundamental dignity and welfare of people as they go about their legitimate work and generate the jobs, wealth and growth that benefit all societies.

The UN Guiding Principles Reporting Framework is the first comprehensive guidance for companies to report on human rights issues in line with their responsibility to respect human rights. This responsibility is set out in the UN Guiding Principles on Business and Human Rights, which are the authoritative global standard in this field.

The Reporting Framework provides a concise set of questions to which any company should strive to have answers in order to know and show that it is meeting its responsibility to respect human rights in practice. It offers companies clear and straightforward guidance on how to answer these questions with relevant and meaningful information about their human rights policies, processes and performance.

Companies' answers to the questions in the Framework would ideally be included in a broader annual report, including where this is an integrated report. They may also appear in a sustainability or corporate responsibility report, or they may be used as the basis for a stand-alone human rights report.

## SALIENT HUMAN RIGHTS ISSUES

The UN Guiding Principles Reporting Framework focuses companies' reporting on their salient human rights issues. These are the human rights at risk of the most severe negative impact through the company's activities and business relationships. This focus on risks to human rights is a critical feature of the corporate responsibility to respect. There is also increasing evidence that risks to human rights frequently converge with risks to business. Where the most severe human rights impacts are concerned, this convergence is particularly strong.

# 2

## RATIONALE

There is fast-increasing demand for greater formal reporting by companies on their human rights performance. This comes from a range of sources:

- ✓ **Regulators** requiring companies (large, listed, State-owned or other) to report on their human rights performance in their annual or sustainability reports;
- ✓ **Investors** demanding greater transparency in this area of a company's performance, in line with socially responsible investment strategies and evidence that companies that pose risks to human rights also risk their own success;
- ✓ **Stock exchanges** seeking information on companies' sustainability performance, including with regard to human rights;
- ✓ **Government agencies** requiring evidence that companies have identified and managed risks to human rights before granting export credit or procurement contracts;
- ✓ **International finance institutions** making similar demands of companies seeking various forms of financing;
- ✓ **Business customers and clients** seeking clarity that the companies supplying them with goods and services do not expose them to human rights-related risks;
- ✓ **Consumers** increasingly using information on how companies address human rights impacts to inform their purchasing decisions;
- ✓ **Employees and potential employees** looking for evidence that their corporate employers reflect their values and conduct business in a manner of which they can be proud;
- ✓ **Companies' other stakeholders**, including impacted communities and workers, as well as trade unions and NGOs, seeking improved disclosure as a condition for granting companies a social licence to operate. Without this licence, companies may face serious reputational harm, lost business opportunities, operational disruptions and even litigation.

*The UN Guiding Principles Reporting Framework enables companies to respond to the growing array of requirements and expectations for improved reporting on human rights.*

The UN Guiding Principles Reporting Framework enables companies to respond to this growing array of requirements and expectations for improved reporting on human rights. It can also help companies meet their own commitment to continuous improvement in this area of their performance.

# 3

## OBJECTIVES

The UN Guiding Principles Reporting Framework provides clarity, for the first time, on how companies can report in a meaningful and coherent way on their progress in implementing their responsibility to respect human rights. The objectives of the Reporting Framework are threefold:

- A. **Provide guidance to companies about how best to disclose information about their human rights policies, processes and performance.** *The Framework focuses companies on reporting information that it is meaningful for their shareholders and other stakeholders to read, and which can support better ongoing dialogue with their stakeholders.*
- B. **Ensure the Framework is feasible for companies to apply.** *The Framework recognizes the existence of companies' resource constraints and their need to be able to apply the Framework in the context of their broader sustainability, integrated or other annual reporting and with regard to legitimate legal and confidentiality limitations.*

- C. **Help companies to improve management systems.** *The Framework is designed to help companies foster the internal conversations, decisions and actions that directly support more effective management of human rights risks and impacts.*

The UN Guiding Principles Reporting Framework also offers a valuable tool to companies' internal auditors, investors, civil society organizations and consumers, as well as to people who may be impacted through companies' activities and business relationships. It provides a practical set of questions and information requirements through which they can engage a company in a substantive and meaningful conversation about how it meets its responsibility to respect human rights. Company reporting against the Framework should provide a robust basis to deepen and focus those conversations, offering insights into a company's culture, strategy and approach to key stakeholder relationships.

## RELATIONSHIP TO OTHER KEY REPORTING INITIATIVES

For companies applying a Reporting Framework that addresses different aspects of non-financial performance, such as the Global Reporting Initiative's G4 Framework or the Integrated Reporting Framework, the UN Guiding Principles Reporting Framework provides an important addition and complement. It enables companies to ensure that their human rights reporting is complete, meaningful and aligned with the global standard on corporate respect for human rights. Moreover, specific information required under the G4 Framework, as well as industry- or issue-specific business and human rights initiatives, can be used to support companies' answers to questions in this Framework. Cross relationships to other key initiatives are set out within the guidance to the Reporting Framework to help companies produce human rights reporting that addresses its various reporting requirements and choices coherently.

# 4

## BUSINESS AND HUMAN RIGHTS

### A. WHAT ARE HUMAN RIGHTS?<sup>1</sup>

The idea of human rights is as simple as it is powerful: that people have a right to be treated with dignity. Human rights are inherent in all human beings, whatever their nationality, place of residence, sex, national or ethnic origin, colour, religion, language, or other status. Every individual is entitled to enjoy human rights without discrimination. These rights are all interrelated, interdependent and indivisible.

Human rights are often expressed and guaranteed by law, in the form of treaties, customary international law, general principles and other sources of international law. International human rights law lays down obligations on States to act in certain ways or to refrain from certain acts, in order to promote and protect the human rights and fundamental freedoms of individuals or groups.

The 1948 Universal Declaration of Human Rights was drawn up by representatives from many nations to prevent a recurrence of the atrocities of the Second World War and is the cornerstone of modern human rights law. At the World Conference on Human Rights in Vienna in 1993, all 171 participating countries reaffirmed their commitment to the aspirations expressed in that document.

The Universal Declaration is codified in international law through the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights, both of 1966. Each of the Covenants has been ratified by over 150 States. Collectively, all three documents are known as the International Bill of Human Rights.

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<sup>1</sup> Sections A and B draw on *The Corporate Responsibility to Respect Human Rights: An Interpretive Guide*, produced by the United Nations Office of the High Commissioner for Human Rights.

Regarding the particular human rights of workers, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work commits all its member States to four categories of principles and rights: freedom of association and the right to collective bargaining; the elimination of compulsory labour; the abolition of child labour; and the elimination of discrimination in respect of employment and occupation. These are covered by the eight core conventions of the International Labour Organization (ILO).

Together, these documents constitute the minimum reference point for what the Guiding Principles describe as internationally recognized human rights. For a full list of the human rights contained in the International Bill of Human Rights and the core ILO conventions, see Annex A.

### B. THE RELEVANCE OF HUMAN RIGHTS TO BUSINESS

International human rights treaties generally do not impose direct legal obligations on business enterprises. It is the duty of States to translate their international human rights law obligations into domestic law and provide for their enforcement. Indeed, the laws of all States include various protections against human rights abuse by business, including labour laws, non-discrimination laws, health and safety laws, environmental laws and similar.

At the same time, national laws may not address all internationally recognized human rights, they may be weak, they may not apply to all people, and they may not be enforced by governments and the courts. The Guiding Principles make clear that where national laws fall

below the standard of internationally recognized human rights, companies should respect the higher standard; and where national laws conflict with those standards, companies should seek ways to still honour the principles of those standards within the bounds of national law.

Internationally recognized human rights are, therefore, relevant for business beyond mere compliance with the law. The actions of business enterprises can affect people's enjoyment of their human rights either positively or negatively. Indeed, experience shows that enterprises can and do infringe human rights where they are not paying sufficient attention to this risk.

Enterprises can affect the human rights of their employees and contract workers, their customers, workers in their supply chains, communities around their operations and end users of their products or services. They can have an impact – directly or indirectly – on virtually the entire spectrum of internationally recognized human rights. Annex A provides some examples.

In practice, some rights will be more relevant than others in particular industries and circumstances, and companies will pay more attention to them. But, in principle, any enterprise could cause or contribute to an adverse impact on any internationally recognized human right.

The Guiding Principles, therefore, make clear:

- The International Bill of Human Rights and the core ILO conventions provide the basic reference points for businesses in starting to understand what human rights are; how their own activities and business relationships may affect them; and how to ensure that they prevent or mitigate the risk of adverse impacts.
- Depending on the circumstances of their operations, companies may need to consider additional human rights standards in order to ensure that they respect the human rights of people who may be disadvantaged, marginalized or excluded from society and, therefore, particularly vulnerable to impacts on their human rights, such as children, women, indigenous peoples, people belonging to ethnic or other minorities, or persons with disabilities.

## C. THE BENEFITS TO BUSINESS OF RESPECTING HUMAN RIGHTS

The benefits and opportunities for companies that are recognized as respecting human rights include:

- ✓ **Improved risk management** with less chance of business disruptions, public campaigns and criticism, litigation, reputational harm, and harm to employee retention and recruitment;
- ✓ **Greater access to business opportunities** with governments, financiers and business customers and buyers, who increasingly recognize the reduced risk to themselves when working with a company that effectively manages risks to human rights;
- ✓ **Positive recognition**, including from socially responsible investors and civil society organizations, of the company's improving human rights performance and its efforts to address challenges;
- ✓ **Improved relationships** with workers, communities and other stakeholders in societies, resulting in greater trust and a stronger social licence to operate;
- ✓ Improved ability to **preserve their reputation** when negative impacts occur, given better public understanding of their overall efforts to avoid such incidents;
- ✓ Improved **ability to recruit the next generation of young leaders**, who are increasingly focused on companies' performance in this area;
- ✓ A comparative **advantage with a growing number of stock exchanges and public and private financial institutions** scrutinizing companies' non-financial performance, including with regard to human rights.

*The Guiding Principles Reporting Framework offers companies a powerful tool to deepen internal conversations, identify gaps in performance and drive improvements in practice.*



# 5 THE UN GUIDING PRINCIPLES ON BUSINESS AND HUMAN RIGHTS

The Guiding Principles were unanimously endorsed by the UN Human Rights Council in June 2011, supported by governments from all regions of the world.

## A. THE THREE PILLARS OF THE UN GUIDING PRINCIPLES

One of the major and widely recognized contributions of the Guiding Principles has been to clearly set out the duties of States and the responsibilities of companies to ensure that businesses operate with respect for human rights.

The Guiding Principles are founded on three pillars:

- **The State duty to protect human rights** against abuse by third parties, including business, through appropriate policies, legislation, regulations and adjudication;
- **The corporate responsibility to respect human rights**, meaning to act with due diligence to avoid infringing on the rights of others and address adverse impacts with which they are involved;
- **The need for greater access to effective remedy**, both judicial and non-judicial, for victims of business-related human rights abuse.

Since their endorsement, the Guiding Principles have driven a convergence in standards on business and human rights across the international arena, reinforcing their position as the authoritative global standard on business and human rights.

## B. THE CORPORATE RESPONSIBILITY TO RESPECT HUMAN RIGHTS

Human rights impacts linked to companies' activities and business relationships do not typically occur because companies intend or wish them to happen. On the contrary, most people working for companies expect and assume that they are not harming human rights as they go about their work. In practice, companies often become involved in human rights impacts because it requires attention and concerted action across the different parts of a company to ensure that they do not, and because the policies and processes to do so are often weak or absent.

The corporate responsibility to respect human rights, as set out in the second pillar of the Guiding Principles, is a standard of conduct for companies. The Guiding Principles make clear that companies should have in place:

- A statement of their policy commitment to respect human rights;
- A human rights due diligence process to:
  - assess their actual and potential human rights impacts;
  - integrate the findings and take action to prevent or mitigate potential impacts;
  - track their performance;
  - communicate their performance;
- Processes to provide or enable remedy to those harmed, in the event that the company causes or contributes to a negative impact.

*“Business enterprises should respect human rights. This means that they should avoid infringing on the human rights of others and should address adverse human rights impacts with which they are involved.”  
(UN Guiding Principle 11)*

# KEY FEATURES

## OF THE CORPORATE RESPONSIBILITY TO RESPECT HUMAN RIGHTS

**The responsibility relates explicitly to the risks to human rights that can result from companies' activities and business relationships.** There is increasing evidence that risks to human rights frequently converge with risks to business, for example, through operational disruptions, reduced productivity and challenges securing new business. However, risk to human rights is the starting point for the Guiding Principles and for this Reporting Framework.

**Identifying and addressing human rights risks effectively requires an understanding of the perspectives of those who may be impacted.** This means engaging wherever possible with those individuals whose human rights may be directly affected, or with their legitimate representatives. Where such direct engagement is not possible, companies may be able to gain insights into their perspectives through consultation with other stakeholders, including relevant independent experts, human rights defenders and others in civil society, and through reports and resources they have developed.

**The responsibility to respect human rights applies across the company's own activities and also to its business relationships.** Business relationships include the company's business partners, businesses in its value chain (including those that are one or more tiers removed) and any other business, government or other entity that is directly linked to its operations, products or services. The responsibility to respect therefore extends beyond impacts the company may cause or contribute to through its own activities and includes impacts that are linked to its operations, products or services without any cause or contribution on the company's part. However, the nature of the responsibility is different in each instance. For more explanation of these distinctions, see the commentary to UN Guiding Principle 19.

**The responsibility to respect human rights is distinct from a company's efforts to support or promote human rights.** Projects or other initiatives by companies to support or promote human rights can make a significant contribution to societies, but they are voluntary undertakings. By contrast, it is a baseline expectation of all companies, regardless of size, sector or operating context, that they at a minimum, avoid infringing on human rights, and that they address any harms with which they are involved. This responsibility cannot be offset by social investment or philanthropic activities.

## C. THE ONGOING NATURE OF IMPLEMENTATION

Implementing the corporate responsibility to respect human rights takes time. Moreover, for many companies, the nature of human rights risks associated with their operations, products or services will change over time, as their operating contexts, activities and business relationships also change. Implementation is therefore an ongoing process.

The steps defined in the Guiding Principles empower companies to know and show that they are advancing adequately in their efforts to meet this responsibility. The expectation that companies should know and show how they are progressing in their human rights performance has reinforced calls for more and better corporate reporting in this regard.

# 6

## THE UN GUIDING PRINCIPLES REPORTING FRAMEWORK

### A. STRUCTURE OF THE UN GUIDING PRINCIPLES REPORTING FRAMEWORK

The Reporting Framework is divided into three parts:

**Part A** has **two overarching questions**, each with one or more supporting questions, which focus on the company's commitment to and governance of human rights risk management.

**Part B** provides a **filter point** for the reporting company to narrow the range of human rights issues on which it will focus the remainder of its reporting under Part C. The focus is on those human rights issues that are salient within its activities and business relationships.

**Part C** has **six overarching questions**, each with one or more supporting questions, which focus on the effective management of each of the salient human rights issues on which the company is reporting.

**The overarching questions** in Parts A and C focus on general, relevant information about the company's efforts to meet its responsibility to respect human rights. They are designed to enable responses from any company, including small companies and those at a relatively early stage in the process.

Responding to the eight overarching questions, in addition to the information requirements under Part B, is the basic threshold for using the UN Guiding Principles Reporting Framework.

**The supporting questions** highlight more substantial and detailed information that would improve the quality of the reporting company's response to the overarching question. Each company can assess how many of these supporting questions it can answer, and to what extent. Companies should be able, over time, to address these questions more fully and deeply, thereby providing more robust reporting overall.

The following figure illustrates how the overarching questions from this Framework compare to the key elements of the corporate responsibility to respect human rights.

## POLICY COMMITMENT

**A1** → What does the company say publicly about its **commitment to respect** human rights?

## EMBEDDING RESPECT FOR HUMAN RIGHTS

**A2** → How does the company **demonstrate the importance** it attaches to the implementation of its human rights commitment?

**C1** → Does the company have any **specific policies** that address its salient human rights issues and, if so, what are they?

## ASSESSING IMPACTS

**B1** → **Statement of salient issues**

**B2** → **Determination of salient issues**

**B3** → **Choice of focal geographies**

**B4** → **Additional severe impacts**

**C3** → How does the company **identify any changes** in the nature of each salient human rights issue over time?

## INTEGRATING FINDINGS AND TAKING ACTION

**C4** → How does the company **integrate its findings** about each salient human rights issue into its decision-making processes and actions?

## TRACKING PERFORMANCE

**C5** → How does the company know if its efforts to address each salient human rights issue are **effective in practice**?

## COMMUNICATING PERFORMANCE

Application of the **UN Guiding Principles Reporting Framework**

## REMEDiation

**C6** → How does the company **enable effective remedy** if people are harmed by its actions or decisions in relation to a salient human rights issue?

**C2** → What is the company's approach to engagement with stakeholders in relation to each salient human rights issue?

## B. STRUCTURE OF THE IMPLEMENTATION GUIDANCE TO THE REPORTING FRAMEWORK

The implementation guidance to this Reporting Framework is designed to help companies use the Framework.

For each overarching and supporting question, the implementation guidance sets out:

- **The objective:** A statement of the question's intent, to help the user understand what it seeks to achieve;
- **Supporting guidance:** Additional guidance about how to go about answering the question;
- **Relevant information:** Some examples of information that it could be particularly relevant to include in response to the question;
- **The Guiding Principles:** Citations from relevant parts of the Guiding Principles;
- **Reference points in other initiatives:** Cross-references to relevant provisions from broader reporting frameworks and industry- or issue-specific initiatives, so that users can quickly identify where information that they are already providing for other purposes may be relevant to answering questions in Parts A and C of the UN Guiding Principles Reporting Framework. They should not be seen as a substitute for the implementation guidance, which is the primary source for answering questions in this Framework.

The implementation guidance also explains how to address the informational requirements in Part B of the Reporting Framework, including the basic steps to identify the company's salient human rights issues.

## C. SEQUENCING RESPONSES TO THE REPORTING FRAMEWORK QUESTIONS

In order to provide a coherent narrative, a reporting company may need to structure the information it provides differently from the sequence in which the questions appear in the Framework. This may be true whether the company is integrating responses within a broader annual, sustainability or integrated report, or producing a stand-alone human rights report.

Companies can use the Index of Answers provided in Annex C to indicate to the reader where responses to specific questions from this Reporting Framework can be found.

## D. APPLYING THE REPORTING FRAMEWORK AT DIFFERENT LEVELS OF THE CORPORATE ENTITY

Large companies can apply the Reporting Framework at different levels of the corporate entity, but should ensure that their responses to the questions in Part A of the Framework reflect the role of the highest-level authority with governance responsibilities. For example, multinational companies might ask subsidiaries or business units to use the Reporting Framework to prepare their own reports, with the corporate group providing responses in relation to Part A for the group as a whole.

Where subsidiaries or business units are selected to prepare their own reports using this Framework, companies should base this selection on the geographies or areas of the business where salient human rights issues are particularly apparent, or where severe impacts occurred within the reporting period, or they should clearly explain any alternative basis for selection.

# 7

## SALIENT HUMAN RIGHTS ISSUES

The key concept for using the UN Guiding Principles Reporting Framework is the concept of salient human rights issues, since it is these issues on which the reporting company will focus its reporting.

A.

### DEFINING SALIENT HUMAN RIGHTS ISSUES

A company's salient human rights issues are those human rights that are at risk of the most severe negative impact through its activities or business relationships.

The focus of salient human rights issues is therefore on **the most severe potential negative impacts on human rights**.

- **Most severe:** defined in the Guiding Principles as those impacts that would be greatest in terms of:
  - a. their scale: the gravity of the impact on the human right(s); and/or
  - b. their scope: the number of individuals that are or could be affected; and/or
  - c. their remediability: the ease with which those impacted could be restored to their prior enjoyment of the right(s).
- **Potential:** meaning those impacts that have some likelihood of occurring in the future, recognizing that these are often, though not limited to, those impacts that have occurred in the past;
- **Negative:** placing the focus on the avoidance of harm to human rights rather than unrelated initiatives to support or promote human rights;
- **Impacts on human rights:** placing the focus on risk to people, rather than on risk to the business.

The systematic identification of a company's salient human rights issues is an essential step in human rights due diligence in line with the Guiding Principles. It therefore serves the dual purposes of:

- enabling a company to understand which potential human rights impacts it should address with greatest urgency;
- providing a principled basis for a company to identify those human rights issues that are relevant for disclosure.

The supporting guidance to Part B of the Reporting Framework includes the basic steps to identify salient human rights issues.

## **B. THE RELATIONSHIP BETWEEN SALIENCE AND MATERIALITY**

Most companies will include their human rights reporting within their annual, sustainability or integrated report, alongside a range of other types of information. Typically, they will apply one of a number of definitions of materiality to determine what information they include in those reports.

Definitions of materiality can centre on valuation-based decisions by shareholders, on broader interests of shareholders, or on the perspectives of a wider set of stakeholders combined with assessments of the company's positive and negative impacts on society. Some practices look first and foremost at risk to the business, whereas the company's responsibility to respect human rights under the Guiding Principles focuses specifically on risks to human rights.

Companies' frequent belief that human rights are not material for purposes of public disclosure is often based on flawed thinking or processes, such as:

- An assumption that the company doesn't and couldn't be involved with negative impacts on human rights, based on a limited knowledge of human rights and how they can be affected by business activities and through business relationships;
- An untested assumption that impacts on human rights are without substantial risk to the company and are, therefore, not material, ignoring the many ways in which such impacts can lead to tangible and intangible costs and loss of value for the business, at least in the medium to long term;
- A materiality process that engages external stakeholders to inform its understanding of the company's material issues, but selects those stakeholders for their expertise in areas the company already assumes are material, such that their feedback reinforces the company's starting assumptions.

Many companies' existing materiality processes therefore fail to adequately reflect human rights issues.

By contrast, the process to identify salient human rights issues provides an effective and consistent means for a company to identify the human rights issues on which it should report, in line with the Guiding Principles' focus on the severity of negative impacts on human rights. By focusing on the most severe negative impacts, the company will be identifying human rights issues that can be expected to converge strongly with risk to the business, whether in the form of operational disruptions and delays, lost productivity and business opportunities, or reputational harm. This convergence can be understood as follows:

- As is widely acknowledged, companies can be associated through their activities and business relationships with a broad range of social and environmental impacts.

- Negative impacts on human rights are among the most severe social and environmental impacts.
- A company’s salient human rights issues in turn focus on the most severe negative impacts on human rights.
- Salient human rights issues are, therefore, typically the most severe sub-set of the most severe social and environmental impacts.
- At this level of severity, they can be expected to converge strongly with risk to the business.

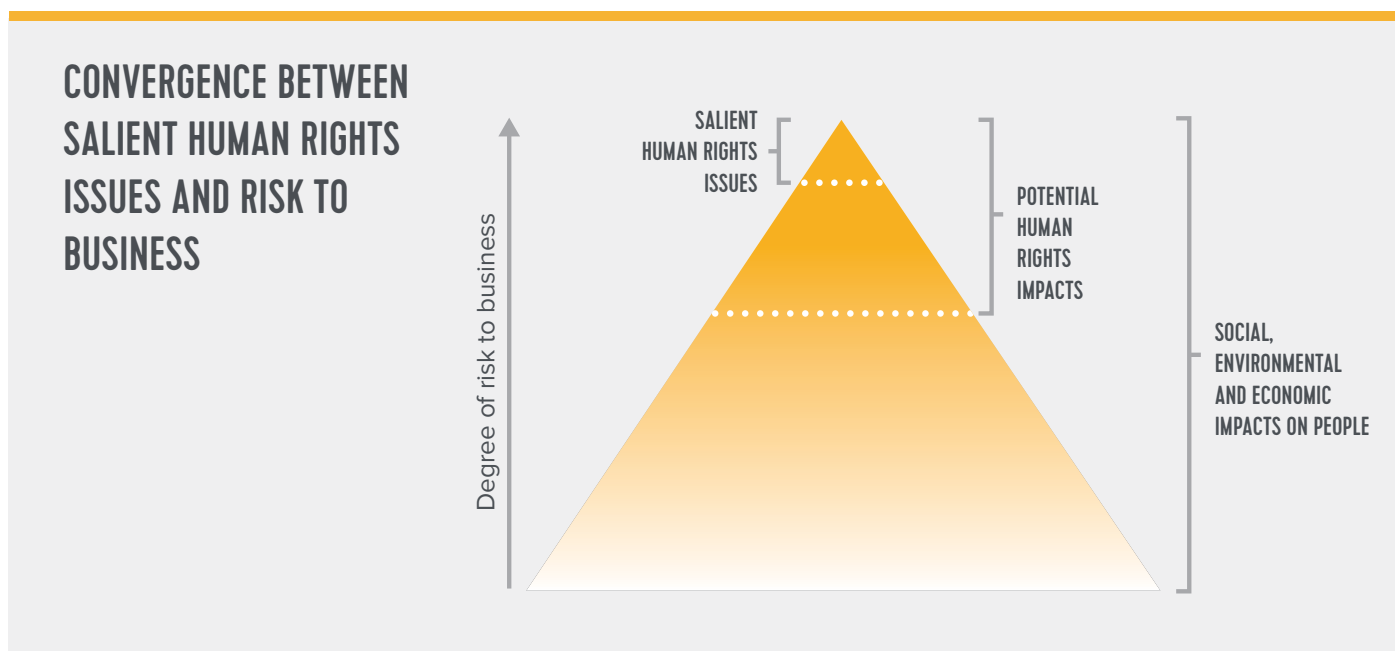
### C. INTEGRATING SALIENCE WITHIN A BROADER MATERIALITY PROCESS

When companies include disclosure on human rights within a broader annual, sustainability or integrated report, it will be beneficial to address all the salient issues identified and to include in that document all the company’s answers to questions under this Framework. This will help the company’s stakeholders see clearly within one report how the company is meeting its responsibility to respect human rights.

Companies may use a materiality process for their broader annual, sustainability or integrated report that involves feedback from external stakeholders. If so, they can benefit from that process to explain to stakeholders how they identified their salient human rights issues, including any inputs from those who may be directly affected, and the conclusions they reached. They can then seek these stakeholders’ feedback on their conclusions and whether any key considerations have been overlooked.

In the event that a company applies a definition of materiality to its broader annual, sustainability or integrated report that sets narrower criteria for the inclusion of issues, this may exclude certain salient human rights issues or certain information about how such issues are managed. If so, the reporting company should provide a clear reference to where that additional information can be found, for example, in a separate report or a specific location on its website.

By using the Index of Answers for the UN Guiding Principles Reporting Framework, companies can show in one coherent, concise format where stakeholders can find their responses to the Framework’s questions across different locations.





# 8

## REPORTING PRINCIPLES

There are a number of cross-cutting principles that should guide the use of the UN Guiding Principles Reporting Framework. These principles are set out at the start of this document. They are:

- A** **Setting human rights reporting in the business context**
- B** **Meeting a minimum threshold of information**
- C** **Demonstrating ongoing improvement**
- D** **Focusing on respect for human rights**
- E** **Addressing the most severe impacts on human rights**
- F** **Providing balanced examples from relevant geographies**
- G** **Explaining any omission of important information**

These principles may be applied alongside the reporting principles from the GRI G4 Framework, the Integrated Reporting Framework or another applicable reporting framework, with due attention to the particular relationship between salience and materiality.

**PART III:  
IMPLEMENTATION  
GUIDANCE**

# **PART A:**

## **GOVERNANCE OF RESPECT FOR HUMAN RIGHTS**



# POLICY COMMITMENT

## OVERARCHING QUESTION

**What does the company say publicly about its commitment to respect human rights?**

### OBJECTIVE

To explain how the reporting company understands its responsibility to respect human rights, and how it articulates its resulting expectations of its workforce, business partners and businesses or other entities directly linked to its operations, products or services.

### SUPPORTING GUIDANCE

A policy commitment refers to any one or more publicly available statements of the company's responsibilities, commitments or expectations with regard to respect for human rights across its activities and business relationships.

The key for addressing this question is to focus on:

- a. public commitments, and not policies that are only internal;
- b. commitments that relate to respect for human rights across the company's own activities and business relationships, and not philanthropic or other activities that support or promote human rights more generally.

The commitment may take the form of a single, stand-alone public policy regarding respect for human rights, or be included in a broader document, such as a code of ethics or business principles.

Alternatively, different aspects of the company's commitment may be reflected in different documents, for example, policies on non-discrimination, freedom of association, respect for communities' cultural rights, a supply chain labour rights code of conduct, and so forth. While commitments set out in different documents usually don't cover all internationally recognized human rights, they can nevertheless provide the basis for responding to this question by showing the current scope of the company's public commitments. If there are plans to expand on these, then it will also be useful to reflect that in response to this question.

### RELEVANT INFORMATION

**Relevant information for the company's answer could include:**

- ✓ A summary or restatement of the company's public human rights policy commitment, or a web link to where it can be found;
- ✓ What written form the public commitment takes (e.g., a stand-alone human rights policy, part of the company's code of business ethics or code of conduct, a statement on the company's website, or multiple different documents);
- ✓ The human rights included within the public commitment and whether it highlights particular human rights for attention (e.g., whether the commitment is limited to a particular set of rights, encompasses all internationally recognized human rights, or encompasses all internationally recognized human rights but highlights some as needing particular attention);
- ✓ Whether the commitment relates solely to the company's own activities or includes the company's expectations of other organizations with which it has business relationships (e.g., first-tier suppliers, suppliers beyond the first tier, contractors, entities in the downstream value chain, joint venture partners, governments or government agencies).

***The robustness of the reporting company's response to this question will be improved to the extent that it is able to answer the supporting questions that follow.***

## THE UN GUIDING PRINCIPLES

### UN Guiding Principle 16 provides that:

*“As the basis for embedding their responsibility to respect human rights, business enterprises should express their commitment to meet this responsibility through a statement of policy that:*

- (a) Is approved at the most senior level of the business enterprise;*
- (b) Is informed by relevant internal and/or external expertise;*
- (c) Stipulates the enterprise’s human rights expectations of personnel, business partners and other parties directly linked to its operations, products or services;*
- (d) Is publicly available and communicated internally and externally to all personnel, business partners and other relevant parties; ...”*

### The Commentary to UN Guiding Principle 16 states that:

*“The term ‘statement’ is used generically, to describe whatever means an enterprise employs to set out publicly its responsibilities, commitments, and expectations.*

*The level of expertise required to ensure that the policy statement is adequately informed will vary according to the complexity of the business enterprise’s operations. Expertise can be drawn from various sources, ranging from credible online or written resources to consultation with recognized experts.*

*The statement of commitment should be publicly available. It should be communicated actively to entities with which the enterprise has contractual relationships; others directly linked to its operations, which may include State security forces; investors; and, in the case of operations with significant human rights risks, to the potentially affected stakeholders.*

*Internal communication of the statement and of related policies and procedures should make clear what the lines and systems of accountability will be, and should be supported by any necessary training for personnel in relevant business functions.”*

## REFERENCE POINTS IN OTHER INITIATIVES

*These references are intended to help users identify relevant information for answering this question, not as a substitute for the guidance above. See Annex D for a key to the initiatives referenced.*

Initiative	Reference point
DJSI	Criterion: Labor Practice Indicators and Human Rights Question: Public Commitment to Human Rights  Criterion: Codes of Conduct/Compliance/Corruption & Bribery, where there are relevant publicly available commitments related to Discrimination, Environment, Health and Safety or Whistleblowing.
FTSE ESG	Strategy & Practice elements related to policy commitments under the following Themes: Labour Standards, Health & Safety, Human Rights & Community Indicators, Social Supply Chain, Risk Management, Customer Responsibility
GNI	Governance Charter: 4B. Responsibilities of Participating Companies; 7E. Company Reporting to the Public
GRI	G4-DMAb (Policies and Commitments)
ICMM	Subject Matter 1: The alignment of the member company’s sustainability policies to ICMM’s 10 SD principles and any mandatory requirements set out in ICMM position statements. <i>Specifically, those SD principles most relevant to human rights: Principle 1, Principle 2, Principle 3.</i>
IR	—
OECD	OECD-1
UNGC	Mandatory question: Does your COP contain a statement by the CEO (or equivalent) expressing continued support for the Global Compact and renewing your company’s ongoing commitment to the initiative and its principles? Criterion 3 Criterion 6 and specifically: - Written company policy to obey national labour law, respect principles of the relevant international labour standards in company operations worldwide , and engage in dialogue with representative organization of the workers (international, sectoral, national).
VPSHR	1. Statement of commitment or endorsement of the Voluntary Principles.

## A1: POLICY COMMITMENT

### A1.1 SUPPORTING QUESTION

#### How has the public commitment been developed?

##### OBJECTIVE

To explain the various factors that have informed the content of the reporting company's public commitment, including the internal or external stakeholders and experts who have had a role in its development.

##### SUPPORTING GUIDANCE

A public human rights commitment, whilst not static, provides a somewhat constant reference point over time for individuals within and outside the company. It may not have changed within the reporting period. Therefore, this question will be particularly relevant for reporting companies that are reporting for the first time, that have made changes to their policy in the reporting year, or that are planning any changes to the policy. If this is not the case, companies may choose to respond to this question by referring the reader to where the process of development has been described in a prior report, making that information as accessible as possible.

##### RELEVANT INFORMATION

###### Relevant information for the company's answer could include:

- ✓ Any internal and/or external consultative processes that contributed to the development of the public commitment;
- ✓ How external inputs are reflected in the policy;
- ✓ Whether, and if so how, senior management and/or the Board were involved in the development of the commitment;
- ✓ The level (Board, senior management, or other) at which the public commitment was approved;
- ✓ Any changes in the public commitment within the reporting period;
- ✓ Any plans to update the public commitment within the next reporting period.

##### THE UN GUIDING PRINCIPLES

###### UN Guiding Principle 16 states that:

*"As the basis for embedding their responsibility to respect human rights, business enterprises should express their commitment to meet this responsibility through a statement of policy that:*

- (a) Is approved at the most senior level of the business enterprise;*
- (b) Is informed by relevant internal and/or external expertise; ..."*

###### The commentary to Guiding Principle 16 further states that:

*"The level of expertise required to ensure that the policy statement is adequately informed will vary according to the complexity of the business enterprise's operations. Expertise can be drawn from various sources, ranging from credible online or written resources to consultation with recognized experts."*

## REFERENCE POINTS IN OTHER INITIATIVES

These references are intended to help users identify relevant information for answering this question, not as a substitute for the guidance above. See Annex D for a key to the initiatives referenced.

Initiative	Reference point
DJSI	—
FTSE ESG	—
GNI	—
GRI	—
ICMM	—
IR	—
OECD	OECD-1A
UNGC	Criterion 3 and specifically: - Integrated or stand-alone statement of policy expressing commitment to respect and support human rights approved at the most senior level of the company (BRE 1 + BRE5 + ARE 1 + ARE 5)
VPSHR	—

## A1: POLICY COMMITMENT

### A1.2: SUPPORTING QUESTION

#### Whose human rights does the public commitment address?

##### OBJECTIVE

To give more information about the specific groups that the reporting company's public commitment to respect human rights aims to address, in order to place the remainder of the company's reporting in context.

##### SUPPORTING GUIDANCE

In some instances, it may be explicit that the public commitment covers any and all individuals and groups who may be affected by the company's activities or through its business relationships, or that it focuses on certain groups, such as employees. In other instances, the scope of its application may be implicit and understood within the company but not set out in the relevant public documents.

It is particularly relevant to explain whether the public commitment includes individuals who perform work for the company under temporary contracts as well as its employees. The reporting company may also wish to highlight other groups that it deems particularly relevant for its own efforts to ensure respect for human rights, such as indigenous communities, smallholder farmers, or women working in its supply chain.

##### RELEVANT INFORMATION

###### Relevant information for the company's answer could include:

- ✓ Whether the public commitment covers all individuals and groups who may be impacted by the company's activities or through its business relationships, or whether it relates to certain, specific groups and, if so, which ones and why;
- ✓ Any groups to which the company pays particular attention, and why;
- ✓ Any plans to change the scope of individuals or groups covered by the policy commitment, and why.

## THE UN GUIDING PRINCIPLES

### UN Guiding Principle 12 provides that:

*“The responsibility of business enterprises to respect human rights refers to internationally recognized human rights – understood, at a minimum, as those expressed in the International Bill of Human Rights and the principles concerning fundamental rights set out in the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work.”*

### The commentary to UN Guiding Principle 12 states that:

*“Because business enterprises can have an impact on virtually the entire spectrum of internationally recognized human rights, their responsibility to respect applies to all such rights. In practice, some human rights may be at greater risk than others in particular industries or contexts, and therefore will be the focus of heightened attention. However, situations may change, so all human rights should be the subject of periodic review.*

*An authoritative list of the core internationally recognized human rights is contained in the International Bill of Human Rights (consisting of the Universal Declaration of Human Rights and the main instruments through which it has been codified: the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights), coupled with the principles concerning fundamental rights in the eight ILO core conventions as set out in the Declaration on Fundamental Principles and Rights at Work. These are the benchmarks against which other social actors assess the human rights impacts of business enterprises. The responsibility of business enterprises to respect human rights is distinct from issues of legal liability and enforcement, which remain defined largely by national law provisions in relevant jurisdictions.*

*Depending on circumstances, business enterprises may need to consider additional standards. For instance, enterprises should respect the human rights of individuals belonging to specific groups or populations that require particular attention, where they may have adverse human rights impacts on them. In this connection, United Nations instruments have elaborated further on the rights of indigenous peoples; women; national or ethnic, religious and linguistic minorities; children; persons with disabilities; and migrant workers and their families. Moreover, in situations of armed conflict enterprises should respect the standards of international humanitarian law.”*

## REFERENCE POINTS IN OTHER INITIATIVES

*These references are intended to help users identify relevant information for answering this question, not as a substitute for the guidance above. See Annex D for a key to the initiatives referenced.*

Initiative	Reference point
DJSI	—
FTSE ESG	<i>Strategy &amp; Practice elements related to policy commitments under the following Themes: Labour Standards, Health &amp; Safety, Human Rights &amp; Community Indicators, Social Supply Chain, Risk Management, Customer Responsibility</i>
GNI	—
GRI	—
ICMM	—
IR	—
OECD	OECD-1A
UNGC	<p><i>Criterion 3 and specifically:</i></p> <ul style="list-style-type: none"> <li>- Commitment to comply with all applicable laws and respect internationally recognized human rights, wherever the company operates (e.g., the Universal Declaration of Human Rights, Guiding Principles on Human Rights) (BRE1 + ARE1)</li> </ul> <p><i>Criterion 6 and specifically:</i></p> <ul style="list-style-type: none"> <li>- Reference to principles of relevant international labour standards (ILO Conventions) and other normative international instruments in company policies</li> </ul>
VPSHR	—



## A1: POLICY COMMITMENT

### A1.3: SUPPORTING QUESTION

#### How is the public commitment disseminated?

##### OBJECTIVE

To explain how the reporting company's public commitment is shared with those for whom it is relevant, whether because they are expected to implement it (for example, the company's contractors and suppliers), because they have a direct interest in its implementation (for example, potentially affected communities, investors, consumers, and civil society organizations), or both (for example employees and contract workers).

##### SUPPORTING GUIDANCE

Dissemination can include relatively simple steps such as posting the public commitment on the company's website or intranet, inserting references to it into contracts with third parties, or engaging in conversations internally and externally to raise awareness of the policy.

One key consideration for how to disseminate the policy commitment is also its accessibility to its target audiences. For example, some individuals may regularly access a website or company intranet; others may not have internet access but be able to read documents; others may be illiterate. In response to this question, it will be relevant to reflect the extent to which the company tailors the way the policy commitment is disseminated according to the particular audience.

##### RELEVANT INFORMATION

###### Relevant information for the company's answer could include:

- ✓ Whether and how the public commitment is communicated to employees and other individuals who work for the company (e.g., through a company intranet, in induction training, in other training, in meetings, in presentations by senior management, in written guidance);
- ✓ Whether and how the public commitment is communicated to the company's business partners or others in the company's value chain (e.g., through pre-business conversations, contract negotiations, contractual terms, in training, in written guidance);
- ✓ Whether and how the public commitment is disseminated in an accessible form to external stakeholders, in particular potentially affected stakeholders, (e.g., workers in the company's value chain, trade unions representing value chain workers, communities or end users/customers who may be negatively impacted, NGOs or others who work with or advocate for potentially affected stakeholders);
- ✓ Any limitations on the dissemination of the commitment, either internally or externally, and any plans to overcome those limitations.

##### THE UN GUIDING PRINCIPLES

###### UN Guiding Principle 16 provides that:

*"As the basis for embedding their responsibility to respect human rights, business enterprises should express their commitment to meet this responsibility through a statement of policy that: ...*

*(d) Is publicly available and communicated internally and externally to all personnel, business partners and other relevant parties; ..."*

###### The commentary to UN Guiding Principle 16 states that:

*"The statement of commitment should be publicly available. It should be communicated actively to entities with which the enterprise has contractual relationships; others directly linked to its operations, which may include State security forces; investors; and, in the case of operations with significant human rights risks, to the potentially affected stakeholders.*

*Internal communication of the statement and of related policies and procedures should make clear what the lines and systems of accountability will be, and should be supported by any necessary training for personnel in relevant business functions."*

## REFERENCE POINTS IN OTHER INITIATIVES

*These references are intended to help users identify relevant information for answering this question, not as a substitute for the guidance above. See Annex D for a key to the initiatives referenced.*

Initiative	Reference point
DJSI	<p>Criterion: Labor Practice Indicators and Human Rights Question: Public Commitment to Human Rights</p> <p>Criterion: Codes of Conduct/Compliance/Corruption &amp; Bribery, <i>where there are relevant publicly available commitments related to Discrimination, Environment, Health and Safety or Whistleblowing.</i></p>
FTSE ESG	<p>Labour Standards: Strategy &amp; Practice - Policy translated and communicated</p> <p>Social Supply Chain: Strategy &amp; Practice - Policy translated and communicated</p>
GNI	<i>Where this relates to dissemination of a public commitment on human rights: Principle 10.</i>
GRI	—
ICMM	<i>Where this relates to dissemination of a public commitment on human rights: Governance Charter: 7E. Company Reporting to the Public</i>
IR	—
OECD	<i>Where this relates to dissemination of a public commitment on human rights: OECD-1B (in supplements on Tin, Tantalum and Tungsten and on Gold), OECD-1D, OECD-5</i>
UNGC	<p>Criterion 3 <i>and specifically:</i></p> <p>- Statement of policy publicly available and communicated internally and externally to all personnel, business partners and other relevant parties (BRE 1 + BRE 5 + ARE 1 + ARE 5)</p>
VPSHR	—



# EMBEDDING RESPECT FOR HUMAN RIGHTS

## OVERARCHING QUESTION

**How does the company demonstrate the importance it attaches to the implementation of its human rights commitment?**

## OBJECTIVE

To describe the ways in which the reporting company sees respect for human rights as relevant to its core business and how it is reflected in the ways the company thinks about and carries out its activities and business relationships.

## SUPPORTING GUIDANCE

Companies have different business models, governance structures, cultures and systems and will, therefore, use different approaches when considering how to introduce a new principle or value into how they operate.

There are a number of supporting questions in this section that address some specific aspects of embedding respect for human rights that are relevant to all companies. In response to this overarching question, the reporting company can focus on high-level evidence and indicators of the emphasis it places on respect for human rights across its activities and business relationships.

The role of the Board is relevant for addressing this question and a number of the supporting questions. The term 'Board' is used to designate the highest-level governing authority of the business. Where this is not the Board, the reporting company should make this clear and answer the questions with reference to whatever other authority has this governance role.

## RELEVANT INFORMATION

**Relevant information for the company's answer could include:**

- ✓ Whether or not the company's commitment to respect human rights is reflected in the company's by-laws or other governance documents;
- ✓ How the company's business model reflects, or has been adapted to enable, respect for human rights;
- ✓ How any risks to human rights associated with the business model (e.g., offering lowest-cost products) are understood among the senior leadership and the Board;
- ✓ How the company views the links between human rights and related governance issues such as corruption, taxation, climate change, etc.;
- ✓ Whether or not a Board member or Board committee is tasked with addressing one or more areas of respect for human rights;
- ✓ Inclusion of human rights in internal risk assessment;
- ✓ Public statements by the top leadership regarding how the company views respect for human rights;
- ✓ Linkage of performance incentives (e.g., bonuses) for top management to one or more aspects of respect for human rights;
- ✓ Leadership within the company's industry on one or more human rights issues (e.g., through an industry association or multi-stakeholder initiative);
- ✓ Allocation of, or substantial increases in, resources for addressing human rights issues;

- ✓ Examples of lobbying in favour of improved regulations or improved implementation of regulations to protect human rights in areas relevant for the company's operations, products or services (e.g., improved labour rights protections, land title recognition for communities, strengthened community consultation laws or practices);
- ✓ Any forward-looking high-level priorities or strategies to further embed respect for human rights within the business.

***The robustness of the reporting company's response to this question will be improved to the extent that it is able to answer the supporting questions that follow.***

## THE UN GUIDING PRINCIPLES

### **UN Guiding Principle 11 provides that:**

*"Business enterprises should respect human rights. This means that they should avoid infringing on the human rights of others and should address adverse human rights impacts with which they are involved."*

### **The commentary to UN Guiding Principle 11 states that:**

*"The responsibility to respect human rights is a global standard of expected conduct for all business enterprises wherever they operate. It exists independently of States' abilities and/or willingness to fulfil their own human rights obligations, and does not diminish those obligations. And it exists over and above compliance with national laws and regulations protecting human rights."*

*Addressing adverse human rights impacts requires taking adequate measures for their prevention, mitigation and, where appropriate, remediation. Business enterprises may undertake other commitments or activities to support and promote human rights, which may contribute to the enjoyment of rights. But this does not offset a failure to respect human rights throughout their operations."*

*Business enterprises should not undermine States' abilities to meet their own human rights obligations, including by actions that might weaken the integrity of judicial processes."*

### **UN Guiding Principle 13 provides that:**

*"The responsibility to respect human rights requires that business enterprises:*

*(a) Avoid causing or contributing to adverse human rights impacts through their own activities, and address such impacts when they occur;*

*(b) Seek to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts."*

### **The commentary to UN Guiding Principle 13 states that:**

*"Business enterprises may be involved with adverse human rights impacts either through their own activities or as a result of their business relationships with other parties. Guiding Principle 19 elaborates further on the implications for how business enterprises should address these situations. For the purpose of these Guiding Principles a business enterprise's 'activities' are understood to include both actions and omissions; and its 'business relationships' are understood to include relationships with business partners, entities in its value chain, and any other non-State or State entity directly linked to its business operations, products or services."*

### **The commentary to UN Guiding Principles 16 states that:**

*"...Just as States should work towards policy coherence, so business enterprises need to strive for coherence between their responsibility to respect human rights and policies and procedures that govern their wider business activities and relationships. This should include, for example, policies and procedures that set financial and other performance incentives for personnel; procurement practices; and lobbying activities where human rights are at stake."*

*Through these and any other appropriate means, the policy statement should be embedded from the top of the business enterprise through all its functions, which otherwise may act without awareness or regard for human rights."*

### **The commentary to UN Guiding Principle 19 states that:**

*"The horizontal integration across the business enterprise of specific findings from assessing human rights impacts can only be effective if its human rights policy commitment has been embedded into all relevant business functions. This is required to ensure that the assessment findings are properly understood, given due weight, and acted upon."*

## REFERENCE POINTS IN OTHER INITIATIVES

These references are intended to help users identify relevant information for answering this question, not as a substitute for the guidance above. See Annex D for a key to the initiatives referenced.

Initiative	Reference point
DJSI	—
FTSE ESG	—
GNI	—
GRI	—
ICMM	<p>Where specifically related to human rights issues:</p> <p>Principle 2: Key Management Actions Required (non-mandatory examples from ICMM's Assurance Procedure):</p> <ul style="list-style-type: none"> <li>- Integrate sustainable development principles into company policies and practices.</li> <li>- Plan, design, operate and close operations in a manner that enhances sustainable development.</li> </ul>
IR	<p>Content Element 4B: Governance</p> <p>Content Element 4C: Business Model</p>
OECD	OECD-1, OECD-3, OECD-4, OECD-5
UNGC	—
VPSHR	—

## A2: EMBEDDING RESPECT FOR HUMAN RIGHTS

### A2.1: SUPPORTING QUESTION

#### How is day-to-day responsibility for human rights performance organized within the company, and why?

##### OBJECTIVE

To describe where, within the company, those individuals with daily responsibility for human rights are located and their reporting lines to more senior decision-making levels, and to explain how this structure helps the company make respect for human rights part of how it conducts business.

##### SUPPORTING GUIDANCE

This question is distinct from question C4.1, which looks at how those people in different parts of the company whose decisions and actions can affect human rights are involved in managing them. It is also distinct from question A1.1 where the company can report on the level within the company at which the public commitment to respect human rights was signed off. In this question, the focus is on day-to-day responsibility and accountability from the operational level up through senior management.

Companies can organize overall responsibility for human rights issues in a number of different ways, depending on a range of considerations. There may be more than one point of responsibility, for example, human resources for human rights issues related to employees and contract workers, and a different function in relation to external stakeholders, such as social compliance or community relations. Certain functions may have a particular kind of responsibility, for example, ethics, compliance or internal audit. In larger companies, there may be different leads in different business units, operating sites, or regional or country offices, as well as at the corporate level. There will typically be reporting lines between the individual(s) with operational responsibility and a more senior position with overall accountability for performance (that is, the most senior position with explicit decision-making responsibility). It will be particularly helpful to explain how the structure chosen by the reporting company fits its particular systems and culture.

## RELEVANT INFORMATION

### Relevant information for the company could include:

- ✓ Which staff position or business function has day-to-day responsibility for human rights within the company (e.g., corporate responsibility and sustainability, legal, ethics and compliance, external affairs, internal audit, and/or a specific position within the function);
- ✓ Specific responsibilities of this staff position or business function for daily management of human rights;
- ✓ The most senior level of oversight and accountability for human rights within the company (if different from the position with day-to-day responsibility);
- ✓ The rationale for the company's choice of how it organizes the responsibility for human rights;
- ✓ Any evidence that this choice of how to organize the responsibility assists the company in making respect for human rights part of how it conducts business on a day-to-day basis.

## THE UN GUIDING PRINCIPLES

### UN Guiding Principle 19 provides that:

*"In order to prevent and mitigate adverse human rights impacts, business enterprises should integrate the findings from their impact assessments across relevant internal functions and processes, and take appropriate action.*

#### *(a) Effective integration requires that:*

- i. *Responsibility for addressing such impacts is assigned to the appropriate level and function within the business enterprise;*
- ii. *Internal decision-making, budget allocations and oversight processes enable effective responses to such impacts."*

### The commentary to UN Guiding Principle 19 states that:

*"The horizontal integration across the business enterprise of specific findings from assessing human rights impacts can only be effective if its human rights policy commitment has been embedded into all relevant business functions. This is required to ensure that the assessment findings are properly understood, given due weight, and acted upon."*

## REFERENCE POINTS IN OTHER INITIATIVES

*These references are intended to help users identify relevant information for answering this question, not as a substitute for the guidance above. See Annex D for a key to the initiatives referenced.*

Initiative	Reference point
DJSI	<i>Where human rights are identified as part of supply chain management processes:</i> Criterion: Supply Chain Management Question: ESG Integration in SCM Strategy - Integration of ESG Factors into Supplier Selection Question: ESG Integration in SCM Strategy: Responsibilities
FTSE ESG	<i>In relation to human rights issues:</i> Risk Management: Strategy & Practice - Committee or senior executive responsible for risk
GNI	Implementation Guidelines: 2. Responsible Company Decision Making - Integration into Business Operations: Structure
GRI	G4-DMAb (Responsibilities, Resources)
ICMM	—
IR	—
OECD	OECD-1B
UNGC	—
VPSHR	—

## A2: EMBEDDING RESPECT FOR HUMAN RIGHTS

### A2.2: SUPPORTING QUESTION

#### What kinds of human rights issues are discussed by senior management and by the Board and why?

##### OBJECTIVE

To provide the reader with a sense of when, why and in what ways the most senior levels of the company's management and governance structures would become involved in addressing human rights-related issues and, therefore, how those individuals see their role in supporting respect for human rights within the company.

##### SUPPORTING GUIDANCE

Not all human rights issues can be, or need to be, discussed at the most senior levels of the company. This question provides the opportunity for the reporting company to explain its general approach and/or specific criteria for escalating human rights issues within the company.

The term 'Board' is used to designate the highest-level governing authority of the business. Where this is not the Board, the reporting company should make this clear and answer the questions with reference to whatever other authority has this governance role.

There may be a number of issues that are discussed at the senior management and Board levels that are not seen as human rights issues per se, but which have the potential to impact human rights, for instance, discussions of supply chain strategy and the company's business approach to emerging markets. In other discussions, it will be more directly apparent that a human rights issue is being discussed, for instance, in the case of a grievance lodged by a neighboring community in a country of operation, or discussion of how to respect human rights in the case of a national law that itself breaches human rights standards (e.g., non-discrimination against women or freedom of association).

This question is distinct from question C4.2, which focuses on the company's salient human rights issues and asks how any tensions between the prevention of impacts and other business objectives are addressed. Question A2.2 is a more general question for the company to describe and illustrate when and how senior management and/or the Board take a role in addressing any human rights issues, whether due to tensions with other business objectives or for other reasons.

##### RELEVANT INFORMATION

###### Relevant information for the company's answer could include:

- ✓ Processes, indicators and/or criteria that the company uses to determine which issues are discussed by senior management or the Board;
- ✓ Examples of specific human rights issues discussed and/or examples of trends in types of human rights issues discussed at the senior management and Board levels during the reporting period;
- ✓ Information on whether any of the salient human rights risks or additional severe impacts identified in Part B were discussed at the senior management or Board level during the reporting period;
- ✓ Any principles or systems that dictate when and how senior management and/or the Board address dilemmas arising from tensions between respect for human rights and other business interests;
- ✓ Any examples of how a particular tension between respect for human rights and other business considerations was addressed by senior management and/or the Board during the reporting period.

##### THE UN GUIDING PRINCIPLES

###### UN Guiding Principle 19 provides that:

*"In order to prevent and mitigate adverse human rights impacts, business enterprises should integrate the findings from their impact assessments across relevant internal functions and processes, and take appropriate action. [...]"*

(b) *Effective integration requires that:*

- i. *Responsibility for addressing such impacts is assigned to the appropriate level and function within the business enterprise;*
- ii. *Internal decision-making, budget allocations and oversight processes enable effective responses to such impacts.”*

**The commentary to UN Guiding Principle 19 states that:**

*“The horizontal integration across the business enterprise of specific findings from assessing human rights impacts can only be effective if its human rights policy commitment has been embedded into all relevant business functions. This is required to ensure that the assessment findings are properly understood, given due weight, and acted upon.”*

## REFERENCE POINTS IN OTHER INITIATIVES

*These references are intended to help users identify relevant information for answering this question, not as a substitute for the guidance above. See Annex D for a key to the initiatives referenced.*

Initiative	Reference point
DJSI	<i>In DJSI industry questionnaires there are questions related to how specific human rights issues are addressed at the Board level.</i>
FTSE ESG	<i>In relation to human rights issues:</i> Risk Management: Strategy & Practice - Board oversight over Code and risk management  Risk Management: Quantitative, Sector Specific and Performance - Legal and compliance leads have Board access  Health & Safety: Strategy & Practice - Board oversight and presence of H&S Committee
GNI	Implementation Guidelines: 2. Responsible Company Decision Making - Board Review, Oversight and Leadership
GRI	—
ICMM	—
IR	—
OECD	OECD-1B, OECD-3A, OECD-3C
UNGC	In relation to human rights issues: Criterion 19, Criterion 20
VPSHR	—

## A2: EMBEDDING RESPECT FOR HUMAN RIGHTS

### A2.3: SUPPORTING QUESTION

**How are employees and contract workers made aware of the ways in which respect for human rights should inform their decisions and actions?**

#### OBJECTIVE

To explain how the reporting company’s high-level public commitment is translated into terms that are understandable for those working for the company and how they are equipped and motivated to implement the commitment in their daily work.



## SUPPORTING GUIDANCE

This question is distinct from question A1.3, which addresses the dissemination of the company's public policy commitment to those for whom it is relevant, including people working for the company who have a role to play in its implementation. This question moves beyond their awareness of the policy's existence to consider how they are enabled to understand its implications for their own decisions and actions. These implications will be different for those working in different functions or business units, for example in human resources, finance or accounting, procurement, legal or particular operational divisions.

## RELEVANT INFORMATION

### Relevant information for the company's answer could include:

- ✓ The means through which the company helps its workforce understand how their own decisions and actions can support (or hinder) implementation of the public policy commitment to respect human rights (e.g., internal policies, guidance documents, training, e-learning, human rights champions);
- ✓ Any examples of how these efforts are tailored to particular roles, functions or business units within the company;
- ✓ Any way in which the company seeks to share lessons learned about addressing actual impacts about reducing human rights risks and addressing actual impacts (e.g., case studies on the company's intranet, videos highlighting lessons learned, peer sharing, cross-functional meetings);
- ✓ Any incentives for the company's workforce, including senior management, to ensure they act with respect for human rights (e.g., internal recognition, performance metrics, performance evaluation, linking evaluation to remuneration and promotion opportunities);
- ✓ Any relevant 'speak-up' procedures or whistle-blowing mechanism to enable and/or encourage individuals to raise concerns internally regarding respect for human rights;
- ✓ How any tensions with other incentives driving the workforce are managed, (e.g., time pressures, cost pressures, other internal metrics that drive individual performance and which may, at times, be at odds with measures to respect human rights).

## THE UN GUIDING PRINCIPLES

### UN Guiding Principle 19 provides that:

*"In order to prevent and mitigate adverse human rights impacts, business enterprises should integrate the findings from their impact assessments across relevant internal functions and processes, and take appropriate action.*

#### *(a) Effective integration requires that:*

- iii. Responsibility for addressing such impacts is assigned to the appropriate level and function within the business enterprise;*
- iv. Internal decision-making, budget allocations and oversight processes enable effective responses to such impacts."*

### The commentary to UN Guiding Principle 19 states that:

*"The horizontal integration across the business enterprise of specific findings from assessing human rights impacts can only be effective if its human rights policy commitment has been embedded into all relevant business functions. This is required to ensure that the assessment findings are properly understood, given due weight, and acted upon."*

**The commentary to UN Guiding Principle 16 states that:**

*“Internal communication of the statement and of related policies and procedures should make clear what the lines and systems of accountability will be, and should be supported by any necessary training for personnel in relevant business functions.*

*Just as States should work towards policy coherence, so business enterprises need to strive for coherence between their responsibility to respect human rights and policies and procedures that govern their wider business activities and relationships. This should include, for example, policies and procedures that set financial and other performance incentives for personnel; procurement practices; and lobbying activities where human rights are at stake.*

*Through these and any other appropriate means, the policy statement should be embedded from the top of the business enterprise through all its functions, which otherwise may act without awareness or regard for human rights.”*

**REFERENCE POINTS IN OTHER INITIATIVES**

*These references are intended to help users identify relevant information for answering this question, not as a substitute for the guidance above. See Annex D for a key to the initiatives referenced.*

<b>Initiative</b>	<b>Reference point</b>
DJSI	<p><i>Where human rights are specifically identified in relevant policies:</i>                      Criterion: Codes of Conduct/Compliance/Corruption &amp; Bribery                      Question: Codes of Conduct: Systems/Procedures                      Question: Codes of Conduct/Anti-Corruption &amp; Bribery: Business Relationships</p> <p><i>Where human rights are specifically identified as part of supply chain management processes:</i>                      Criterion: Supply Chain Management Criterion                      Question: ESG Integration in SCM Strategy: Incentives for Staff</p>
FTSE ESG	<p><i>In relation to human rights issues:</i>                      Social Supply Chain: Strategy &amp; Practice                      - Policy integrated into buyer training and purchasing</p> <p>Customer Responsibility: Strategy &amp; Practice                      - Guidelines and training</p> <p>Customer Responsibility: Quantitative, Sector Specific and Performance                      - Responsible selling for client-facing sales staff</p>
GNI	Implementation Guidelines: 2. Responsible Company Decision Making - Integration into Business Operations
GRI	—
ICMM	<p><i>Where specifically related to human rights issues:</i>                      Principle 2: Key Management Actions Required (non-mandatory examples from ICMM’s Assurance Procedure):                      - Provide sustainable development training to ensure adequate competency at all levels among our own employees and those of contractors.                      Principle 5: Key Management Actions Required (non-mandatory examples from ICMM’s Assurance Procedure):                      - Provide all employees with health and safety training, and require employees of contractors to have undergone such training.</p>
IR	—
OECD	OECD-1B
UNGC	<p><i>Criterion 3 and specifically:</i>                      - Statement of policy stipulating human rights expectations of personnel, business partners and other parties directly linked to operations, products or services (BRE 1)</p> <p><i>Criterion 4: and specifically:</i>                      - Internal awareness-raising and training on human rights for management and employees</p> <p><i>Criterion 7 and specifically:</i>                      - Internal awareness-raising and training on human rights for management and employees</p>
VPSHR	—

## A2: EMBEDDING RESPECT FOR HUMAN RIGHTS

### A2.4: SUPPORTING QUESTION

#### How does the company make clear in its business relationships the importance it places on respect for human rights?

##### OBJECTIVE

To explain how the reporting company conveys to business partners, suppliers, customers and others with which it has business relationships the particular relevance of its public human rights commitment, so as to engage their interest and motivate them to support its implementation through their own decisions and actions.

##### SUPPORTING GUIDANCE

This question relates to any third party with which the company has a business relationship, including other companies, governments or government agencies, and both direct and indirect relationships (for example, at different tiers of its upstream and downstream value chain).

This question addresses both how these third parties are made aware of the company's own commitment to respect human rights and how they are supported or incentivized to act in accordance with that commitment.

##### RELEVANT INFORMATION

###### Relevant information for the company's answer could include:

- ✓ The way in which human rights considerations inform company decisions to enter into or terminate a business relationship;
- ✓ The means through which the company conveys to third parties with which it has business relationships the intent and content of its commitment to respect human rights (e.g., a code of conduct, terms of a contract, capacity-building work);
- ✓ What specific aims or expectations the company has of those it works with directly or indirectly with regard to the implementation of its commitment to respect human rights;
- ✓ Any processes through which the company helps enable relevant third parties to act with respect for human rights (e.g., capacity-building, peer sharing, collaborative initiatives, technical support);
- ✓ Any way in which the company ensures it does not hinder other companies from respecting human rights (e.g., through intentional or unintentional pressure or incentives to overlook human rights issues);
- ✓ Any way in which the company ensures it does not hinder governments or other State entities from protecting human rights (e.g., through pressure in the negotiation of contract terms, lobbying against regulations aimed at improving human rights protections);
- ✓ Any incentives through which the company motivates business partners to act with respect for human rights (e.g., price premiums, increased orders or longer contracts with suppliers, repeat business, public recognition).

##### THE UN GUIDING PRINCIPLES

###### UN Guiding Principle 13 provides that:

*"The responsibility to respect human rights requires that business enterprises:*

- (a) Avoid causing or contributing to adverse human rights impacts through their own activities, and address such impacts when they occur;*
- (b) Seek to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts."*

**The commentary to UN Guiding Principle 13 states that:**

*“Business enterprises may be involved with adverse human rights impacts either through their own activities or as a result of their business relationships with other parties. Guiding Principle 19 elaborates further on the implications for how business enterprises should address these situations. For the purpose of these Guiding Principles a business enterprise’s “activities” are understood to include both actions and omissions; and its “business relationships” are understood to include relationships with business partners, entities in its value chain, and any other non-State or State entity directly linked to its business operations, products or services.”*

**The commentary to UN Guiding Principle 16 states that:**

*“The statement of commitment should be publicly available. It should be communicated actively to entities with which the enterprise has contractual relationships; others directly linked to its operations, which may include State security forces; investors; and, in the case of operations with significant human rights risks, to the potentially affected stakeholders.”*

**REFERENCE POINTS IN OTHER INITIATIVES**

*These references are intended to help users identify relevant information for answering this question, not as a substitute for the guidance above. See Annex D for a key to the initiatives referenced.*

<b>Initiative</b>	<b>Reference point</b>
DJSI	<p>Criterion: Social Reporting Question: Coverage</p> <p><i>Where human rights are specifically identified in any of the following:</i> Criterion: Codes of Conduct/Compliance/Corruption &amp; Bribery Question: Codes of Conduct/Anti-Corruption &amp; Bribery: Business Relationships</p> <p>Criterion: Risk &amp; Crisis Management Question: Risk Management Measures: Standard/Policy Code of Conduct for suppliers (and) Contract Clauses</p> <p>Criterion: Supply Chain Management Question: ESG Integration in SCM Strategy: Integration of ESG Factors into Supplier Selection</p>
FTSE ESG	<p><i>In relation to human rights issues:</i> Health &amp; Safety: Strategy &amp; Practice - Policy addresses health &amp; safety and contractors</p> <p>Customer Responsibility: Strategy and Practice - Vulnerable groups or their issues recognised</p> <p>Social Supply Chain: Strategy &amp; Practice - Policy translated and communicated - Policy integrated into buyer training and purchasing - Capacity building in suppliers</p>
GNI	Implementation Guidelines: 2. Responsible Company Decision Making - Partners, Suppliers and Distributors
GRI	G4-DMAb (Investment Aspect – specific DMA Guidance for HR1)
ICMM	<p><i>Where specifically related to human rights issues:</i> Principle 2: Key Management Actions Required (non-mandatory examples from ICMM’s Assurance Procedure): - Encourage customers, business partners and suppliers of goods and services to adopt principles and practices that are comparable to our own.</p>
IR	—
OECD	OECD-1A,C,D and E, OECD - 3B,C and D, OECD-4
UNGC	<p>Criterion 3 <i>and specifically:</i> - Statement of policy publicly available and communicated internally and externally to all personnel, business partners and other relevant parties (BRE 1 + BRE 5 + ARE 1 + ARE 5)</p> <p>Criterion 6 <i>and specifically:</i> - Inclusion of reference to the principles contained in the relevant international labour standards in contracts with suppliers and other relevant business partners</p>
VPSHR	—

## A2: EMBEDDING RESPECT FOR HUMAN RIGHTS

### A2.5: SUPPORTING QUESTION

#### What lessons has the company learned during the reporting period about achieving respect for human rights, and what has changed as a result?

##### OBJECTIVE

To explain whether experiences or other insights that the reporting company has gained during the reporting period have led to improvements in the management of human rights impacts that should help the company better to meet its responsibility to respect human rights over time.

##### SUPPORTING GUIDANCE

Meeting the responsibility to respect human rights is typically an ongoing challenge requiring continuous improvement based on learning. This requires a dynamic approach to the management of human rights risks that readers will be looking to see reflected in the reporting company's disclosure. Demonstrating that lessons are being learned and implemented is a key way of showing that the company is progressing in its efforts and, therefore, meeting the expectations of its various stakeholders.

Lessons learned might come from the reporting company's own activities, including in relation to its value chain, from feedback received from affected or potentially affected stakeholders, the experience of peers in the industry, or from expert reports or informal feedback about emerging challenges or successful innovations. The results of these lessons might include changes made (or planned) to any of the processes described in response to other questions in this Framework. This question offers an opportunity to describe forward-looking plans or targets for continued improvement in the next reporting period or beyond.

##### RELEVANT INFORMATION

###### Relevant information for the company's answer could include:

- ✓ Specific experiences or insights that have changed the company's approach to managing one or more human rights impacts;
- ✓ Changes made or planned to a policy, process or practice in order to better manage one or more human rights impacts.

##### THE UN GUIDING PRINCIPLES

###### UN Guiding Principle 20 provides that:

*"In order to verify whether adverse human rights impacts are being addressed, business enterprises should track the effectiveness of their response. Tracking should:*

- (a) Be based on appropriate qualitative and quantitative indicators;*
- (b) Draw on feedback from both internal and external sources, including affected stakeholders."*

###### The commentary to UN Guiding Principle 20 states that:

*"Tracking is necessary in order for a business enterprise to know if its human rights policies are being implemented optimally, whether it has responded effectively to the identified human rights impacts, and to drive continuous improvement.*

*Business enterprises should make particular efforts to track the effectiveness of their responses to impacts on individuals from groups or populations that may be at heightened risk of vulnerability or marginalization.*

*Tracking should be integrated into relevant internal reporting processes. Business enterprises might employ tools they already use in relation to other issues. This could include performance contracts and reviews as well as surveys and audits, using gender-disaggregated data where relevant. Operational-level grievance mechanisms can also provide important feedback on the effectiveness of the business enterprise's human rights due diligence from those directly affected (see Principle 29)."*

## REFERENCE POINTS IN OTHER INITIATIVES

*These references are intended to help users identify relevant information for answering this question, not as a substitute for the guidance above. See Annex D for a key to the initiatives referenced.*

<b>Initiative</b>	<b>Reference point</b>
DJSI	—
FTSE ESG	—
GNI	—
GRI	—
ICMM	—
IR	—
OECD	OECD-3B
UNGC	—
VPSHR	—

# **PART B:**

## **DEFINING THE FOCUS OF REPORTING**



# STATEMENT OF SALIENT ISSUES

**State the salient human rights issues associated with the company's activities and business relationships during the reporting period.**

## OBJECTIVE

To set out clearly those human rights issues on which the remainder of the company's reporting under Section C of this Framework will focus. These issues should reflect the human rights at risk of the most severe negative impact through the company's activities or business relationships.

## SUPPORTING GUIDANCE

A company's salient human rights issues are those human rights that are at risk of the most severe negative impact through its activities or business relationships. Identifying the company's salient human rights issues is also the first step of human rights due diligence under the UN Guiding Principles. For due diligence, this assessment and prioritization of human rights risks is about sequencing: knowing where to focus the company's efforts and resources first if it cannot address all impacts at once. It is not about ignoring less salient issues. For human rights reporting, the company's salient human rights issues define a cut-off point: the company's reporting will then focus on how the company understands and manages these issues.

Companies' processes to identify their salient human rights issues should focus on **the most severe potential negative impacts on human rights:**

- A. Most severe:** meaning those impacts that would be greatest in terms of:
  - a. their scale: the gravity of the impact on the human right(s); and/or
  - b. their scope: the number of individuals that are or could be affected; and/or
  - c. their remediability: the ease with which those impacted could be restored to their prior enjoyment of the right(s).
- B. Potential:** meaning those impacts that have some likelihood of occurring in the future, recognizing that these are often, though not limited to, those impacts that have occurred in the past;
- C. Negative:** placing the focus on the avoidance of harm to human rights rather than unrelated initiatives to support or promote human rights;
- D. Impacts on human rights:** placing the focus on risk to people, rather than on risk to the business.

Salient human rights issues may consist of individual human rights (such as freedom of expression, freedom of association, the right to non-discrimination or the right to water and sanitation), or they may be more general categories that relate to a business activity, a group of potentially affected individuals, or operating contexts that have implications for more than one human right (such as security and human rights, indigenous people's rights, land-related human rights).



## SUPPORTING GUIDANCE

An understanding of a company's salient human rights issues is built on a process by which the company:

- identifies the full range of human rights that could potentially be negatively impacted by its activities or through its business relationships:
  - involving all relevant functions and units across the business;
  - informed by the perspectives of those who may be negatively impacted;
- prioritizes potential negative impacts for attention:
  - primarily based on their potential severity, as defined in the UN Guiding Principles, namely:
    - how grave the impact would be;
    - how widespread the impact would be;
    - how hard it would be to put right the resulting harm;
  - secondarily based on their likelihood, retaining due attention to high-severity, low-likelihood impacts;
- engages with internal and external stakeholders to explain its conclusions and check whether any considerations have been missed.

If the number of salient issues initially identified is too large for the company to report on concisely, it may use the defining elements of 'severity' set out above to reduce the number further, for example, by focusing on those impacts that are most widespread in the company's operations or value chain.

### Identifying salient human rights issues

Companies' processes to identify their salient human rights issues should encompass:

- A. Not only their activities but also their business relationships**, understood as including their business partners, businesses in their value chains (including those that are one or more tiers removed) and any other business, government or other entity that is directly linked to their operations, products or services.
- B. The full range of individuals or groups that may be impacted** as a result of these activities and relationships, including:
  - i. the company's own employees and contract workers;
  - ii. employees and contract workers of companies that contribute to its operations, products or services through its value chain;
  - iii. communities affected by the company's operations;
  - iv. end users or consumers of its products or services;
  - v. any other stakeholder groups that may be impacted through its activities or business relationships.

Some groups may be particularly vulnerable to impacts in certain circumstances, for instance, indigenous peoples, children, women or ethnic groups.

- C. Negative impacts that the company could cause, contribute to or which could be directly linked to its operations, products or services**, without contribution on its part. For more on understanding these different ways the company can be involved with human rights impacts, see the commentary to UN Guiding Principle 19 and *The Corporate Responsibility to Respect Human Rights: An Interpretative Guide*.

If the company identifies a new salient human rights issue after the reporting period but before the report is made public, it should report this fact. It should use the questions in the Reporting Framework to address this new salient issue, in the same way as if it had arisen during the reporting period. If, due to limited time, the company is not able to understand and respond to this new salient issue sufficiently to answer the same questions under the Reporting Framework as it does for other issues, the company should make this clear.

The reporting company may identify certain severe human rights impacts that have occurred during the reporting period but which do not relate to one of the salient issues because they were isolated and unlikely to recur. Section B4 provides guidance to the company on including these impacts in its reporting.

Section 7 of the Overview of the UN Guiding Principles Reporting Framework explains the relationship between salient human rights issues and the concept of materiality, as well as how the two can be used together when human rights disclosure forms part of a broader report that uses materiality as its primary lens.

## RELEVANT INFORMATION

### Essential information includes:

- ✓ The salient human rights issues the reporting company has identified and that it will address in its responses to questions in Section C.

## THE UN GUIDING PRINCIPLES

### UN Guiding Principles 18 provides that:

*“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. This process should:*

*(a) Draw on internal and/or independent external human rights expertise;*

*(b) Involve meaningful consultation with potentially affected groups and other relevant stakeholders, as appropriate to the size of the business enterprise and the nature and context of the operation.”*

### The commentary to UN Guiding Principle 18 states that:

*“The initial step in conducting human rights due diligence is to identify and assess the nature of the actual and potential adverse human rights impacts with which a business enterprise may be involved. The purpose is to understand the specific impacts on specific people, given a specific context of operations. Typically this includes assessing the human rights context prior to a proposed business activity, where possible; identifying who may be affected; cataloguing the relevant human rights standards and issues; and projecting how the proposed activity and associated business relationships could have adverse human rights impacts on those identified.*

*In this process, business enterprises should pay special attention to any particular human rights impacts on individuals from groups or populations that may be at heightened risk of vulnerability or marginalization, and bear in mind the different risks that may be faced by women and men.”*

### UN Guiding Principle 24 provides that:

*“Where it is necessary to prioritize actions to address actual and potential adverse human rights impacts, business enterprises should first seek to prevent and mitigate those that are most severe or where delayed response would make them irremediable.”*

### The commentary to UN Guiding Principle 24 states that:

*“While business enterprises should address all their adverse human rights impacts, it may not always be possible to address them simultaneously. In the absence of specific legal guidance, if prioritization is necessary business enterprises should begin with those human rights impacts that would be most severe, recognizing that a delayed response may affect remediability. Severity is not an absolute concept in this context, but is relative to the other human rights impacts the business enterprise has identified.”*

### The Interpretive Guide to the Corporate Responsibility to Respect Human Rights states that:

*“The most salient human rights for a business enterprise are those that stand out as being most at risk. This will typically vary according to its sector and operating context. The Guiding Principles make clear that an enterprise should not focus exclusively on the most salient human rights issues and ignore others that might arise. But the most salient rights will logically be the ones on which it concentrates its primary efforts.”*



# DETERMINATION OF SALIENT ISSUES

**Describe how the salient human rights issues were determined, including any input from stakeholders.**

## OBJECTIVE

To enable the reader of the company's reporting to understand the basic processes through which the company identified the salient human rights issues on which it is reporting, and the key factors that informed that process.

## SUPPORTING GUIDANCE

Guidance to Section B1 described the key criteria that should guide the process of identifying the company's salient human rights issues. The reporting company should describe how those criteria have informed its identification of those salient issues in its response to this section.

It will also be important to convey any way in which inputs from stakeholders have informed the company's understanding of its salient human rights issues. In doing so, information about inputs from potentially affected stakeholders will be particularly relevant since their perspectives can raise important insights and understanding of potential impacts that may not otherwise be apparent to the company.

Engaging with potentially affected stakeholders usually happens at the local level and may be a part of the company's human rights due diligence or other ongoing activities. For larger companies, this can mean different engagement processes with different stakeholders in different business units or country operations. Companies – particularly smaller companies – that cannot so easily engage with affected stakeholders directly, may find reasonable alternatives such as consulting a variety of credible, independent expert resources, through which they can gain insight into the likely or typical perspectives of those who may be impacted.

It can also be valuable for reporting companies to involve expert stakeholders in the overarching assessment of their salient issues. These are stakeholders with a general understanding of human rights risks within the company's industry or areas of operation. They can include members of the company's own workforce as well as external experts. Consultations with these stakeholders can help ensure that the company's conclusions as to which human rights risks are salient for its business are, and are perceived as, well founded.

For more on the different kinds of stakeholders that are particularly relevant to companies' human rights performance, see the supporting guidance to question C2.

## RELEVANT INFORMATION

### Essential information includes:

- ✓ Key aspects of the process through which the company arrived at the stated list of salient human rights issues on which the remainder of its reporting will focus;
- ✓ The key factors that informed the company's assessment of salient human rights issues, with particular attention to the factors of severity and likelihood (see B1);
- ✓ If and how inputs from stakeholders were taken into account in the identification of the salient human right issues, in particular, inputs from potentially affected stakeholders;
- ✓ Any role of senior management and the Board in identifying and/or agreeing on the salient human right issues.

**Additional relevant information for the company’s answer could include:**

- ✓ Any developments in the process to identify salient human right issues since the last reporting period;
- ✓ Any reasons for changes in the salient human right issues being reported since the last reporting period;
- ✓ If it is likely that readers may reasonably expect certain other issues to be included under the company’s salient human right issues, the reason why they are not.

## THE UN GUIDING PRINCIPLES

**UN Guiding Principle 18 provides that:**

*“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. This process should:*

- (a) Draw on internal and/or independent external human rights expertise;*
- (b) Involve meaningful consultation with potentially affected groups and other relevant stakeholders, as appropriate to the size of the business enterprise and the nature and context of the operation.”*

**The commentary to UN Guiding Principle 18 states that:**

*“To enable business enterprises to assess their human rights impacts accurately, they should seek to understand the concerns of potentially affected stakeholders by consulting them directly in a manner that takes into account language and other potential barriers to effective engagement. In situations where such consultation is not possible, business enterprises should consider reasonable alternatives such as consulting credible, independent expert resources, including human rights defenders and others from civil society.”*



# CHOICE OF FOCAL GEOGRAPHIES

## If reporting on the salient human rights issues focuses on particular geographies, explain how that choice was made.

### OBJECTIVE

For those reporting companies that adopt a geographical focus in their reporting, to explain the basis for that decision and the principles underlying the selection of the specific chosen geographies.

### SUPPORTING GUIDANCE

Selecting specific geographies as a focus for reporting will not be necessary for every reporting company. It is an option that some companies – particularly large companies with multiple business units and/or operating contexts – may choose in order to ensure reporting is focused and relevant.

Focal geographies should be selected with a primary focus on risk to human rights, and, therefore, favour geographies where the salient issues being reported are significant. This significance may be due to:

- a. a local context of conflict or other weaknesses in the rule of law, placing the particular human rights at heightened risk;
- b. the particular vulnerability of certain groups in that location to impacts on the human rights in question, for instance, due to discriminatory laws or social practices;
- c. corruption or other factors that place the human rights in question at heightened risk from the actions of suppliers or other business partners.

Explaining the selection of geographies in terms of risk to human rights may, on occasion, raise sensitivities, for instance, if it might be seen to imply a critique of a particular government. In this case, the reporting company may find it useful to reference third-party sources as a basis for its selection, for example, by pointing to stakeholders' (including local stakeholders') interest in how the one or more of the salient human rights issues are respected in that country or region; or by reference to public assessments by an industry association, government or international organization of the human rights context.

A reporting company may choose the same focal geographies across all the salient human rights issues on which it is reporting. Alternatively, it may identify different geographies in relation to different issues.

Some companies may prefer not to focus all their reporting about a salient human rights issue on specific geographies, but to draw examples from multiple settings. The principle guiding which examples to select should be the same: examples should be drawn from settings where there are real challenges in preference to those where the issue is a limited problem or easy to address. It is in the challenging contexts that the company can best demonstrate that its efforts to ensure respect for the human right are meaningful and effective. If a company uses an example from a less challenging setting it should highlight the reason for the selection, for example, if it demonstrates an important innovation or an approach that the company will be rolling out to other geographies.

## RELEVANT INFORMATION

### Essential information for companies focusing their reporting on specific geographies includes:

- ✓ Which geographies form the focus for reporting in regard to which salient human rights issues;
- ✓ The reasons for the selection of those geographies, with due attention to the significance of risks to human rights.

### Additional relevant information for the company's answer could include:

- ✓ Key aspects of the process through which the specific geographies were selected;
- ✓ If and how inputs from stakeholders were taken into account in the identification of the selected geographies, in particular, inputs from potentially affected stakeholders;
- ✓ Any role of senior management and the Board in identifying and/or agreeing on the specific geographies.

## THE UN GUIDING PRINCIPLES

### UN Guiding Principle 21 states that:

*"Business enterprises whose operations or operating contexts pose risks of severe human rights impacts should report formally on how they address them."*

# B4

# ADDITIONAL SEVERE IMPACTS

**Identify any severe impacts on human rights that occurred or were still being addressed during the reporting period, but which fall outside of the salient human rights issues, and explain how they have been addressed.**

## OBJECTIVE

To enable companies to report on how they have addressed any severe impacts that are unrelated to their salient human rights issues, and which are therefore distinct from any severe impacts related to the salient human rights issues on which it will be reporting under Section C of this Framework.

## SUPPORTING GUIDANCE

This provision enables the reporting company to explain how it is addressing any severe impacts with which the company has been involved:

- that occurred during the reporting period but are unrelated to the salient human rights issues on which the company is reporting under Section C;
- that occurred prior to the reporting period and are still being addressed, but are unrelated to the salient human rights issues on which the company is reporting under Section C.

If neither of these is the case, the reporting company need not address this section of the Framework. Questions C3.2, C4.3 and C6.5 enable the company to report on severe impacts that are related to its salient human rights issues.

In exceptional circumstances, it may not be possible for a company to disclose certain information necessary to respond accurately to this provision of the Framework. In such cases, the company should indicate the nature of the information it has omitted and explain its reasons for the omission: for example, risk to the human rights of stakeholders, specific and legitimate legal prohibitions or confidentiality constraints, or the unavailability of reliable information. Where the company is prevented from disclosing information in specific or explicit form, it should, wherever possible, provide it in aggregated or anonymized form in order to avoid significant gaps in its disclosure.

## RELEVANT INFORMATION

For a company that identifies additional severe impacts under this provision, it may choose to use relevant questions under Part C to explain the impact and how it was addressed, or it may choose to provide a separate explanation. If a separate explanation is provided, relevant information to include would be:

- ✓ How the company was involved with the impact;
- ✓ The immediate response to the impact, once identified;
- ✓ Steps to provide or support the provision of remedy to those impacted (if the impact was caused or contributed to by the reporting company);
- ✓ Efforts to ensure that the impact could not continue or recur.

If the company has already issued an explanation of its response to the impact in a separate and earlier public document, it might provide a short summary and a link or reference to that document, provided it is readily accessible.

## THE UN GUIDING PRINCIPLES

### UN Guiding Principle 21 states that:

*“[...] Business enterprises whose operations or operating contexts pose risks of severe human rights impacts should report formally on how they address them. In all instances, communications should:*

- (a) Be of a form and frequency that reflect an enterprise’s human rights impacts and that are accessible to its intended audiences;*
- (b) Provide information that is sufficient to evaluate the adequacy of an enterprise’s response to the particular human rights impact involved;*
- (c) In turn not pose risks to affected stakeholders, personnel or to legitimate requirements of commercial confidentiality.”*

# **PART C:**

## **MANAGEMENT OF SALIENT HUMAN RIGHTS ISSUES**



# SPECIFIC POLICIES

## OVERARCHING QUESTION

**Does the company have any specific policies that address its salient human rights issues and, if so, what are they?**

## OBJECTIVE

To inform the reader of any specific policies the reporting company has in place – in addition to its overarching public human rights commitment – that are particularly relevant to the salient issues identified. By outlining, or referring the reader to, key elements of the policy, the reporting company can help the reader understand the foundation for how the company approaches the management of each salient issue.

## SUPPORTING GUIDANCE

Section A1 of this Reporting Framework is about a company’s public statement(s) of commitment to respect human rights at a general level. This section is about specific policies or policy provisions that address the salient human rights issues identified in Section B. These policies may or may not be public. They may overlap with the company’s public commitment, for example, where that commitment includes specific provisions related to a salient issue. Where that is the case, it would be helpful to make this clear in response to this question.

In some instances, a specific policy may relate solely to the salient issue on which the company is reporting. For example, the reporting company may have a policy on non-discrimination, on security and human rights or on data privacy that would be relevant for reporting on those issues.

In other instances, a salient issue may be addressed through a single provision or section within a broader document. For instance, a general human resources policy may include provisions on the right to freedom of association and collective bargaining in relation to its own employees. A supply chain code of conduct may include provisions on the right to freedom of association and collective bargaining in relation to the employees of suppliers.

Specific policies may be articulated at the corporate level or at the level of particular business units or regional or country operations, or both, depending on the size and structure of the company and how far a policy is, or needs to be, tailored to different areas of the business.

Some reporting companies may not have specific policies that address salient issues beyond their general public commitment to respect human rights, in which case they can make that clear. Other reporting companies may be planning or developing such policies, and this would also be relevant information to include.



## RELEVANT INFORMATION

### Relevant information for the company's answer could include:

- ✓ The focus and purpose of the specific policy/policies;
- ✓ The content of the policy/policies (in summary and/or through a link or cross-reference to another publicly available document);
- ✓ Any internal or external consultative processes that informed the development of the policy/policies;
- ✓ Whether, and if so how, senior management and/or the Board were involved in the development of the specific policy;
- ✓ Clarification of who is expected to implement the policy/policies (e.g., employees, contractors, suppliers);
- ✓ Clarification of whose human rights the policy/policies relate to (e.g., employees, contract workers, communities, consumers);
- ✓ Which position or function has operational responsibility for the policy's day-to-day implementation;
- ✓ Which position has ultimate accountability for the policy's implementation (if different from operational responsibility);
- ✓ The level (Board, senior management, or other) at which the specific policy was approved;
- ✓ Any changes in the specific policy within the reporting period;
- ✓ Any plans to update the specific policy within the next reporting period.

***The robustness of the reporting company's response to this question will be improved to the extent it is able to answer the supporting questions that follow.***

## THE UN GUIDING PRINCIPLES

### UN Guiding Principle 16 provides that:

*"As the basis for embedding their responsibility to respect human rights, business enterprises should express their commitment to meet this responsibility through a statement of policy that: ...*

*(e) Is reflected in operational policies and procedures necessary to embed it throughout the business enterprise."*

## REFERENCE POINTS IN OTHER INITIATIVES

*These references are intended to help users identify relevant information for answering this question, not as a substitute for the guidance above. See Annex D for a key to the initiatives referenced.*

Initiative	Reference point
DJSI	<i>For specific salient human rights issues identified:</i> Criterion: Supply Chain Management Question: Risk Management Measures Data-point: Standard/Policy Code of Conduct for suppliers Data-point: Contract Clauses
FTSE ESG	<i>For specific salient human rights issues identified, Strategy &amp; Practice and Quantitative, Sector Specific and Performance elements related to policy commitments under the following Themes:</i> Labour Standards, Health & Safety, Human Rights & Community Indicators, Social Supply Chain, Customer Responsibility
GNI	<i>Where freedom of expression and/or privacy are salient human rights issues:</i> Implementation Guidelines: 2. Responsible Company Decision Making - Integration into Business Operations; 3. Freedom of Expression; 4. Privacy
GRI	<i>For specific salient human rights issues identified: G4-DMAb (Policies and Commitments)</i>
ICMM	<i>For specific salient human rights issues identified:</i> Principle 1: Key Management Actions Required (non-mandatory examples from ICMM's Assurance Procedure): - Develop and implement company statements of ethical business principles and practices that management is committed to enforcing.  <i>Where this relates to policies on specific salient human rights issues identified: Principle 3</i>
IR	—
OECD	<i>Where supply or use of minerals from conflict-affected and high-risk areas is a salient human rights issue:</i> OECD-1 and OECD-3
UNGC	<i>For specific salient human rights issues identified:</i> Criterion 3, Criterion 6 and specifically: - Reference to principles of relevant international labour standards (ILO Conventions) and other normative international instruments in company policies
VPSHR	<i>Where security and human rights is a salient human rights issue:</i> 2. Relevant policies, procedures, and/or guidelines (or any changes thereof from the previous reporting year) to implement the Voluntary Principles.

## C1: SPECIFIC POLICIES

### C1.1: SUPPORTING QUESTION

#### How does the company make clear the relevance and significance of such policies to those who need to implement them?

##### OBJECTIVE

To explain how specific policies aimed at managing the salient human rights issues are communicated to those who need to implement them, such that they understand why their implementation matters, and what they need to do to help put them into practice.

##### SUPPORTING GUIDANCE

Those with a role in the implementation of the policies might include employees, contract workers, suppliers, business customers, joint venture partners or others. The communication of a policy might vary depending on the intended audience and how the policy relates to their particular responsibilities. For example, a policy related to the right to non-discrimination has different implications for someone who recruits employees, someone who allocates contracts to local suppliers in an ethnically diverse region, and someone who handles disciplinary matters.

##### RELEVANT INFORMATION

###### Relevant information for the company's answer could include:

- ✓ How the policy is disseminated to those who need to implement it (e.g., in writing, in meetings, on a website);
- ✓ How the policy is made understandable to those who need to implement it (e.g., through translation into different languages, or guidance on implementation related to their specific roles and responsibilities);
- ✓ How the significance of the policy as part of the wider business strategy is conveyed to those who need to implement it (e.g., through communication from top management, sharing information on successes or failures of implementation);
- ✓ Any training provided to support its implementation, including any training that is tailored to participants' particular roles and responsibilities;
- ✓ Any incentives for individuals or business partners to pay attention to the implementation of the policy in their work (e.g., periodic assessments of the policy's implementation, rewards and penalties linked to the success or failure of implementation, or other forms of accountability).

##### THE UN GUIDING PRINCIPLES

###### The commentary to UN Guiding Principle 16 provides that:

*"[I]nternal communication of the statement [of policy commitment] and of related policies and procedures should make clear what the lines and systems of accountability will be, and should be supported by any necessary training for personnel in relevant business functions."*

## REFERENCE POINTS IN OTHER INITIATIVES

*These references are intended to help users identify relevant information for answering this question, not as a substitute for the guidance above. See Annex D for a key to the initiatives referenced.*

Initiative	Reference point
DJSI	<i>For specific salient human rights issues identified:</i> Criterion: Codes of Conduct/Compliance/Corruption & Bribery Question: Codes of Conduct: Systems/Procedure Question: Codes of Conduct/Anti-Corruption & Bribery: Business Relationships
FTSE ESG	<i>For specific salient human rights issues identified:</i> Social Supply Chain: Strategy & Practice - Policy integrated into buyer training and purchasing
GNI	<i>Where freedom of expression and/or privacy are salient human rights issues:</i> Implementation Guidelines: 2. Responsible Company Decision Making - Integration into Business Operations
GRI	<i>Where security and human rights is a salient human rights issue:</i> G4-HR7 (a,b)
ICMM	—
IR	—
OECD	<i>Where supply or use of minerals from conflict-affected and high-risk areas is a salient human rights issue:</i> OECD-1A, OECD-1B, OECD-1D, OECD-3C
UNGC	<i>For specific salient human rights issues identified:</i> Criterion 4 <i>and specifically:</i> - Internal awareness-raising and training on human rights for management and employees
VPSHR	<i>Where security and human rights is a salient human rights issue:</i> 12. Examples of supporting outreach, education, and/or training of (i) relevant personnel, (ii) private security, (iii) public security, and/or (iv) civil society (e.g., local NGOs, community groups).  7. Examples of promoting awareness of the Voluntary Principles throughout the organization or government.



# STAKEHOLDER ENGAGEMENT

## OVERARCHING QUESTION

**What is the company's approach to engagement with stakeholders in relation to each salient human rights issue?**

## OBJECTIVE

To explain to the reader how the reporting company learns about the views of stakeholders who have insight into the salient issues on which it is reporting, and how it takes these perspectives into account in its decisions and actions.

## SUPPORTING GUIDANCE

Stakeholders are typically defined as those individuals or organizations that can affect, or be affected by, a company's actions and decisions.

In the context of the responsibility to respect human rights, a key purpose of engagement with stakeholders is to ensure a full understanding of how the company's actions and decisions can affect individuals and groups. The focus is therefore on stakeholders whose human rights can be negatively impacted, referred to in the UN Guiding Principles as, 'affected stakeholders' or 'potentially affected stakeholders', and the legitimate representatives of these individuals or groups.

Potentially affected stakeholders include internal stakeholders (e.g., employees and contract workers), as well as external stakeholders (e.g., supply chain workers, communities, consumers and end users of products). Particular attention should be paid to stakeholders who may be disadvantaged, marginalized or excluded from society and, therefore, particularly vulnerable to impacts on their human rights, such as children, women, indigenous peoples, people belonging to ethnic or other minorities, or persons with disabilities.

Stakeholders also include civil society groups who engage actively on human rights issues related to the company's operations or value chain and others with expertise in human rights that they can contribute to the company's understanding of its actual and potential human rights impacts. They also include shareholders, whether socially responsible investors who engage actively on human rights issues, or others whose financial returns can be affected when a company does not manage effectively risks to human rights.

Some companies may engage with the same external stakeholders about many or all of the salient issues being reported. In this case, the reporting company should make this clear and describe those processes in response to questions C2.1 or C2.2. If there are different engagement processes with different stakeholder groups or for different salient issues, the reporting company should also make this clear. It could provide an explanation of the company's overarching approach to engagement and provide further detail or examples in response to question C2.2.

## RELEVANT INFORMATION

### Relevant information for the company's answer could include:

- ✓ The company's view of the role and relevance of engagement with stakeholders for its efforts to meet its responsibility to respect human rights;
- ✓ Any policies governing engagement with internal and/or external stakeholders;
- ✓ The company's typical (representative) practices for engaging with stakeholders (insofar as these are not more fully described in responses to questions 2.1, 2.2 and 2.3);
- ✓ Any particular (representative) practices for engaging with stakeholders whose human rights may be directly affected through the company's activities or business relationships (insofar as these are not more fully described in responses to questions 2.1, 2.2 and 2.3);
- ✓ Any Global Framework Agreements the company has in place with global union federations, or other formal arrangements for engaging with unions representing employees or contract workers in relation to salient issues;
- ✓ Any other permanent arrangements the company has in place at the corporate or operational levels for engaging with stakeholders in relation to the salient issues identified (e.g., dialogue tables, stakeholder advisory councils, consultative groups);
- ✓ Any changes in stakeholder engagement processes within the reporting period (e.g., to include new forms of engagement, new topics for engagement, new groups with which the company is engaging);
- ✓ Any training or capacity-building the company provides to help staff engage appropriately and productively with different stakeholders;
- ✓ Any external processes in which the company takes part that provide a form of stakeholder engagement (e.g., national or international multi-stakeholder initiatives or local industry–union or industry–community dialogues).

***The robustness of the reporting company's response to this question will be improved to the extent that it is able to answer the supporting questions that follow.***

## THE UN GUIDING PRINCIPLES

### UN Guiding Principle 18 provides that:

*"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. This process should..."*

*(b) Involve meaningful consultation with potentially affected groups and other relevant stakeholders, as appropriate to the size of the business enterprise and the nature and context of the operation.”*

**The commentary to UN Guiding Principle 18 states that:**

*“To enable business enterprises to assess their human rights impacts accurately, they should seek to understand the concerns of potentially affected stakeholders by consulting them directly in a manner that takes into account language and other potential barriers to effective engagement.*

*In situations where such consultation is not possible, business enterprises should consider reasonable alternatives such as consulting credible, independent expert resources, including human rights defenders and others from civil society.”*

**REFERENCE POINTS IN OTHER INITIATIVES**

*These references are intended to help users identify relevant information for answering this question, not as a substitute for the guidance above. See Annex D for a key to the initiatives referenced.*

<b>Initiative</b>	<b>Reference point</b>
DJSI	For specific salient human rights issues identified: Criterion: Stakeholder Engagement Question: Governance
FTSE ESG	For specific salient human rights issues identified: Labour Standards: Strategy & Practice - Employee involvement in improvements  Human Rights & Community Indicators: Strategy & Practice - Stakeholder engagement consultations and reports
GNI	Where freedom of expression and/or privacy are salient human rights issues: Implementation Guidelines: 5. Multi-stakeholder Collaboration - Internal Advisory Forum; External Multistakeholder Learning Forums
GRI	For specific salient human rights issues identified: G4-26
ICMM	For specific salient human rights issues identified: Principle 4: Key Management Actions Required (non-mandatory examples from ICMM’s Assurance Procedure): - Consult with interested and affected parties in the identification, assessment and management of all significant social, health, safety, environmental and economic impacts associated with our activities. - Inform potentially affected parties of significant risks from mining, minerals and metals operations and of the measures that will be taken to manage the potential risks effectively. - Develop, maintain and test effective emergency response procedures in collaboration with potentially affected parties.  Principle 9: Key Management Actions Required (non-mandatory examples from ICMM’s Assurance Procedure): - Engage at the earliest practical stage with likely affected parties to discuss and respond to issues and conflicts concerning the management of social impacts. - Ensure that appropriate systems are in place for ongoing interaction with affected parties, making sure that minorities and other marginalized groups have equitable and culturally appropriate means of engagement.  Principle 10: Key Management Actions Required (non-mandatory examples from ICMM’s Assurance Procedure): - Engage with and respond to stakeholders through open consultation processes.
IR	Guiding Principle C3: Stakeholder Relationships
OECD	Where supply or use of minerals from conflict-affected and high-risk areas is a salient human rights issue: OECD-1A, OECD-2 and OECD-3
UNGC	For specific salient human rights issues identified: Criterion 21 and specifically: - Consult stakeholders in dealing with implementation dilemmas and challenges and invite them to take active part in reviewing performance, for specific salient human rights issues identified  Criterion 6 and specifically: - Structural engagement with a global union, possibly via a Global Framework Agreement, regarding specific salient human rights issues identified  Criterion 7 and specifically: - Dialogue mechanism with trade unions to regularly discuss and review company progress in addressing labour standards
VPSHR	—

## C2: STAKEHOLDER ENGAGEMENT

### C2.1: SUPPORTING QUESTION

#### How does the company identify which stakeholders to engage with in relation to each salient issue, and when and how to do so?

##### OBJECTIVE

To convey to the reader the principles underlying the company's decisions with regard to stakeholder engagement in relation to each salient issue.

##### SUPPORTING GUIDANCE

Responses to this question may address engagement with different kinds of stakeholder (see guidance to C2), insofar as the engagement relates to understanding or addressing the salient issues on which the company is reporting. It will be particularly relevant to include information on any engagement with (potentially) affected stakeholders and/or their legitimate representatives in relation to these issues.

##### RELEVANT INFORMATION

###### Relevant information for the company's answer could include:

- ✓ How the reporting company identifies stakeholders, including potentially impacted stakeholders (e.g., through a mapping process, based on internal or external guidance);
- ✓ On what occasions/at what times/how often the reporting company engages with stakeholders in relation to the salient issues (e.g., whether at certain points in a project or business process, on a regular basis (for example, through an advisory group, management–union dialogue or community dialogue table), in response to legal or other requirements, in response to stakeholder requests);
- ✓ Whether and how stakeholders or stakeholder groups, including potentially affected stakeholders or their legitimate representatives, can themselves initiate engagement with the reporting company in relation to any or all of the salient issues;
- ✓ What goals are set for engagement processes (e.g., to convey information, to hear views, to work in collaboration, to reach agreements).

##### THE UN GUIDING PRINCIPLES

###### The commentary to UN Guiding Principle 18 states that:

*“To enable business enterprises to assess their human rights impacts accurately, they should seek to understand the concerns of potentially affected stakeholders by consulting them directly in a manner that takes into account language and other potential barriers to effective engagement. In situations where such consultation is not possible, business enterprises should consider reasonable alternatives such as consulting credible, independent expert resources, including human rights defenders and others from civil society.”*

## REFERENCE POINTS IN OTHER INITIATIVES

*These references are intended to help users identify relevant information for answering this question, not as a substitute for the guidance above. See Annex D for a key to the initiatives referenced.*

Initiative	Reference point
DJSI	For specific salient human rights issues identified: Criterion: Stakeholder Engagement Question: Implementation; Data-point: Stakeholder Profiles, Engagement Process
FTSE ESG	—
GNI	—
GRI	<i>For specific salient human rights issues identified: G4-25</i>
ICMM	—
IR	—
OECD	<i>Where supply or use of minerals from conflict-affected and high-risk areas is a salient human rights issue: OECD-2A and B</i>
UNGC	—
VPSHR	—

## C2: STAKEHOLDER ENGAGEMENT

### C2.2: SUPPORTING QUESTION

**During the reporting period, which stakeholders has the company engaged with regarding each salient issue, and why?**

#### OBJECTIVE

To provide concrete examples of the reporting company's engagement with stakeholders in relation to each salient issue and their reasons for engaging.

#### SUPPORTING GUIDANCE

The supporting guidance to question C2 sets out different kinds of stakeholders that are relevant to a company's human rights performance. It will be particularly relevant to include information or examples related to engagement with potentially affected stakeholders.

It will sometimes be inappropriate to name specific individuals or groups with which the company has engaged, if this may pose risks to those involved. Where this is the case, information about the types of stakeholders engaged and for what general purposes may be more appropriate.

Examples should be drawn from settings where there are real challenges in preference to those where the salient issue is a limited problem and/or easy to address. If a company uses an example from a less challenging setting, it should highlight the reason for the selection, for example, if it demonstrates an important innovation or an approach that the company will be rolling out to other geographies. Taken together, examples should be balanced and broadly representative of the company's performance; if they are not, the company should explain why.

## RELEVANT INFORMATION

### Relevant information for the company's answer could include:

- ✓ Specific organizations, groups or types of stakeholder engaged in particular operating contexts in relation to one or more salient issues, with particular attention paid to potentially affected stakeholders;
- ✓ The general rationale for the engagements;
- ✓ The particular purposes of different engagements and the extent to which those purposes were achieved or advanced;
- ✓ If the engagements were single events or are part of an ongoing engagement process;
- ✓ Any information about how these engagement processes reflect the company's general approach to stakeholder engagement as described in response to question C2.1.

## THE UN GUIDING PRINCIPLES

### The commentary to UN Guiding Principle 18 states that:

*"To enable business enterprises to assess their human rights impacts accurately, they should seek to understand the concerns of potentially affected stakeholders by consulting them directly in a manner that takes into account language and other potential barriers to effective engagement. In situations where such consultation is not possible, business enterprises should consider reasonable alternatives such as consulting credible, independent expert resources, including human rights defenders and others from civil society."*

## REFERENCE POINTS IN OTHER INITIATIVES

*These references are intended to help users identify relevant information for answering this question, not as a substitute for the guidance above. See Annex D for a key to the initiatives referenced.*

Initiative	Reference point
DJSI	<i>For specific salient human rights issues identified:</i> Criterion: Stakeholder Engagement Question: Implementation; Data-point: Examples of key stakeholders
FTSE ESG	—
GNI	—
GRI	<i>For specific salient human rights issues identified: G4-24</i>
ICMM	—
IR	—
OECD	<i>Where supply or use of minerals from conflict-affected and high-risk areas is a salient human rights issue:</i> OECD-2B, OECD-3B, C
UNGC	—
VPSHR	<i>Where security and human rights is a salient human rights issue:</i> 10. Engagements with stakeholders on country implementation.



## C2: STAKEHOLDER ENGAGEMENT

### C2.3: SUPPORTING QUESTION

**During the reporting period, how have the views of stakeholders influenced the company's understanding of each salient issue and/or its approach to addressing it?**

#### OBJECTIVE

To demonstrate, through concrete examples, the extent to which the reporting company's engagement with stakeholders serves the intended purpose of informing and improving its ability to respect human rights across its activities and business relationships.

#### SUPPORTING GUIDANCE

The focus in addressing this question is on specific examples from within the reporting period of whether and how engagement with stakeholders has influenced how the company understands or addresses each salient issue. It will be particularly relevant to report on examples involving engagement with (potentially) affected stakeholders.

#### RELEVANT INFORMATION

**Relevant information for the company's answer could include:**

- ✓ The views and specific inputs of stakeholders on the different salient issues;
- ✓ Company decisions or actions regarding any of the salient issues that have been informed by stakeholder inputs (e.g., engagement with a business partner to mitigate a risk of impacts in light of feedback from employees; a decision not to proceed with a project based on inputs from communities and relevant experts; a change in labour practices based on a negotiation with workers or trade unions);
- ✓ Reasons for a decision not to make changes in response to a significant point of stakeholder feedback related to a salient issue;
- ✓ If and how stakeholders were informed of the decisions, actions or other changes that resulted from their inputs.

#### THE UN GUIDING PRINCIPLES

**The commentary to UN Guiding Principle 18 states that:**

*"To enable business enterprises to assess their human rights impacts accurately, they should seek to understand the concerns of potentially affected stakeholders by consulting them directly in a manner that takes into account language and other potential barriers to effective engagement."*

**UN Guiding Principle 20 provides that:**

*"In order to verify whether adverse human rights impacts are being addressed, business enterprises should track the effectiveness of their response. Tracking should: ...*

*(b) Draw on feedback from both internal and external sources, including affected stakeholders."*

**UN Guiding Principle 21 provides that:**

*"In order to account for how they address their human rights impacts, business enterprises should be prepared to communicate this externally, particularly when concerns are raised by or on behalf of affected stakeholders."*

**The commentary to UN Guiding Principle 31 states that:**

*"For an operational-level grievance mechanism, engaging with affected stakeholder groups about its design and performance can help to ensure that it meets their needs, that they will use it in practice, and that there is a shared interest in ensuring its success."*

## REFERENCE POINTS IN OTHER INITIATIVES

These references are intended to help users identify relevant information for answering this question, not as a substitute for the guidance above. See Annex D for a key to the initiatives referenced.

Initiative	Reference point
DJSI	—
FTSE ESG	—
GNI	—
GRI	For specific salient human rights issues identified: G4-27
ICMM	—
IR	—
OECD	Where supply or use of minerals from conflict-affected and high-risk areas is a salient human rights issue: OECD-3B, C and D
UNGC	For specific salient human rights issues identified: Criterion 21 and specifically: - Define sustainability strategies, goals and policies in consultation with key stakeholders  Criterion 5 and specifically: - Monitoring drawn from internal and external feedback, including affected stakeholders - Process to deal with incidents the company has caused or contributed to for internal and external stakeholders (BRE 4 + ARE 4)
VPSHR	—



# ASSESSING IMPACTS

## OVERARCHING QUESTION

**How does the company identify any changes in the nature of each salient human rights issue over time?**

### OBJECTIVE

To provide additional information about how the reporting company keeps each salient issue under review and identifies any changes in the potential severity or likelihood of impacts over time and across its activities and business relationships.

### SUPPORTING GUIDANCE

The reporting company has already described, in response to Section B2, how it identified the salient human rights issues on which it is reporting: those human rights that are at risk of the most severe negative impact through the company's activities or business relationships. This question is about reporting on how it identifies changes in the level of risk associated with those salient issues over time.

Under the UN Guiding Principles, the severity of an impact is determined by one or more of three characteristics:

- A. its scale: the gravity of the impact on the human right(s);
- B. its scope: the number of individuals that are or could be affected;
- C. its remediability: the ease with which those impacted could be restored to their prior enjoyment of the right(s).

A number of factors may change either the potential severity of a salient issue or its likelihood. For example, the company may enter a new market where laws or social practices place the right at greater risk; it may undertake a new acquisition or joint venture in a location or with another company that brings added risk; it may expand into new product areas or sell products to new customers that carry a greater risk of abusive use of the product; it may be subject to changes in certain operating environments such as increases in conflict or significant changes in democratic freedoms.

The reporting company does not need to give specific details of changes where doing so jeopardizes delicate situations, for example, if naming a government that is abusing human rights would jeopardize the company's ability to do business within the country. However, the company can nevertheless use this question to reflect in more general terms on how it goes about keeping up to date with such changes in the risk environment, and incorporating them into its assessments of its salient human rights issues over time.

## RELEVANT INFORMATION

### Relevant information for the company's answer could include:

- ✓ Processes through which the company identifies changes in the type or level of risk to human rights associated with its salient human rights issues (e.g., periodic repeat impact assessments; engagement with relevant stakeholders; patterns and trends in complaints received; responsiveness to political developments; due diligence as part of mergers and acquisitions);
- ✓ Any role that internal or external audit or assurance processes play in informing assessments of changes in the type or level of risks involved;
- ✓ Any key performance indicators or metrics that help the company identify changes in the nature of its salient human rights issues.

***The robustness of the reporting company's response to this question will be improved to the extent that it is able to answer the supporting questions that follow.***

## THE UN GUIDING PRINCIPLES

### UN Guiding Principle 18 provides that:

*"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. This process should:*

- (a) Draw on internal and/or independent external human rights expertise;*
- (b) Involve meaningful consultation with potentially affected groups and other relevant stakeholders, as appropriate to the size of the business enterprise and the nature and context of the operation."*

### UN Guiding Principle 17 provides that:

*"...Human rights due diligence:[...]*

- (c) Should be ongoing, recognizing that the human rights risks may change over time as the business enterprise's operations and operating context evolve."*

### The commentary to UN Guiding Principle 18 states that:

*"Because human rights situations are dynamic, assessments of human rights impacts should be undertaken at regular intervals: prior to a new activity or relationship; prior to major decisions or changes in the operation (e.g., market entry, product launch, policy change, or wider changes to the business); in response to or anticipation of changes in the operating environment (e.g., rising social tensions); and periodically throughout the life of an activity or relationship."*

## REFERENCE POINTS IN OTHER INITIATIVES

These references are intended to help users identify relevant information for answering this question, not as a substitute for the guidance above. See Annex D for a key to the initiatives referenced.

Initiative	Reference point
DJSI	<p><i>For specific salient human rights issues identified:</i>                      Criterion: Risk &amp; Crisis Management                      Question: Analysis of Risk                      Question: Sensitivity Analysis and Stress Testing                      Criterion: Supply Chain Management                      Question: Supply Chain Management: Risk Exposure</p>
FTSE ESG	<p><i>For specific salient human rights issues identified:</i>                      Labour Standards: Strategy &amp; Practice                      - Risk assessment and due diligence</p> <p>Human Rights &amp; Community Indicators: Strategy &amp; Practice                      - Impact assessment on new and existing operations</p> <p>Social Supply Chain: Strategy &amp; Practice                      - Risk assessment on new and existing suppliers</p> <p>Health &amp; Safety: Strategy &amp; Practice                      - Risk assessment and due diligence</p> <p>Risk Management: Strategy &amp; Practice                      - Scenario planning and stress testing                      - Reviews of Code compliance against Code of Conduct</p>
GNI	<p><i>Where freedom of expression and/or privacy are salient human rights issues:</i>                      Implementation Guidelines: 2. Responsible Company Decision Making - Human Rights Impact Assessments; 4. Privacy - Data Collection</p>
GRI	<p><i>Where salient human rights issues include human rights in the supply chain:</i>                      G4-DMAb (screening new suppliers)                      G4-DMAb (assessing and auditing suppliers)                      GR-HR11 (a, b)                      GR-SO1</p>
ICMM	<p><i>For specific salient human rights issues identified:</i>                      Subject Matter 2: The company's material SD risks and opportunities based on its own review of the business and the views and expectations of its stakeholders.                      ICMM Requirement:                      The company's description of its process for identifying material issues (as reported).</p> <p><i>For specific salient human rights issues identified:</i>                      Principle 6: Key Management Actions Required (non-mandatory examples from ICMM's Assurance Procedure):                      - Assess the positive and negative, the direct and indirect, and the cumulative environmental impacts of new projects – from exploration through closure.</p>
IR	<p>Content Element 4G: Outlook                      Content Element 4C: Business model - outcomes (particularly relates to C3.1 and C3.2)                      Content Element 4F: Performance - outcomes (particularly relates to C3.1 and C3.2)</p>
OECD	<p><i>Where supply or use of minerals from conflict-affected and high-risk areas is a salient human rights issue:</i> OECD-3</p>
UNGC	<p><i>For specific salient human rights issues identified:</i>                      Criterion 4 and specifically:                      - On-going due diligence process that includes an assessment of actual and potential human rights impacts (BRE 2 + BRE 3 + ARE 2 + ARE 3)</p> <p>Criterion 7 and specifically:                      - Risk and impact assessments in the area of labour</p>
VPSHR	<p><i>Where security and human rights is a salient human rights issue:</i> 3. Company procedure to conduct security and human rights risk assessments.</p>

## C3: ASSESSING IMPACTS

### C3.1: SUPPORTING QUESTION

#### **During the reporting period, were there any notable trends or patterns in impacts related to a salient issue and, if so, what were they?**

##### **OBJECTIVE**

To provide the reader with general evidence, from within the reporting period, of how each salient issue is evolving and to demonstrate its ongoing due diligence.

##### **SUPPORTING GUIDANCE**

Question 3.2 focuses on specific impacts that have occurred within the reporting period. In responding to question 3.1, the reporting company can point more broadly to the factors that make the issue salient and how they have developed over the reporting period. This might include, for example, trends in evidence of a certain impact from the company's supply chain audits, an increase (or decrease) in complaints about a certain kind of impact in relation to the company's operations in a particular region, patterns in the cases or reports of a certain impact across the company's industry.

The company may have specific quantitative or other indicators that would provide useful data as a means of answering this question. These can be particularly helpful to the reader and also demonstrate the existence of a systematic approach to assessing impacts on the human rights in question.

##### **RELEVANT INFORMATION**

###### **Relevant information for the company's answer could include:**

- ✓ Aggregated information from social or human rights audits or assessments;
- ✓ Aggregated information from a grievance or complaints mechanism;
- ✓ Aggregated information from an internal risk register;
- ✓ Industry, government or expert data relevant to the salient human right issues;
- ✓ Anecdotal evidence of trends or patterns gathered through other means (e.g., media, stakeholder engagement, government or intergovernmental action);
- ✓ Other metrics or key performance indicators that support the company's conclusions about trends and patterns.

##### **THE UN GUIDING PRINCIPLES**

###### **UN Guiding Principle 17 provides that:**

*"...Human rights due diligence:*

- (a) Should cover adverse human rights impacts that the business enterprise may cause or contribute to through its own activities, or which may be directly linked to its operations, products or services by its business relationships;*
- (b) Will vary in complexity with the size of the business enterprise, the risk of severe human rights impacts, and the nature and context of its operations;*
- (c) Should be ongoing, recognizing that the human rights risks may change over time as the business enterprise's operations and operating context evolve."*

## REFERENCE POINTS IN OTHER INITIATIVES

*These references are intended to help users identify relevant information for answering this question, not as a substitute for the guidance above. See Annex D for a key to the initiatives referenced.*

Initiative	Reference point
DJSI	—
FTSE ESG	—
GNI	—
GRI	—
ICMM	—
IR	Content Element 4C: Business model - outcomes (particularly relates to C3.1 and C3.2) Content Element 4F: Performance - outcomes (particularly relates to C3.1 and C3.2)
OECD	<i>Where supply or use of minerals from conflict-affected and high-risk areas is a salient human rights issue:</i> OECD 1D and 1E, OECD-3C and 3D
UNGC	—
VPSHR	—

## C3: ASSESSING IMPACTS

### C3.2: SUPPORTING QUESTION

**During the reporting period, did any severe impacts occur that were related to a salient issue and, if so, what were they?**

#### OBJECTIVE

To provide specific evidence, from within the reporting period, of how and why each of the human rights issues on which the company is reporting is salient. This can help demonstrate that the company's processes to identify human rights impacts over time are working in practice.

#### SUPPORTING GUIDANCE

In response to this question, the reporting company should go beyond trends and patterns to focus on specific cases.

The most important factor in selecting examples should be the severity of the impact. Other factors may include an increased likelihood of the impact recurring (such as in a market where it was not previously seen, or was not previously severe), particular challenges in addressing the impact (for example, due to conflict or the role of third parties) or the high public profile of the impact.

Responses to this question may best be provided together with responses to questions C4.3 and C6.5 about how the company has addressed potential and actual impacts respectively.

Severe impacts may already be publicly known and discussed, whether they are individual incidents or part of an endemic pattern, such as systemic child labour or forced labour in particular countries where inputs to a company's products are sourced, or where it operates. There may be concerns on the part of a reporting company about reporting publicly on severe impacts, particularly if they have not fully been addressed. The opportunity of responding openly to questions 3.2, 4.3 and 6.5 lies in the ability to demonstrate that actual and potential impacts are recognized and actions are under way to address them, while also acknowledging that it takes time to do this and often requires the involvement – sometimes the leading involvement – of third parties as well. In particular, where impacts are publicly known, the greatest risk to a company may lie in the failure to acknowledge them and to explain how they are being addressed.

In exceptional circumstances, it may not be possible for a company to disclose certain information that would be necessary to respond accurately to this question. In such cases, the company should indicate the nature of the information it has omitted and explain its reasons for the omission: for example, risk to the human rights of stakeholders, specific and legitimate legal prohibitions or confidentiality constraints, or the unavailability of reliable information. Where the company is prevented from disclosing information in specific or explicit form, it should, wherever possible, provide it in aggregated or anonymized form in order to avoid significant gaps in its disclosure.

## RELEVANT INFORMATION

### Relevant information for the company's answer could include:

- ✓ Examples of severe impacts that are systemic in a certain area of the company's operations or value chain and relate to a salient issue (e.g., child labour in a certain sourcing country, impacts on indigenous and other communities in relation to natural resource extraction, impacts on access to water due to agricultural activity in water-scarce regions);
- ✓ Examples of non-systemic impacts related to a salient issue that were the most severe within the reporting period;
- ✓ Examples of incidents discussed in the media or in an NGO or expert report that relate to a salient issue;
- ✓ How the company was involved with the impacts, that is, by causing or contributing to them, or because they are linked to its operations, products or services, but without contribution on its part.

## THE UN GUIDING PRINCIPLES

### UN Guiding Principle 17 provides that:

*"...Human rights due diligence:*

- (a) Should cover adverse human rights impacts that the business enterprise may cause or contribute to through its own activities, or which may be directly linked to its operations, products or services by its business relationships;*
- (b) Will vary in complexity with the size of the business enterprise, the risk of severe human rights impacts, and the nature and context of its operations;*
- (c) Should be ongoing, recognizing that the human rights risks may change over time as the business enterprise's operations and operating context evolve."*

### UN Guiding Principle 21 provides that:

*"In order to account for how they address their human rights impacts, business enterprises should be prepared to communicate this externally, particularly when concerns are raised by or on behalf of affected stakeholders. Business enterprises whose operations or operating contexts pose risks of severe human rights impacts should report formally on how they address them. In all instances, communications should: ...*

- (b) Provide information that is sufficient to evaluate the adequacy of an enterprise's response to the particular human rights impact involved..."*

## REFERENCE POINTS IN OTHER INITIATIVES

*These references are intended to help users identify relevant information for answering this question, not as a substitute for the guidance above. See Annex D for a key to the initiatives referenced.*

Initiative	Reference point
DJSI	—
FTSE ESG	—
GNI	—
GRI	<i>For specific salient human rights issues identified:</i> G4-HR3 (a) (discrimination) G4-HR4 (b) (freedom of association/collective bargaining) G4-HR5 (a, b) (child labor) G4-HR6 (a) (forced labor) G4-HR8a (rights of indigenous peoples)
ICMM	—
IR	Content Element 4C: Business model - outcomes (particularly relates to C3.1 and C3.2) Content Element 4F: Performance - outcomes (particularly relates to C3.1 and C3.2)
OECD	<i>Where supply or use of minerals from conflict-affected and high-risk areas is a salient human rights issue:</i> OECD-3C and 3D
UNGC	<i>For specific salient human rights issues identified:</i> Criterion 5 and specifically: - Outcomes of integration of the human rights principles: Disclosure of main incidents involving the company
VPSHR	—



# INTEGRATING FINDINGS AND TAKING ACTION

## OVERARCHING QUESTION

**How does the company integrate its findings about each salient human rights issue into its decision-making processes and actions?**

## OBJECTIVE

To explain if and how the reporting company's understanding of its salient human rights issues makes a difference to how it conducts business.

## SUPPORTING GUIDANCE

The focus of Section C4 is on the prevention and mitigation of potential human rights impacts: a forward-looking focus. This includes the company's efforts to prevent actual impacts from continuing or recurring. Section C6 focuses on backward-looking actions to address the harm to individuals that results from actual impacts once they have occurred.

Understanding impacts, identifying appropriate responses and putting them into practice takes time, and human rights risks themselves can change over time. It is therefore unlikely that a reporting company will be able to respond to this question (or to the supporting questions) by showing that all challenges have been addressed. Rather, the opportunity is to demonstrate the company's general and specific approaches to addressing impacts, how far it has progressed in its efforts to do so and its aims for continued improvement.

## RELEVANT INFORMATION

**Relevant information for the company's answer could include:**

- ✓ Processes through which the company takes decisions on how best to address each salient issue in practice;
- ✓ Examples of how findings about each salient issue have informed policies and procedures to improve the management of risks related to that issue;
- ✓ Any forward-looking strategies or priorities to address and advance the management of a salient issue;
- ✓ Examples of how findings about each salient issue have informed policies and procedures;
- ✓ The level and function within the company that has overall responsibility for addressing each salient issue (if different from information on general responsibility for human rights provided in response to question A2.1);
- ✓ The level and function within the company that has overall accountability (the most senior and explicit decision-making authority) for addressing each salient issue (if different from information on general accountability for human rights provided in response to question A2.1);
- ✓ Any processes of oversight related to each salient issue that help ensure the implementation of decisions and actions to prevent or mitigate actual impacts;
- ✓ How any conflicts between international human rights standards and national law are handled in relation to any of the salient issues;
- ✓ What resources, including budgets, are allocated to the management of each salient issue.

***The robustness of the reporting company's response to this question will be improved to the extent that it is able to answer the supporting questions that follow.***



## THE UN GUIDING PRINCIPLES

### UN Guiding Principle 19 provides that:

*“In order to prevent and mitigate adverse human rights impacts, business enterprises should integrate the findings from their impact assessments across relevant internal functions and processes, and take appropriate action.*

*(a) Effective integration requires that:*

- i. Responsibility for addressing such impacts is assigned to the appropriate level and function within the business enterprise;*
- ii. Internal decision-making, budget allocations and oversight processes enable effective responses to such impacts.*

*(b) Appropriate action will vary according to:*

- i. Whether the business enterprise causes or contributes to an adverse impact, or whether it is involved solely because the impact is directly linked to its operations, products or services by a business relationship;*
- ii. The extent of its leverage in addressing the adverse impact.”*

### The commentary to UN Guiding Principle 19 states that:

*“The horizontal integration across the business enterprise of specific findings from assessing human rights impacts can only be effective if its human rights policy commitment has been embedded into all relevant business functions. This is required to ensure that the assessment findings are properly understood, given due weight, and acted upon. In assessing human rights impacts, business enterprises will have looked for both actual and potential adverse impacts. Potential impacts should be prevented or mitigated through the horizontal integration of findings across the business enterprise, while actual impacts – those that have already occurred – should be a subject for remediation (Principle 22).*

*Where a business enterprise causes or may cause an adverse human rights impact, it should take the necessary steps to cease or prevent the impact. Where a business enterprise contributes or may contribute to an adverse human rights impact, it should take the necessary steps to cease or prevent its contribution and use its leverage to mitigate any remaining impact to the greatest extent possible. Leverage is considered to exist where the enterprise has the ability to effect change in the wrongful practices of an entity that causes a harm.*

*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.*

*The more complex the situation and its implications for human rights, the stronger is the case for the enterprise to draw on independent expert advice in deciding how to respond. If the business enterprise has leverage to prevent or mitigate the adverse impact, it should exercise it. And if it lacks leverage there may be ways for the enterprise to increase it. Leverage may be increased by, for example, offering capacity-building or other incentives to the related entity, or collaborating with other actors.*

*There are situations in which the enterprise lacks the leverage to prevent or mitigate adverse impacts and is unable to increase its leverage. Here, the enterprise should consider ending the relationship, taking into account credible assessments of potential adverse human rights impacts of doing so.*

*Where the relationship is ‘crucial’ to the enterprise, ending it raises further challenges. A relationship could be deemed as crucial if it provides a product or service that is essential to the enterprise’s business, and for which no reasonable alternative source exists. Here the severity of the adverse human rights impact must also be considered: the more severe the abuse, the more quickly the enterprise will need to see change before it takes a decision on whether it should end the relationship. In any case, for as long as the abuse continues and the enterprise remains in the relationship, it should be able to demonstrate its own ongoing efforts to mitigate the impact and be prepared to accept any consequences – reputational, financial or legal – of the continuing connection.”*

## REFERENCE POINTS IN OTHER INITIATIVES

These references are intended to help users identify relevant information for answering this question, not as a substitute for the guidance above. See Annex D for a key to the initiatives referenced.

Initiative	Reference point
DJSI	<p><i>For specific salient human rights issues identified:</i>            Criterion: Risk &amp; Crisis Management            Question: Risk Response Strategy</p> <p>Criterion: Supply Chain Management            Question: Risk Management Measures            Question: ESG Integration in SCM Strategy</p>
FTSE ESG	<p><i>For specific salient human rights issues identified:</i>            Health &amp; Safety: Strategy &amp; Practice            - Performance monitoring and management            - Incidents investigated, reported and action taken</p> <p>Labour Standards: Strategy &amp; Practice            - Actions to address labour issues and improve diversity            - Incidents of non-compliance and action taken</p> <p>Social Supply Chain: Strategy &amp; Practice            - Capacity building in suppliers</p> <p>Social Supply Chain: Quantitative, Sector Specific and Performance            - Results of supplier monitoring/auditing and actions on non-compliance</p> <p>Customer Responsibility: Strategy &amp; Practice            - Initiatives to protect vulnerable groups</p> <p>Customer Responsibility: Quantitative, Sector Specific and Performance            - Non-compliance and corrective action on Breast Milk Substitutes marketing</p>
GNI	<p><i>Where freedom of expression and/or privacy are salient human rights issues:</i>            Implementation Guidelines: 2. Responsible Company Decision Making - Integration into Business Operations; Partners, Suppliers and Distributors; 3. Freedom of Expression; 4. Privacy</p>
GRI	<p><i>For specific salient human rights issues identified:</i> G4-HR1 (a, b)</p>
ICMM	<p><i>For specific salient human rights issues identified:</i>            Subject Matter 3: The existence and status of implementation of systems and approaches that a company is using to manage each (or a selection) of the identified material SD risks and opportunities.</p> <p><i>For specific salient human rights issues identified:</i>            Principle 6: Key Management Actions Required (non-mandatory examples from ICMM's Assurance Procedure):            - Implement an environmental management system focused on continual improvement to review, prevent, mitigate or ameliorate adverse environmental impacts.            - Design and plan all operations so that adequate resources are available to meet the closure requirements of all operations.</p>
IR	<p>Content Element 4D: Risks and opportunities - how the organization is dealing with them (relates also to C4.1, C4.2 and C4.3)</p>
OECD	<p><i>Where supply or use of minerals from conflict-affected and high-risk areas is a salient human rights issue:</i> OECD-1 and OECD-3</p>
UNGC	<p><i>For specific salient human rights issues identified:</i> Criterion 1</p>
VPSHR	<p><i>Where security and human rights is a salient human rights issue:</i>            5. Company procedure to consider the Voluntary Principles in entering into relations with public/private security providers.</p> <p>11. Voluntary Principles considerations in the selection of private security providers and formulation of contractual agreement with private security providers, as well as arrangement with public security forces.</p>

## C4: INTEGRATING FINDINGS AND TAKING ACTION

### C4.1: SUPPORTING QUESTION

#### **How are those parts of the company whose decisions and actions can affect the management of salient issues, involved in finding and implementing solutions?**

##### OBJECTIVE

To explain the reporting company's efforts and progress in building a coherent approach to addressing the salient issues, including their root causes, across all relevant parts of the business.

##### SUPPORTING GUIDANCE

Most human rights issues are relevant for more than one business function, unit or department in a company. It is usually the case that different parts of the company can exacerbate and/or mitigate the risk of impacts on human rights through their actions and decisions. The reporting company can use its response to this question to explain how the responsibilities of people in different parts of the company are understood with regard to each salient human rights issue, and how those people are involved in the company's efforts to find solutions.

##### RELEVANT INFORMATION

###### **Relevant information for the company's answer could include:**

- ✓ Structures, such as cross-functional committees, through which information is shared and/or decisions are made across the relevant parts of the business regarding each salient issue (e.g., a human rights committee, a supply chain board, a sales compliance board, a community relations committee);
- ✓ Other processes through which information is shared and/or decisions are jointly made across the relevant parts of the business in relation to each salient issue (e.g., issue-specific meetings, internal updates and reporting on evolving issues, reporting to senior management; reporting to the Board);
- ✓ Examples of specific decisions or actions taken that have involved different parts of the business in preventing or mitigating potential impacts related to the salient issue.

##### THE UN GUIDING PRINCIPLES

###### **UN Guiding Principle 19 provides that:**

*"In order to prevent and mitigate adverse human rights impacts, business enterprises should integrate the findings from their impact assessments across relevant internal functions and processes, and take appropriate action..."*

###### **The commentary to UN Guiding Principle 19 states that:**

*"The horizontal integration across the business enterprise of specific findings from assessing human rights impacts can only be effective if its human rights policy commitment has been embedded into all relevant business functions. This is required to ensure that the assessment findings are properly understood, given due weight, and acted upon.*

*In assessing human rights impacts, business enterprises will have looked for both actual and potential adverse impacts. Potential impacts should be prevented or mitigated through the horizontal integration of findings across the business enterprise..."*

## REFERENCE POINTS IN OTHER INITIATIVES

These references are intended to help users identify relevant information for answering this question, not as a substitute for the guidance above. See Annex D for a key to the initiatives referenced.

Initiative	Reference point
DJSI	For specific salient human rights issues identified: Criterion: Risk & Crisis Management Question: Responsibility Risk & Crisis Management
FTSE ESG	—
GNI	—
GRI	—
ICMM	—
IR	Content Element 4D: Risks and opportunities - how the organization is dealing with them (relates also to C4.1, C4.2 and C4.3)
OECD	Where supply or use of minerals from conflict-affected and high-risk areas is a salient human rights issue: OECD-1B
UNGC	For specific salient human rights issues identified: Criterion 4 and specifically: - Allocation of responsibilities and accountability for addressing human rights impacts - Internal decision-making, budget and oversight for effective responses to human rights impacts  Criterion 7 and specifically: - Allocation of responsibilities and accountability for addressing human rights impacts
VPSHR	—

## C4: INTEGRATING FINDINGS AND TAKING ACTION

### C4.2: SUPPORTING QUESTION

**When tensions arise between the prevention or mitigation of impacts related to a salient issue and other business objectives, how are these tensions addressed?**

#### OBJECTIVE

To offer insights into principles, policies or processes that guide the reporting company in handling any conflicts between preventing human rights impacts in the most effective way and meeting other business objectives, whether in general terms or through specific cases that have arisen.

#### SUPPORTING GUIDANCE

This question recognizes that the corporate responsibility to respect human rights may, at times, be in conflict with certain (often near-term) financial, commercial or other business interests. For example:

- Pressures to advance certain operations, purchases or sales quickly may reduce the time available to mitigate potential human rights impacts;
- Opportunities with a new supplier or joint venture partner may be commercially compelling despite that entity's poor human rights track record;
- Lobbying against new regulations that would raise the minimum wage may help preserve profit margins even though a failure to pass the regulation would keep some workers on poverty-level wages.

Such tensions may arise during the conduct of ongoing business or at the point of making decisions about whether to enter a new market or develop a new product or area of operations.

In some instances, the competing business interests may also raise ethical considerations of their own, and even have human rights implications. For example, reducing sourcing in a jurisdiction where human rights abuses are known to be common may, at the same time, jeopardize the jobs of relatively poor, low-wage employees.

The question is, therefore, not aimed at suggesting that there is only one ‘right’ answer in such dilemma situations, but at seeking information on how the tensions are recognized and how different considerations are weighed in order to reach decisions.

To the extent that individual examples can be provided, this will provide a useful illustration of how the reporting company addresses tensions of this kind. However, if examples reflect an ad hoc decision rather than being the result of a typical process, this should be made clear in order to avoid misleading the reader.

## RELEVANT INFORMATION

### Relevant information for the company’s answer could include:

- ✓ Any situations that are recognized as often raising tensions or dilemmas in relation to a salient issue (e.g., the sale of sensitive products to certain kinds of customer, approvals to proceed with projects affecting local communities, entry into high-risk, high-opportunity markets, the provision of security for personnel in conflict-affected areas);
- ✓ Any principles or policies that set the framework for decisions in such instances;
- ✓ Any specific principles or policies that guide decisions on corporate lobbying in relation to human rights issues;
- ✓ Any formal processes for supporting decisions where these tensions arise (e.g., gateway decision-making processes, formal sign-off processes);
- ✓ The level within the company at which decisions relating to such dilemmas are made (e.g., an individual or group at the country, regional or corporate level, someone in senior management or at Board level);
- ✓ Any involvement of external experts in the assessment of dilemmas on a standing or ad hoc basis (e.g., an independent advisory board or council, academic or other experts);
- ✓ Any specific examples of how tensions have been addressed, during the reporting period, in relation to a salient issue.

## THE UN GUIDING PRINCIPLES

### The commentary to UN Guiding Principle 19 states that:

*“The horizontal integration across the business enterprise of specific findings from assessing human rights impacts can only be effective if its human rights policy commitment has been embedded into all relevant business functions. This is required to ensure that the assessment findings are properly understood, given due weight, and acted upon. [...]”*

*The more complex the situation and its implications for human rights, the stronger is the case for the enterprise to draw on independent expert advice in deciding how to respond.*

*If the business enterprise has leverage to prevent or mitigate the adverse impact, it should exercise it. And if it lacks leverage there may be ways for the enterprise to increase it. Leverage may be increased by, for example, offering capacity-building or other incentives to the related entity, or collaborating with other actors.*

*There are situations in which the enterprise lacks the leverage to prevent or mitigate adverse impacts and is unable to increase its leverage. Here, the enterprise should consider ending the relationship, taking into account credible assessments of potential adverse human rights impacts of doing so. Where the relationship is ‘crucial’ to the enterprise, ending it raises further challenges. A relationship could be deemed as crucial if it provides a product or service that is essential to the enterprise’s business, and for which no reasonable alternative source exists. Here the severity of the adverse human rights impact must also be considered: the more severe the abuse, the more quickly the enterprise will need to see change before it takes a decision on whether it should end the relationship. In any case, for as long as the abuse continues and the enterprise remains in the relationship, it should be able to demonstrate its own ongoing efforts to mitigate the impact and be prepared to accept any consequences – reputational, financial or legal – of the continuing connection.”*

**UN Guiding Principle 23 provides that:**

*“ In all contexts, business enterprises should: [...]*

*(b) Seek ways to honour the principles of internationally recognized human rights when faced with conflicting requirements...”*

**The commentary to UN Guiding Principle 23 states that:**

*“Although particular country and local contexts may affect the human rights risks of an enterprise’s activities and business relationships, all business enterprises have the same responsibility to respect human rights wherever they operate. Where the domestic context renders it impossible to meet this responsibility fully, business enterprises are expected to respect the principles of internationally recognized human rights to the greatest extent possible in the circumstances, and to be able to demonstrate their efforts in this regard.”*

**REFERENCE POINTS IN OTHER INITIATIVES**

*These references are intended to help users identify relevant information for answering this question, not as a substitute for the guidance above. See Annex D for a key to the initiatives referenced.*

<b>Initiative</b>	<b>Reference point</b>
DJSI	—
FTSE ESG	—
GNI	<i>Where freedom of expression and/or privacy are salient human rights issues: Implementation Guidelines: 2. Responsible Company Decision Making - Integration into Business Operations: Procedures; 3. Freedom of Expression - Government Demands, Laws and Regulations; 4. Privacy - Government Demands, Laws and Regulations</i>
GRI	—
ICMM	—
IR	Content Element 4D: Risks and opportunities - how the organization is dealing with them (relates also to C4.1, C4.2 and C4.3)
OECD	<i>Where supply or use of minerals from conflict-affected and high-risk areas is a salient human rights issue: OECD-3B and 3C</i>
UNGC	—
VPSHR	—

**C4: INTEGRATING FINDINGS AND TAKING ACTION**

**C4.3: SUPPORTING QUESTION**

**During the reporting period, what action has the company taken to prevent or mitigate potential impacts related to each salient issue?**

**OBJECTIVE**

To demonstrate, through concrete examples, what the reporting company has done during the reporting period to reduce the likelihood of negative impacts related to each salient issue occurring, recurring or continuing, and the results achieved.

**SUPPORTING GUIDANCE**

The focus of examples in response to this question should be on actions to prevent potential impacts. Section C6 addresses actions by the reporting company to enable remedy for those harmed by actual impacts to which the company has caused or contributed.

The reporting company may nevertheless find it useful to respond to this question in combination with questions 3.1 and 3.2 (regarding trends, patterns or examples of the existence of actual or potential impacts during the reporting period) and 6.5 (regarding what kinds of remedy were provided for actual impacts), particularly where a case offers examples that are relevant to two or more of these questions.

## RELEVANT INFORMATION

### Relevant information for the company's answer could include:

- ✓ Terms included in contracts with governments, joint venture partners, suppliers, customers, mergers and acquisitions and other agreements, aimed at mitigating potential impacts related to the salient issue;
- ✓ Monitoring of the implementation, by third parties, of agreements that relate to the salient issue;
- ✓ The agreement and implementation of corrective action plans following on from supply chain audits, and resulting changes in practice and compliance;
- ✓ Joint fact-finding or monitoring with affected communities, workers or others;
- ✓ Support to government in introducing or implementing key legislation to protect human rights in relation to a salient issue;
- ✓ Engagement with industry organizations, international organizations or others that can raise awareness collectively of a salient issue and reduce the risk of negative impacts;
- ✓ Capacity-building of workforce to mitigate the risk of negative impacts in relation to a particular salient issue;
- ✓ Capacity-building of suppliers or other business partners to mitigate the risk of negative impacts in relation to a salient issue (e.g., training of security providers or contractors, helping suppliers to develop management systems to improve labour rights compliance);
- ✓ Root cause analysis to understand and be able to address underlying reasons that increase or perpetuate the risk of negative impacts related to a salient issue;
- ✓ Other ways in which the company has exercised its influence (leverage) over business customers, joint venture partners, suppliers or others in its value chain to reduce risks of negative impacts related to a salient issue;
- ✓ Collaborative initiatives with others to better understand and address potential impacts related to a salient issue (e.g., through multi-stakeholder initiatives);
- ✓ External challenges faced in seeking to prevent or mitigate potential impacts related to a salient issue;
- ✓ Any other approaches to addressing systemic risks to human rights in relation to a salient issue.

## THE UN GUIDING PRINCIPLES

### UN Guiding Principle 19 provides that:

*"In order to prevent and mitigate adverse human rights impacts, business enterprises should integrate the findings from their impact assessments across relevant internal functions and processes, and take appropriate action.*

#### *(a) Effective integration requires that:*

- i. Responsibility for addressing such impacts is assigned to the appropriate level and function within the business enterprise;*
- ii. Internal decision-making, budget allocations and oversight processes enable effective responses to such impacts.*

#### *(b) Appropriate action will vary according to:*

- i. Whether the business enterprise causes or contributes to an adverse impact, or whether it is involved solely because the impact is directly linked to its operations, products or services by a business relationship;*
- ii. The extent of its leverage in addressing the adverse impact."*

### The commentary to UN Guiding Principle 19 states that:

*"Where a business enterprise causes or may cause an adverse human rights impact, it should take the necessary steps to cease or prevent the impact. Where a business enterprise contributes or may contribute to an adverse human rights impact, it should take the necessary steps to cease or prevent its contribution and use its leverage to mitigate any remaining impact to the greatest extent possible. Leverage is considered to exist where the enterprise has the ability to effect change in the wrongful practices of an entity that causes a harm.*

*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.*

The more complex the situation and its implications for human rights, the stronger is the case for the enterprise to draw on independent expert advice in deciding how to respond.

If the business enterprise has leverage to prevent or mitigate the adverse impact, it should exercise it. And if it lacks leverage there may be ways for the enterprise to increase it. Leverage may be increased by, for example, offering capacity-building or other incentives to the related entity, or collaborating with other actors.

There are situations in which the enterprise lacks the leverage to prevent or mitigate adverse impacts and is unable to increase its leverage. Here, the enterprise should consider ending the relationship, taking into account credible assessments of potential adverse human rights impacts of doing so.

Where the relationship is ‘crucial’ to the enterprise, ending it raises further challenges. A relationship could be deemed as crucial if it provides a product or service that is essential to the enterprise’s business, and for which no reasonable alternative source exists. Here the severity of the adverse human rights impact must also be considered: the more severe the abuse, the more quickly the enterprise will need to see change before it takes a decision on whether it should end the relationship. In any case, for as long as the abuse continues and the enterprise remains in the relationship, it should be able to demonstrate its own ongoing efforts to mitigate the impact and be prepared to accept any consequences – reputational, financial or legal – of the continuing connection.”

## REFERENCE POINTS IN OTHER INITIATIVES

These references are intended to help users identify relevant information for answering this question, not as a substitute for the guidance above. See Annex D for a key to the initiatives referenced.

Initiative	Reference point
DJSI	—
FTSE ESG	—
GNI	—
GRI	<p>For specific salient human rights issues identified:</p> <ul style="list-style-type: none"> <li>G4-DMAb (Specific Actions)</li> <li>G4-HR4 (b) (freedom of association/collective bargaining)</li> <li>G4-HR5 (c) (child labor)</li> <li>G4-HR6 (forced labor)</li> <li>G4-HR11 (d, e) (supply chain related risks)</li> </ul>
ICMM	<p>For specific salient human rights issues identified:</p> <p>Principle 5: Key Management Actions Required (non-mandatory examples from ICMM’s Assurance Procedure):</p> <ul style="list-style-type: none"> <li>- Implement a management system focused on continual improvement of all aspects of operations that could have a significant impact on the health and safety of our own employees, those of contractors and the communities where we operate.</li> <li>- Take all practical and reasonable measures to eliminate workplace fatalities, injuries and diseases among our own employees and those of contractors.</li> </ul> <p>Principle 6: Key Management Actions Required (non-mandatory examples from ICMM’s Assurance Procedure):</p> <ul style="list-style-type: none"> <li>- Rehabilitate land disturbed or occupied by operations in accordance with appropriate post-mining land uses.</li> <li>- Provide for safe storage and disposal of residual wastes and process residues.</li> </ul>
IR	Content Element 4D: Risks and opportunities - how the organization is dealing with them (relates also to C4.1, C4.2 and C4.3)
OECD	Where supply or use of minerals from conflict-affected and high-risk areas is a salient human rights issue: OECD-3C and 3D
UNGC	<p>For specific salient human rights issues identified:</p> <p>Criterion 5 and specifically:</p> <ul style="list-style-type: none"> <li>- Outcomes of due diligence processes</li> </ul> <p>Criterion 7 and specifically:</p> <ul style="list-style-type: none"> <li>- Active engagement with suppliers to address labour-related challenges</li> </ul> <p>Criterion 8 and specifically:</p> <ul style="list-style-type: none"> <li>- Process to positively engage with the suppliers to address the challenges (i.e., partnership approach instead of corrective approach) through schemes to improve workplace practices</li> </ul>
VPSHR	—





# TRACKING PERFORMANCE

## OVERARCHING QUESTION

**How does the company know if its efforts to address each salient human rights issue are effective in practice?**

## OBJECTIVE

To explain how the reporting company understands if it is successful in reducing risks to human rights in relation to each salient issue, such that it can continuously improve in its efforts to meet its responsibility to respect human rights.

## SUPPORTING GUIDANCE

As noted elsewhere in the Reporting Framework, implementation of the corporate responsibility to respect human rights takes time and resources, and the human rights challenges faced by most companies evolve over time, with changes in the company's operations, operating contexts and business relationships. This Framework explicitly recognizes the ongoing nature of implementation, and enables companies to explain their progress along a path, over time.

This section of the Framework therefore focuses on the company's processes and indicators for tracking its performance. Particularly relevant are methods of tracking that go beyond identifying whether certain actions have been taken by the company, and assess their effectiveness in preventing and mitigating potential impacts, or in enabling remedy if actual impacts occur. Information about how the company tracks its own progress is particularly important for demonstrating that it is consistently seeking and appraising improvements in its human rights performance.

## RELEVANT INFORMATION

**Relevant information for the company's answer could include:**

- ✓ Particular processes through which the company assesses its success in addressing each salient issue (e.g., internal review processes, internal audit, supplier audits, surveys of employees or other workers, surveys of external stakeholders, other processes for affected stakeholders to provide feedback, including stakeholder engagement processes and grievance mechanisms, databases that track outcomes when actual impacts or complaints arise);
- ✓ Any plans to develop further processes for assessing the company's success in addressing each salient issue;
- ✓ Particular qualitative and/or quantitative indicators used to assess how effectively each salient issue is being managed (e.g., indicators developed by the reporting company or by a relevant industry association, multi-stakeholder initiative or in a more general reporting framework);
- ✓ Any challenges in assessing the effectiveness of the company's processes to address a salient human rights issue (e.g., due to limited visibility into a supply chain, difficulties in confirming cause and effect; difficulties in gaining qualitative information that would help interpret quantitative data such as a reduction in complaints received).

***The robustness of the reporting company's response to this question will be improved to the extent that it is able to answer the supporting questions that follow.***

## THE UN GUIDING PRINCIPLES

### **UN Guiding Principle 20 provides that:**

*“In order to verify whether adverse human rights impacts are being addressed, business enterprises should track the effectiveness of their response. Tracking should:*

*(a) Be based on appropriate qualitative and quantitative indicators;*

*(b) Draw on feedback from both internal and external sources, including affected stakeholders.”*

### **The commentary to UN Guiding Principle 20 states that:**

*“Tracking is necessary in order for a business enterprise to know if its human rights policies are being implemented optimally, whether it has responded effectively to the identified human rights impacts, and to drive continuous improvement.*

*Business enterprises should make particular efforts to track the effectiveness of their responses to impacts on individuals from groups or populations that may be at heightened risk of vulnerability or marginalization.*

*Tracking should be integrated into relevant internal reporting processes. Business enterprises might employ tools they already use in relation to other issues. This could include performance contracts and reviews as well as surveys and audits, using gender-disaggregated data where relevant. Operational-level grievance mechanisms can also provide important feedback on the effectiveness of the business enterprise’s human rights due diligence from those directly affected (see Principle 29).”*

### **The commentary to UN Guiding Principle 21 states that:**

*“The responsibility to respect human rights requires that business enterprises have in place policies and processes through which they can both know and show that they respect human rights in practice. Showing involves communication, providing a measure of transparency and accountability to individuals or groups who may be impacted and to other relevant stakeholders, including investors.*

*Communication can take a variety of forms, including in-person meetings, online dialogues, consultation with affected stakeholders, and formal public reports. Formal reporting is itself evolving, from traditional annual reports and corporate responsibility/sustainability reports, to include online updates and integrated financial and non-financial reports.*

*Formal reporting by enterprises is expected where risks of severe human rights impacts exist, whether this is due to the nature of the business operations or operating contexts. The reporting should cover topics and indicators concerning how enterprises identify and address adverse impacts on human rights. Independent verification of human rights reporting can strengthen its content and credibility.*

*Sector-specific indicators can provide helpful additional detail.”*

## REFERENCE POINTS IN OTHER INITIATIVES

*These references are intended to help users identify relevant information for answering this question, not as a substitute for the guidance above. See Annex D for a key to the initiatives referenced.*

Initiative	Reference point
DJSI	<p><i>For specific salient human rights issues identified:</i>                      Criterion: Social Reporting                      Question: Quantitative Data</p> <p>Criterion: Risk Management Measures</p>
FTSE ESG	<p><i>For specific salient human rights issues identified:</i>                      Social Supply Chain: Strategy &amp; Practice                      - Results of supplier monitoring/auditing</p> <p>Health &amp; Safety: Strategy &amp; Practice                      - Performance monitoring and management</p> <p><i>Where marketing of Breast Milk Substitutes is a salient human rights issue:</i>                      Customer Responsibility: Quantitative, Sector Specific and Performance                      - Verification and reporting on marketing of Breast Milk Substitutes</p>
GNI	<p><i>Where freedom of expression and/or privacy are salient human rights issues:</i>                      Implementation Guidelines: 2. Responsible Company Decision Making - Integration into Business Operations: Procedures</p>
GRI	<p><i>For specific salient human rights issues identified: G4-DMAc</i></p>
ICMM	<p><i>For specific salient human rights issues identified:</i>                      Subject Matter 4: The company's performance during the given reporting period for each (or a selection) of the identified material SD risks and opportunities.                      ICMM Requirement:                      Publicly available definitions used by the company to report quantitative and qualitative performance.</p>
IR	<p>Content Element 4F: Performance</p>
OECD	<p><i>Where supply or use of minerals from conflict-affected and high-risk areas is a salient human rights issue:</i>                      OECD-3 and OECD-4</p>
UNGC	<p><i>For specific salient human rights issues identified:</i>                      Criterion 5 and specifically:                      - System to monitor the effectiveness of human rights policies and implementation with quantitative and qualitative metrics, including in the supply chain (BRE3 + ARE3)</p> <p>Criterion 8 and specifically:                      - System to track and measure performance based on standardized performance metrics                      - Dialogues with the representative organization of workers to regularly review progress made and jointly identify priorities for the future                      - Audits or other steps to monitor and improve the working conditions of companies in the supply chain, in line with principles of international labour standards</p>
VPSHR	<p><i>Where security and human rights is a salient human rights issue:</i>                      13. Company procedure to review progress on implementing the Voluntary Principles at local facilities.</p>

## C5: TRACKING PERFORMANCE

### C5.1: SUPPORTING QUESTION

#### **What specific examples from the reporting period illustrate if each salient issue is being managed effectively?**

##### **OBJECTIVE**

To provide concrete evidence, from within the reporting period, of how the reporting company's efforts to address each salient issue have progressed in practice, including the extent to which its policies, processes and practices are achieving the intended outcomes in terms of respect for human rights.

##### **SUPPORTING GUIDANCE**

The reporting company's answer to this question should differ from its answers to questions 3.1 and 3.2, which seek information on trends, patterns or examples of the existence of impacts that relate to each salient issue (both actual and potential impacts). The focus here is on examples of the results achieved from the company's efforts to address those impacts. In other words, the response should convey ways in which the reporting company's efforts to reduce the likelihood or severity of impacts on human rights, through its human rights due diligence, have had the desired effect.

It is naturally difficult to demonstrate that an impact would have occurred were it not for the company's efforts. Moreover, the absence of an impact does not, on its own, show that it is being well managed, as the result may be due to luck or other factors. It may be easier to provide evidence of a reduction in the frequency or severity of an impact linked to the company's activities or business relationships, and to demonstrate correlations to the company's own efforts to achieve that outcome.

For example, audits of suppliers may indicate that the occurrence of child labour or the use of contract workers who lack benefits or unionization rights has significantly reduced, with a reasonable basis to believe that capacity-building or other work by the company has contributed to that fact. Statistical data may show a reduction in employee injuries, or fact-finding work by respected experts or by the company jointly with local communities may show reduced impacts on health and livelihoods from water extraction or pollution. Again, it will be important to show that there is a credible connection to the company's own efforts to manage those risks.

The expectation of this question is not that the reporting company should, or could, claim direct cause and effect between its own efforts to manage each salient issue and a particular outcome. In some instances, cause and effect will be credible. In many others, it will never be possible to prove such a direct relationship, and improvements may initially be uncertain. Reporting that includes such information, while recognizing that it is tentative or limited to a correlation, has its own value in demonstrating how the company is tracking and thoughtfully analysing results.

There may also be instances in which the approaches on which the company was relying to manage a salient issue have not worked in practice, or have not yet revealed positive results. In other words, the trend has been a negative one, despite the company's efforts or due to developments beyond its control. For example, where democratic freedoms are curtailed or violent conflict increases in a particular operating environment, this may also lead to increased human rights impacts in connection with the company's own operations. The trend in the impacts may be reported under question 3.1 and efforts to address it under question 4.3, while noting the reasons for the lack of progress to date in response to this question.

## RELEVANT INFORMATION

### Relevant information for the company's answer could include:

- ✓ Data based on indicators designed to assess risks or impacts related to the salient issues (e.g., the number of incidents of sexual harassment identified, the number of instances where internet user data was passed to governments and on what basis, the number of employee deaths or injuries);
- ✓ Findings from surveys or other feedback mechanisms (e.g., a survey of employees (properly conducted) in relation to their working conditions, an independent report from local community leaders reporting satisfaction with resettlement processes);
- ✓ Independent research documenting reductions in human rights impacts in an area where the company has been actively working for progress;
- ✓ Accounts from relevant, independent stakeholders about the effective management of a salient issue.

## THE UN GUIDING PRINCIPLES

### UN Guiding Principle 21 provides that:

*"In order to account for how they address their human rights impacts, business enterprises should be prepared to communicate this externally, particularly when concerns are raised by or on behalf of affected stakeholders. Business enterprises whose operations or operating contexts pose risks of severe human rights impacts should report formally on how they address them. In all instances, communications should: ...*

*(b) Provide information that is sufficient to evaluate the adequacy of an enterprise's response to the particular human rights impact involved..."*

### The commentary to UN Guiding Principle 21 states that:

*"The responsibility to respect human rights requires that business enterprises have in place policies and processes through which they can both know and show that they respect human rights in practice. Showing involves communication, providing a measure of transparency and accountability to individuals or groups who may be impacted and to other relevant stakeholders, including investors."*

## REFERENCE POINTS IN OTHER INITIATIVES

*These references are intended to help users identify relevant information for answering this question, not as a substitute for the guidance above. See Annex D for a key to the initiatives referenced.*

Initiative	Reference point
DJSI	—
FTSE ESG	—
GNI	—
GRI	—
ICMM	—
IR	—
OECD	<i>Where supply or use of minerals from conflict-affected and high-risk areas is a salient human rights issue: OECD-3C and OECD-4</i>
UNGC	—
VPSHR	—



# REMEDIATION

## OVERARCHING QUESTION

**How does the company enable effective remedy if people are harmed by its actions or decisions in relation to the salient human rights issues?**

## OBJECTIVE

To explain the processes that apply when the reporting company has caused or contributed to a negative impact and through which it is able to help ensure that the people who were impacted receive an effective remedy.

## SUPPORTING GUIDANCE

Questions in Section 4 above relate to how the reporting company tries to ensure that potential impacts related to each salient issue do not materialize. This includes efforts to ensure that actual impacts do not continue or recur in the future. The focus is therefore on forward-looking actions by the company. Section 6 focuses on backward-looking actions to address the harm to individuals that results from actual impacts once they have occurred.

The focus here is not specifically on so-called grievance mechanisms, although those may form part of the response, and may be further described in response to the supporting questions in the remainder of this section. However, answers to this question can range more broadly across the ways in which remedy is or can be provided or supported by the company.

When individuals identify specific harms, or fears of harms, that they wish a company to address, they may be termed 'concerns', 'complaints' or 'grievances' or given a different name. The terms 'concerns' and 'complaints' are used here to include issues raised informally or formally (such as through a grievance mechanism) and which are of a general or specific nature.

The question focuses on impacts caused or contributed to by the reporting company. The UN Guiding Principles make clear that it is in these situations that a company has a responsibility to provide or help provide remedy to those harmed. The same responsibility does not exist where impacts are linked to the company's operations, products or services, but without cause or contribution by the company itself. The Guiding Principles also make clear that companies may elect to contribute to remedy in other situations for other reasons. The reporting company may wish to use its responses to this question, or the relevant supporting question, to reflect any instances where that is the case.

It will be important to make clear any limitations on the types of stakeholder for whom the company will engage in a process of providing or supporting remedy, for example, whether it is limited to employees or includes other categories of stakeholder, such as contract workers, supply chain workers, local communities, end users of products or services and so forth.

Larger companies may apply the same general approach to providing remedy across the company as a whole, with more tailored applications of that approach in different operational contexts. Equally, the same approach, policy or processes may apply to any human rights harm and, therefore, be relevant to more than one salient issue. If so, the reporting company should make clear how widely its response to this question applies to different salient issues. It could use one or more examples to illustrate how a general approach is applied in practice to a particular part of its operations or value chain or to a particular salient issue.

## RELEVANT INFORMATION

### Relevant information for the company's answer could include:

- ✓ The company's general view about the provision of remedy for impacts that occur in its operations and/or through its value chain or other business relationships;
- ✓ Any general approaches to enabling remedy that the reporting company has adopted when actual impacts have previously occurred in relation to a salient issue;
- ✓ The approach that the company would, in principle, adopt if an impact were to occur in future in relation to a salient issue;
- ✓ Whether and how such approaches are represented in any formal policies or processes;
- ✓ Whether and how the company protects individuals who raise concerns about negative impacts from retaliation by company staff or third parties;
- ✓ Any challenges encountered when seeking to enable remedy for impacts related to a salient issue (e.g., refusal by others who contributed to the impact to contribute to the remedy; local institutions too weak to support an effective process; challenges in identifying what would constitute an effective remedy).

***The robustness of the reporting company's response to this question will be improved to the extent that it is able to answer the supporting questions that follow.***

## THE UN GUIDING PRINCIPLES

### UN Guiding Principle 22 provides that:

*"Where business enterprises identify that they have caused or contributed to adverse impacts, they should provide for or cooperate in their remediation through legitimate processes."*

### The commentary to UN Guiding Principle 22 states that:

*"Even with the best policies and practices, a business enterprise may cause or contribute to an adverse human rights impact that it has not foreseen or been able to prevent.*

*Where a business enterprise identifies such a situation, whether through its human rights due diligence process or other means, its responsibility to respect human rights requires active engagement in remediation, by itself or in cooperation with other actors. Operational-level grievance mechanisms for those potentially impacted by the business enterprise's activities can be one effective means of enabling remediation when they meet certain core criteria, as set out in Principle 31.*

*Where adverse impacts have occurred that the business enterprise has not caused or contributed to, but which are directly linked to its operations, products or services by a business relationship, the responsibility to respect human rights does not require that the enterprise itself provide for remediation, though it may take a role in doing so.*

*Some situations, in particular where crimes are alleged, typically will require cooperation with judicial mechanisms."*

## REFERENCE POINTS IN OTHER INITIATIVES

These references are intended to help users identify relevant information for answering this question, not as a substitute for the guidance above. See Annex D for a key to the initiatives referenced.

Initiative	Reference point
DJSI	Where relevant to specific salient human rights issues identified: Criterion: Codes of Conduct/Compliance/Corruption & Bribery Question: Codes of Conduct: Systems/Procedures
FTSE ESG	For specific salient human rights issues identified: Human Rights & Community Indicators: Strategy & Practice - Grievance mechanisms in place  Risk Management: Strategy & Practice - Whistle-blowing mechanism in place
GNI	Where freedom of expression and/or privacy are salient human rights issues: Implementation Guidelines: 2. Responsible Company Decision Making - Integration into Business Operations: Complaints and Assistance
GRI	For specific salient human rights issues identified: G4-HR12
ICMM	—
IR	—
OECD	Where supply or use of minerals from conflict-affected and high-risk areas is a salient human rights issue: OECD-1 and OECD-3
UNGC	For specific salient human rights issues identified: Criterion 4 and specifically: - Processes to provide for or cooperate in the remediation of adverse human rights impacts that the company has caused or contributed to (BRE 3+ BRE 4 + ARE3 + ARE 4)  Criterion 5 and specifically: - Grievance mechanisms that are legitimate, accessible, predictable, equitable, transparent, rights-compatible, a source of continuous learning, and based on engagement and dialogue (BRE4 + ARE4)
VPSHR	Where security and human rights is a salient human rights issue: 6. Company procedure or mechanism to address security related incidents with human rights implications by public/private security forces relating to the company's activities.

## C6: REMEDIATION

### C6.1: SUPPORTING QUESTION

#### Through what means can the company receive complaints or concerns related to each salient issue?

##### OBJECTIVE

To describe any formal or informal means through which the reporting company is able to hear from individuals inside and outside the company who believe the company is involved with human rights impacts related to a salient issue.

##### SUPPORTING GUIDANCE

The focus of this question is on processes for receiving complaints or concerns from individuals who believe they have been harmed by the company's activities or through its business relationships, or who believe others may have been harmed. Questions C6.2 and C6.3 relate to other aspects of the remedy processes.

Processes that can receive (and address) complaints related to the salient issue will often not focus on human rights alone, since complaints may not be presented in such terms or may only raise a human rights issue if left unaddressed and allowed to escalate. Such processes should, therefore, be broadly understood, provided the focus is on individuals, communities or groups allegedly harmed by the company's activities or through its business relationships.



A reporting company may have specific processes in place for receiving complaints from certain groups (e.g., employees, consumers, local communities) or generalized processes through which multiple groups can raise complaints with the company. They may have complaints processes in relation to certain human rights-related issues (e.g., product safety, labour rights, data privacy), but not others. Alternatively, these processes may apply across multiple human rights issues. The reporting company should feel free to report in a cross-cutting manner where such processes apply broadly. Where they are specific to one or more salient issues or stakeholder groups, it should make that clear.

Reporting companies may have informal (ad hoc) or formalized processes for receiving complaints that relate to a salient issue. Both are relevant for responding to this question. The response should make clear the extent to which the process is formalized.

In contexts where there are stakeholder concerns about the right to freedom of association, it will be particularly relevant to highlight how the design and implementation of grievance mechanisms available to employees and other workers avoid undermining the role of legitimate trade unions, in line with the expectations set out in the Guiding Principles.

For some companies, the salient human rights issues on which they are reporting may involve impacts caused by third parties, such as suppliers or contractors, but to which the reporting company may have contributed. If so, it is relevant to report on how the company encourages, requires, supports or collaborates with those third parties to provide channels to receive (and address) complaints from the affected groups.

## RELEVANT INFORMATION

### Relevant information for the company's answer could include:

- ✓ Ad hoc processes through which the company can receive complaints in relation to each salient issue (e.g., meetings, conversations);
- ✓ Formalized processes through which the company can receive complaints in relation to each salient issue (e.g., social dialogue structures, a formal grievance mechanism, a hotline or whistle-blowing mechanism);
- ✓ How key processes (particularly grievance mechanisms) were developed or have been revised, including any inputs from stakeholders;
- ✓ Any limitations on who can bring complaints through a particular process;
- ✓ Any activities to encourage, require or support effective processes among business partners, suppliers or other third parties through which potentially impacted groups can raise complaints;
- ✓ Any changes made to the means through which the company can receive concerns or complaints in this reporting period;
- ✓ Any changes made to the means through which the reporting company can receive concerns or complaints that are planned.

## THE UN GUIDING PRINCIPLES

### UN Guiding Principle 22 provides that:

*“Where business enterprises identify that they have caused or contributed to adverse impacts, they should provide for or cooperate in their remediation through legitimate processes.”*

### The commentary to UN Guiding Principle 22 states that:

*“Even with the best policies and practices, a business enterprise may cause or contribute to an adverse human rights impact that it has not foreseen or been able to prevent.*

*Where a business enterprise identifies such a situation, whether through its human rights due diligence process or other means, its responsibility to respect human rights requires active engagement in remediation, by itself or in cooperation with other actors. Operational-level grievance mechanisms for those potentially impacted by the business enterprise's activities can be one effective means of enabling remediation when they meet certain core criteria, as set out in Principle 31.”*

**UN Guiding Principle 29 provides that:**

*“To make it possible for grievances to be addressed early and remediated directly, business enterprises should establish or participate in effective operational-level grievance mechanisms for individuals and communities who may be adversely impacted.”*

**The commentary to UN Guiding Principle 29 states that:**

*“Operational-level grievance mechanisms are accessible directly to individuals and communities who may be adversely impacted by a business enterprise. They are typically administered by enterprises, alone or in collaboration with others, including relevant stakeholders. They may also be provided through recourse to a mutually acceptable external expert or body. They do not require that those bringing a complaint first access other means of recourse. They can engage the business enterprise directly in assessing the issues and seeking remediation of any harm.*

*Operational-level grievance mechanisms perform two key functions regarding the responsibility of business enterprises to respect human rights.*

- *First, they support the identification of adverse human rights impacts as a part of an enterprise’s ongoing human rights due diligence. They do so by providing a channel for those directly impacted by the enterprise’s operations to raise concerns when they believe they are being or will be adversely impacted. By analysing trends and patterns in complaints, business enterprises can also identify systemic problems and adapt their practices accordingly;*
- *Second, these mechanisms make it possible for grievances, once identified, to be addressed and for adverse impacts to be remediated early and directly by the business enterprise, thereby preventing harms from compounding and grievances from escalating.*

*Such mechanisms need not require that a complaint or grievance amount to an alleged human rights abuse before it can be raised, but specifically aim to identify any legitimate concerns of those who may be adversely impacted. If those concerns are not identified and addressed, they may over time escalate into more major disputes and human rights abuses.*

*Operational-level grievance mechanisms should reflect certain criteria to ensure their effectiveness in practice (Principle 31). These criteria can be met through many different forms of grievance mechanism according to the demands of scale, resource, sector, culture and other parameters.*

*Operational-level grievance mechanisms can be important complements to wider stakeholder engagement and collective bargaining processes, but cannot substitute for either. They should not be used to undermine the role of legitimate trade unions in addressing labour-related disputes, nor to preclude access to judicial or other non-judicial grievance mechanisms.”*

## REFERENCE POINTS IN OTHER INITIATIVES

These references are intended to help users identify relevant information for answering this question, not as a substitute for the guidance above. See Annex D for a key to the initiatives referenced.

Initiative	Reference point
DJSI	Where relevant to specific salient human rights issues identified: Criterion: Codes of Conduct/Compliance/Corruption & Bribery Question: Codes of Conduct: Systems/Procedures
FTSE ESG	For specific salient human rights issues identified: Human Rights & Community Indicators: Strategy & Practice - Grievance mechanisms in place Risk Management: Strategy & Practice - Whistle-blowing mechanism in place
GNI	Where freedom of expression and/or privacy are salient human rights issues: Implementation Guidelines: 2. Responsible Company Decision Making - Integration into Business Operations: Complaints and Assistance Governance Charter: 8. Public Participation
GRI	For specific salient human rights issues identified: G4-DMAb (Human Rights Grievance Mechanisms Aspect)
ICMM	—
IR	—
OECD	Where supply or use of minerals from conflict-affected and high-risk areas is a salient human rights issue: OECD-1E, OECD-3C
UNGC	For specific salient human rights issues identified: Criterion 4 and specifically: - Operational-level grievance mechanisms for those potentially impacted by the company's activities (BRE 4 +ARE 4) Criterion 7 and specifically: - Grievance mechanisms, communication channels and other procedures (e.g., whistleblower mechanisms) available for workers to report concerns, make suggestions or seek advice, designed and operated in agreement with the representative organization of workers Criterion 21 and specifically: - Establish channels to engage with employees and other stakeholders to hear their ideas and address their concerns, and protect 'whistle-blowers'
VPSHR	—

## C6: REMEDIATION

### C6.2: SUPPORTING QUESTION

#### How does the company know if people feel able and empowered to raise complaints or concerns?

##### OBJECTIVE

To provide evidence that any individuals inside or outside the company are, from their own perspective, able to raise an issue directly with the company so that the company can address it.

##### SUPPORTING GUIDANCE

Question C6.1 addresses the existence of channels through which individuals or groups can raise complaints in relation to a salient issue. Question C6.2 looks at the effectiveness of those channels in providing access to those who may wish to use them. This includes whether they know about the channel for raising a complaint, whether they are physically, linguistically and technologically able to access the channel, and whether they feel safe doing so.

It can be challenging to identify genuine evidence of stakeholder trust in a complaints process or grievance mechanism and, yet, the effectiveness of the process hinges on the existence of such trust, making it particularly relevant information. Feedback from the groups for whom the process or mechanism is intended can, therefore, be particularly valuable, as can assessments or reviews by independent third parties.

## RELEVANT INFORMATION

### Relevant information for the company's answer could include:

- ✓ How the relevant channel(s) for raising complaints can be accessed (e.g., email, hotline, through a manager, through a trade union, through an NGO or other third party);
- ✓ Evidence that these channels are used by the intended individuals or groups (e.g., an increase in the number of complaints raised following an incident, evidence of complaints being brought to the channel provided rather than (or before) being brought to the media or external complaints systems);
- ✓ Evidence of confidence in the channel(s) provided (e.g., feedback from those who have used the channel(s); feedback from those who have not yet used the channel(s));
- ✓ Any challenges in providing access to all the intended groups and how they have been or are being addressed;
- ✓ Any assistance provided to individuals or groups to help them feel equipped to raise complaints (e.g., funding for them to receive independent legal or other expert advice; other facilitation of third-party advice; allowance for them to bring a representative to meetings);
- ✓ Any changes made to the channel(s), based on experience and/or feedback, to increase its use;
- ✓ Any independent review that has been undertaken of the mechanism with regard to stakeholder perceptions of, and trust in, the processes provided and outcomes achieved, and any findings that resulted.

## THE UN GUIDING PRINCIPLES

### UN Guiding Principle 31 provides that:

*"In order to ensure their effectiveness, non-judicial grievance mechanisms, both State-based and non-State-based, should be:*

- (a) Legitimate: enabling trust from the stakeholder groups for whose use they are intended, and being accountable for the fair conduct of grievance processes;*
- (b) Accessible: being known to all stakeholder groups for whose use they are intended, and providing adequate assistance for those who may face particular barriers to access;*
- (c) Predictable: providing a clear and known procedure with an indicative time frame for each stage, and clarity on the types of process and outcome available and means of monitoring implementation;*
- (d) Equitable: seeking to ensure that aggrieved parties have reasonable access to sources of information, advice and expertise necessary to engage in a grievance process on fair, informed and respectful terms;*
- (e) Transparent: keeping parties to a grievance informed about its progress, and providing sufficient information about the mechanism's performance to build confidence in its effectiveness and meet any public interest at stake;*
- (f) Rights-compatible: ensuring that outcomes and remedies accord with internationally recognized human rights; [...]*
- (h) Based on engagement and dialogue: consulting the stakeholder groups for whose use they are intended on their design and performance, and focusing on dialogue as the means to address and resolve grievances."*

### The commentary to UN Guiding Principle 31 states that:

*"A grievance mechanism can only serve its purpose if the people it is intended to serve know about it, trust it and are able to use it. These criteria provide a benchmark for designing, revising or assessing a non-judicial grievance mechanism to help ensure that it is effective in practice. Poorly designed or implemented grievance mechanisms can risk compounding a sense of grievance amongst affected stakeholders by heightening their sense of disempowerment and disrespect by the process. [...]*

- (a) Stakeholders for whose use a mechanism is intended must trust it if they are to choose to use it. Accountability for ensuring that the parties to a grievance process cannot interfere with its fair conduct is typically one important factor in building stakeholder trust;*
- (b) Barriers to access may include a lack of awareness of the mechanism, language, literacy, costs, physical location and fears of reprisal;*

- (c) *In order for a mechanism to be trusted and used, it should provide public information about the procedure it offers. Time frames for each stage should be respected wherever possible, while allowing that flexibility may sometimes be needed;*
- (d) *In grievances or disputes between business enterprises and affected stakeholders, the latter frequently have much less access to information and expert resources, and often lack the financial resources to pay for them. Where this imbalance is not redressed, it can reduce both the achievement and perception of a fair process and make it harder to arrive at durable solutions;*
- (e) *Communicating regularly with parties about the progress of individual grievances can be essential to retaining confidence in the process. Providing transparency about the mechanism's performance to wider stakeholders, through statistics, case studies or more detailed information about the handling of certain cases, can be important to demonstrate its legitimacy and retain broad trust. At the same time, confidentiality of the dialogue between parties and of individuals' identities should be provided where necessary;*
- (f) *Grievances are frequently not framed in terms of human rights and many do not initially raise human rights concerns. Regardless, where outcomes have implications for human rights, care should be taken to ensure that they are in line with internationally recognized human rights; [...]*
- (h) *For an operational-level grievance mechanism, engaging with affected stakeholder groups about its design and performance can help to ensure that it meets their needs, that they will use it in practice, and that there is a shared interest in ensuring its success. Since a business enterprise cannot, with legitimacy, both be the subject of complaints and unilaterally determine their outcome, these mechanisms should focus on reaching agreed solutions through dialogue. Where adjudication is needed, this should be provided by a legitimate, independent third-party mechanism."*

## REFERENCE POINTS IN OTHER INITIATIVES

*These references are intended to help users identify relevant information for answering this question, not as a substitute for the guidance above. See Annex D for a key to the initiatives referenced.*

Initiative	Reference point
DJSI	—
FTSE ESG	—
GNI	—
GRI	—
ICMM	—
IR	—
OECD	<i>Where supply or use of minerals from conflict-affected and high-risk areas is a salient human rights issue: OECD-2B, OECD-3C and 3D</i>
UNGC	—
VPSHR	—

## C6: REMEDIATION

### C6.3: SUPPORTING QUESTION

#### How does the company process complaints and assess the effectiveness of outcomes?

##### OBJECTIVE

To describe what actions the reporting company takes to address a complaint related to a salient issue, and through what processes it reaches a view on the extent to which the outcomes achieved provide effective remedy for any individuals whose human rights have been harmed.

## SUPPORTING GUIDANCE

Question C6.1 addresses the existence of channels through which individuals or groups can raise complaints in relation to a salient issue. Question C6.2 looks at the effectiveness of those channels in providing access to people who may wish to use them. Question C6.3 focuses on how complaints that are received are handled in order to achieve effective and credible outcomes, including, where someone has been harmed, through the provision of remedy.

Companies may process complaints through a formal grievance mechanism, they may have more than one mechanism, depending on the issue or stakeholder group concerned (e.g., employees or community members), or they may have less formal complaints processes that they would not see as a grievance mechanism. Regardless, the focus of this question is on the steps a company takes once a complaint has been made, and on the outcomes that result.

The effectiveness of outcomes from a complaints process depends on the perspective of the person or people making the complaint(s) as well as the perspective of the company and independent third parties. It may reflect a range of factors, including:

- whether an outcome provides or enables remedy if people have been harmed;
- whether remedies are in line with the law and human rights standards;
- whether an outcome addresses or resolves the concerns of the complainant(s);
- whether the process to arrive at the outcome has credibility in the eyes of the complainant(s) and any independent observers;
- whether the outcome itself has credibility as a reasonable and fair result in the eyes of independent observers, in particular if it is disputed by the complainant(s);
- whether the outcome helps maintain, enhances or harms relationships between the company and complainant(s).

## RELEVANT INFORMATION

### Relevant information for the company's answer could include:

- ✓ The procedures followed for processing complaints, on paper and in practice;
- ✓ Whether and where these procedures are made publicly available, or available to those who may need to raise a complaint or concern;
- ✓ Internal processes for addressing issues raised;
- ✓ Whether, and if so how, complainants are kept informed of progress in the processing of their complaint;
- ✓ Whether, and if so how, the company engages in dialogue with complainants regarding the substance of the complaint and their perspectives on the issues concerned;
- ✓ Which position or function in the company manages and/or oversees the handling of complaints and the implementation of outcomes;
- ✓ Any escalation pathways for addressing allegedly or potentially severe impacts or otherwise urgent complaints;
- ✓ Whether, and if so how, outcomes from such processes (specific or generalized) are shared publicly or with those who may, in future, wish to raise a complaint;
- ✓ Whether, and if so how, outcomes are assessed for their compatibility with human rights and/or for their effectiveness in addressing the complaint;
- ✓ Whether, and if so how, the company assesses the level of satisfaction of those who have raised complaints with the process provided and its outcomes;
- ✓ Any independent review or oversight of the processes provided to consider their effectiveness, and any findings from such a review.

## THE UN GUIDING PRINCIPLES

### UN Guiding Principle 22 provides that:

*“Where business enterprises identify that they have caused or contributed to adverse impacts, they should provide for or cooperate in their remediation through legitimate processes.”*

### UN Guiding Principle 31 provides that:

*“In order to ensure their effectiveness, non-judicial grievance mechanisms, both State-based and non-State-based, should be: [...]*

- (b) Accessible: being known to all stakeholder groups for whose use they are intended, and providing adequate assistance for those who may face particular barriers to access;*
- (c) Predictable: providing a clear and known procedure with an indicative time frame for each stage, and clarity on the types of process and outcome available and means of monitoring implementation;*
- (d) Equitable: seeking to ensure that aggrieved parties have reasonable access to sources of information, advice and expertise necessary to engage in a grievance process on fair, informed and respectful terms;*
- (e) Transparent: keeping parties to a grievance informed about its progress, and providing sufficient information about the mechanism’s performance to build confidence in its effectiveness and meet any public interest at stake; [...]*
- (h) Based on engagement and dialogue: consulting the stakeholder groups for whose use they are intended on their design and performance, and focusing on dialogue as the means to address and resolve grievances.”*

### The commentary to UN Guiding Principle 31 states that:

*“A grievance mechanism can only serve its purpose if the people it is intended to serve know about it, trust it and are able to use it. These criteria provide a benchmark for designing, revising or assessing a non-judicial grievance mechanism to help ensure that it is effective in practice. Poorly designed or implemented grievance mechanisms can risk compounding a sense of grievance amongst affected stakeholders by heightening their sense of disempowerment and disrespect by the process. [...]*

- (b) Barriers to access may include a lack of awareness of the mechanism, language, literacy, costs, physical location and fears of reprisal;*
- (c) In order for a mechanism to be trusted and used, it should provide public information about the procedure it offers. Time frames for each stage should be respected wherever possible, while allowing that flexibility may sometimes be needed;*
- (d) In grievances or disputes between business enterprises and affected stakeholders, the latter frequently have much less access to information and expert resources, and often lack the financial resources to pay for them. Where this imbalance is not redressed, it can reduce both the achievement and perception of a fair process and make it harder to arrive at durable solutions;*
- (e) Communicating regularly with parties about the progress of individual grievances can be essential to retaining confidence in the process. Providing transparency about the mechanism’s performance to wider stakeholders, through statistics, case studies or more detailed information about the handling of certain cases, can be important to demonstrate its legitimacy and retain broad trust. At the same time, confidentiality of the dialogue between parties and of individuals’ identities should be provided where necessary; [...]*
- (h) For an operational-level grievance mechanism, engaging with affected stakeholder groups about its design and performance can help to ensure that it meets their needs, that they will use it in practice, and that there is a shared interest in ensuring its success. Since a business enterprise cannot, with legitimacy, both be the subject of complaints and unilaterally determine their outcome, these mechanisms should focus on reaching agreed solutions through dialogue. Where adjudication is needed, this should be provided by a legitimate, independent third-party mechanism.”*

## REFERENCE POINTS IN OTHER INITIATIVES

These references are intended to help users identify relevant information for answering this question, not as a substitute for the guidance above. See Annex D for a key to the initiatives referenced.

Initiative	Reference point
DJSI	—
FTSE ESG	—
GNI	—
GRI	—
ICMM	—
IR	—
OECD	Where supply or use of minerals from conflict-affected and high-risk areas is a salient human rights issue: OECD-2B, OECD-3C and 3D
UNGC	—
VPSHR	—

## C6: REMEDIATION

### C6.4: SUPPORTING QUESTION

**During the reporting period, what were the trends and patterns in complaints or concerns and their outcomes regarding each salient issue, and what lessons has the company learned?**

#### OBJECTIVE

To describe the insights the reporting company has gained from the complaints or concerns raised and the outcomes reached, as they relate to each salient issue, and to convey whether and how these insights have informed any changes to the company's own policies, processes or practices.

#### SUPPORTING GUIDANCE

There may be some legitimate limitations on a company's ability to disclose publicly the outcomes of specific complaints processes, for example, to avoid exposing complainants to pressure or retribution. In such circumstances, it may be more feasible to report on trends and patterns. This question provides the reporting company with that possibility.

Trends and patterns in relation to complaints and their outcomes will be particularly relevant to the company's efforts to assess human rights risks and to track how well they are being addressed in practice. As such, the company might wish to report on this information in connection with its answer to question C5.

Lessons learned based on these trends and patterns may relate to the substance of issues raised or to the effectiveness of the process for addressing the complaints. Both kinds of lessons will be relevant information to report.

Where the company reports numerical indicators, such as the number of complaints received, it should support this with explanatory information to enable the interpretation of that data. For instance, a reduction in the number of complaints may reflect a reduction in concerns among stakeholders. This might be confirmed by responses to a survey that express satisfaction with changes made by the company. Alternatively, a reduction in the number of complaints may reflect a loss of confidence among potential complainants in the complaints channels provided by the company. This might be confirmed by an increase in allegations raised through the media or external grievance mechanisms. Therefore, explanatory information is critical to enable a balanced understanding of the data.



## RELEVANT INFORMATION

### Relevant information for the company's answer could include:

- ✓ Trends and patterns in the numbers, types or location of complaints received in relation to each salient issue;
- ✓ Trends and patterns in the numbers, types or location of complaints resolved in relation to each salient issue;
- ✓ Trends and patterns in expressions of satisfaction with how complaints related to a salient issue are addressed among those bringing complaints or their legitimate representatives;
- ✓ Any changes made to the company's policies or processes based on learning from these trends and patterns (e.g., a change to a policy, training for certain employees, additional attention given to the performance of suppliers);
- ✓ Any changes to the process for receiving and addressing complaints based on learning from these trends and patterns.

## THE UN GUIDING PRINCIPLES

### UN Guiding Principle 31 provides that:

*"In order to ensure their effectiveness, non-judicial grievance mechanisms, both State-based and non-State-based, should be: [...]"*

*(g) A source of continuous learning: drawing on relevant measures to identify lessons for improving the mechanism and preventing future grievances and harms [...]"*

### The commentary to UN Guiding Principle 31 states that:

*"A grievance mechanism can only serve its purpose if the people it is intended to serve know about it, trust it and are able to use it. These criteria provide a benchmark for designing, revising or assessing a non-judicial grievance mechanism to help ensure that it is effective in practice. Poorly designed or implemented grievance mechanisms can risk compounding a sense of grievance amongst affected stakeholders by heightening their sense of disempowerment and disrespect by the process. [...]"*

*(g) Regular analysis of the frequency, patterns and causes of grievance can enable the institution administering the mechanism to identify and influence policies, procedures or practices that should be altered to prevent harm; [...]"*

## REFERENCE POINTS IN OTHER INITIATIVES

*These references are intended to help users identify relevant information for answering this question, not as a substitute for the guidance above. See Annex D for a key to the initiatives referenced.*

Initiative	Reference point
DJSI	<i>Where relevant to specific salient human rights issues identified: Criterion: Codes of Conduct/Compliance/Corruption &amp; Bribery Question: Codes of Conduct/Corruption &amp; Bribery: Reporting on breaches</i>
FTSE ESG	—
GNI	—
GRI	<i>For specific salient human rights issues identified: G4-SO11</i>
ICMM	—
IR	—
OECD	<i>Where supply or use of minerals from conflict-affected and high-risk areas is a salient human rights issue: OECD-3C</i>
UNGC	—
VPSHR	—

## C6: REMEDIATION

### C6.5: SUPPORTING QUESTION

**During the reporting period, did the company provide or enable remedy for any actual impacts related to a salient issue and, if so, what are typical or significant examples?**

#### OBJECTIVE

To describe the forms of remedy provided by the company in relation to the salient issues, whether in specific individual cases or in aggregate across similar types of case.

#### SUPPORTING GUIDANCE

Specific examples of remedy from within the reporting can help the reader understand more clearly the role that a process for providing remedy or a grievance mechanism has played in practice, and how it has supported the company's efforts to meet its responsibility to respect human rights. Examples should focus on the salient issues and may either relate to individual outcomes or representative outcomes across a number of similar complaints. In either instance, the reporting company should ensure it provides a balanced picture of outcomes, or explain any factors that may make them situation-specific.

In exceptional circumstances, it may not be possible for a company to disclose certain information that would be necessary to respond accurately to this question. In such cases, the company should indicate the nature of the information it has omitted and explain its reasons for the omission: for example, risk to the human rights of stakeholders, specific and legitimate legal prohibitions or confidentiality constraints, or the unavailability of reliable information. Where the company is prevented from disclosing information in specific or explicit form, it should, wherever possible, provide it in aggregated or anonymized form in order to avoid significant gaps in its disclosure.

#### RELEVANT INFORMATION

**Relevant information for the company's answer could include:**

- ✓ Specific remedies provided in specific cases (e.g., compensation, replacement housing for communities, apologies for harms caused, reinstatement in a job, contribution to communities' livelihoods, agreement on joint monitoring of a situation);
- ✓ Types of remedy provided in relation to certain types of complaint (e.g., compensation for crops destroyed across multiple individuals or communities, agreement to provide improved living quarters for workers);
- ✓ Additional information that helps explain certain outcomes;
- ✓ Information on the reactions of those raising the complaints to the outcomes.

## THE UN GUIDING PRINCIPLES

### UN Guiding Principle 21 provides that:

*“In order to account for how they address their human rights impacts, business enterprises should be prepared to communicate this externally, particularly when concerns are raised by or on behalf of affected stakeholders. Business enterprises whose operations or operating contexts pose risks of severe human rights impacts should report formally on how they address them. In all instances, communications should: [...]*

- (b) Provide information that is sufficient to evaluate the adequacy of an enterprise’s response to the particular human rights impact involved;*
- (c) In turn not pose risks to affected stakeholders, personnel or to legitimate requirements of commercial confidentiality.”*

### UN Guiding Principle 31 provides that:

*“In order to ensure their effectiveness, non-judicial grievance mechanisms, both State-based and non-State-based, should be: [...]*

- (e) Transparent: keeping parties to a grievance informed about its progress, and providing sufficient information about the mechanism’s performance to build confidence in its effectiveness and meet any public interest at stake;*
- (f) Rights-compatible: ensuring that outcomes and remedies accord with internationally recognized human rights;”*

### The commentary to UN Guiding Principle 31 states that:

*“A grievance mechanism can only serve its purpose if the people it is intended to serve know about it, trust it and are able to use it. These criteria provide a benchmark for designing, revising or assessing a non-judicial grievance mechanism to help ensure that it is effective in practice. Poorly designed or implemented grievance mechanisms can risk compounding a sense of grievance amongst affected stakeholders by heightening their sense of disempowerment and disrespect by the process. [...]*

- (e) Communicating regularly with parties about the progress of individual grievances can be essential to retaining confidence in the process. Providing transparency about the mechanism’s performance to wider stakeholders, through statistics, case studies or more detailed information about the handling of certain cases, can be important to demonstrate its legitimacy and retain broad trust. At the same time, confidentiality of the dialogue between parties and of individuals’ identities should be provided where necessary;*
- (f) Grievances are frequently not framed in terms of human rights and many do not initially raise human rights concerns. Regardless, where outcomes have implications for human rights, care should be taken to ensure that they are in line with internationally recognized human rights;”*

## REFERENCE POINTS IN OTHER INITIATIVES

*These references are intended to help users identify relevant information for answering this question, not as a substitute for the guidance above. See Annex D for a key to the initiatives referenced.*

Initiative	Reference point
DJSI	<i>Where relevant to specific salient human rights issues identified: Criterion: Codes of Conduct/Compliance/Corruption &amp; Bribery Question: Codes of Conduct/Corruption &amp; Bribery: Reporting on breaches</i>
FTSE ESG	—
GNI	—
GRI	<i>For specific salient human rights issues identified: G4-HR3 (B)</i>
ICMM	—
IR	—
OECD	—
UNGC	<i>For specific salient human rights issues identified: Criterion 5 and specifically: - Outcomes of remediation processes of adverse human rights impacts</i>
VPSHR	—

# ANNEX



# THE RELATIONSHIP BETWEEN BUSINESSES AND HUMAN RIGHTS

## As the introduction to the UN Guiding Principles Reporting Framework explains:

*The actions of business enterprises can affect people's enjoyment of their human rights either positively or negatively. Indeed, experience shows that enterprises can and do infringe human rights where they are not paying sufficient attention to this risk.*

*Enterprises can affect the human rights of their employees and contract workers, their customers, workers in their supply chains, communities around their operations and end users of their products or services. They can have an impact – directly or indirectly – on virtually the entire spectrum of internationally recognized human rights.*

This annex summarizes what the UN Guiding Principles call “internationally recognized human rights”, that is, at a minimum, the human rights contained in:

- The International Bill of Human Rights, meaning the rights in the Universal Declaration of Human Rights, as codified in the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights (and summarized in the table below), and
- The principles concerning the fundamental rights in the ILO's Declaration on Fundamental Principles and Rights at Work, namely:
  - Freedom of association and effective recognition of the right to collective bargaining;
  - Elimination of all forms of forced or compulsory labour;
  - Effective abolition of child labour;
  - Elimination of discrimination in respect of employment and occupation.

The table below is intended to help stimulate thinking by users of the UN Guiding Principles Reporting Framework about how a business may be involved with negative human rights impacts. It provides a short explanation of the rights contained in the two international covenants, and offers examples of how a company's operations might potentially impact them. It should not be interpreted as a ranking of rights, nor as a definitive

statement of the content of the rights, which need to be understood in light of their subsequent interpretation and with reference to the ILO core conventions. In addition, the examples vary in terms of how the company might be involved with the impact, whether by causing it, contributing to it, or because the impact is linked to its operations, products or services, but without any contribution on its part. The responsibility of the company is different in each situation. For more on this see the commentary to UN Guiding Principle 19.

The table draws on the publication by the UN Office of the High Commissioner for Human Rights, International Business Leaders Forum and the Castan Centre for Human Rights Law, *Human Rights Translated: A Business Reference Guide* (2008), which is an excellent source of additional information and guidance for companies.

In addition to the minimum list of internationally recognized human rights, the UN Guiding Principles make clear that companies should also pay attention to additional standards covering the human rights of individuals from groups or populations that may be particularly vulnerable to negative impacts.

These additional standards are:

- The International Convention on the Elimination of All Forms of Racial Discrimination;
- The Convention on the Elimination of All Forms of Discrimination Against Women;
- The Convention on the Rights of the Child;
- The International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families;
- The Convention on the Rights of Persons with Disabilities;
- The United Nations Declaration on the Rights of Indigenous Peoples;
- The Declaration on the Rights of Persons Belonging to National or Ethnic, Religious and Linguistic Minorities.

TABLE: INTERNATIONALLY RECOGNIZED HUMAN RIGHTS AND EXAMPLES OF HOW BUSINESS MIGHT IMPACT THEM

Relevant human right	Brief explanation of the right	Examples of how business might be involved with an impact on the right
<b>Right of self-determination</b>	<ul style="list-style-type: none"> <li>• A right of peoples, rather than individuals.</li> <li>• Peoples are entitled to determine their political status and place in the international community.</li> <li>• It includes the rights to pursue economic, social and cultural development, to dispose of a land's natural resources and not to be deprived of the means of subsistence.</li> <li>• A particular right of indigenous peoples to self-determination has been specifically recognized by the international community.</li> </ul>	<ul style="list-style-type: none"> <li>• Engaging in business activities on land that has traditional significance to the peoples that inhabit an area when that land was acquired by Government without due consultation with the local population.</li> <li>• Any activity that might have impacts on indigenous peoples' lands, whether through acquisition, construction or operation, may give rise to impacts on their right to self-determination.</li> </ul>
<b>Right to life</b>	<ul style="list-style-type: none"> <li>• Right not to be deprived of life arbitrarily or unlawfully.</li> <li>• Right to have one's life protected, for example, from physical attacks or health and safety risks.</li> </ul>	<ul style="list-style-type: none"> <li>• The lethal use of force by security forces (State or private) to protect company resources, facilities or personnel.</li> <li>• Operations that pose life-threatening safety risks to workers or neighbouring communities through, for example, exposure to toxic chemicals.</li> <li>• The manufacture and sale of products with lethal flaws.</li> </ul>
<b>Right not to be subjected to torture, cruel, inhuman and/or degrading treatment or punishment</b>	<ul style="list-style-type: none"> <li>• An absolute right, which applies in all circumstances.</li> <li>• Torture has been held to involve a very high degree of pain or suffering that is intentionally inflicted for a specific purpose.</li> <li>• Cruel and/or inhuman treatment also entails severe suffering.</li> <li>• Degrading treatment has been held to involve extreme humiliation of the victim.</li> </ul>	<ul style="list-style-type: none"> <li>• Conducting business in countries where State security or police forces protecting company assets do not respect this right.</li> <li>• Failure to foster a workplace that is free from severe forms of harassment that cause serious mental distress.</li> <li>• Manufacture and sale of equipment misused by third parties for torture or cruel treatment or for medical or scientific experimentation without their consent.</li> </ul>
<b>Right not to be subjected to slavery, servitude or forced labour</b>	<ul style="list-style-type: none"> <li>• Slavery exists when one human effectively owns another.</li> <li>• Freedom from servitude covers other forms of severe economic exploitation or degradation, such as in the trafficking of workers or debt bondage.</li> <li>• Rights to freedom from slavery and servitude are absolute rights.</li> <li>• Forced or compulsory labour is defined by the ILO as all work or service that is extracted under menace of any penalty and for which the person has not voluntarily offered themselves.</li> <li>• Providing payment does not mean that work is not forced labour if the other aspects of the definition are met.</li> </ul>	<ul style="list-style-type: none"> <li>• Businesses may unknowingly benefit through their supply chains from the labour of workers who have been trafficked and are forced to work as slaves, for example, on agricultural plantations. Women and children may be subject to particularly severe impacts in such situations.</li> <li>• A company may be involved in the transportation of people or goods that facilitates the trafficking of individuals.</li> <li>• Forced labour can arise in any sector where an employer puts workers in a position of debt bondage through company loans or the payment of fees to secure a job and/or where the company withholds workers' identity documents. This is a particular risk in the case of migrant workers, a recognized vulnerable group.</li> </ul>

<b>Rights to liberty and security of the person</b>	<ul style="list-style-type: none"> <li>• These rights involve the prohibition of unlawful or arbitrary detention.</li> <li>• ‘Lawful’ detention is understood to mean that it must be authorized by an appropriate government body, such as the courts, and be capable of being challenged by the detainee.</li> <li>• ‘Arbitrary’ detention is always prohibited.</li> <li>• Security of the person includes protection from physical attacks, threats of such attacks, or other severe forms of harassment, whether or not a person is detained.</li> </ul>	<ul style="list-style-type: none"> <li>• Threatening staff with physical punishment or tolerating severe harassment of some employees, for example, of trade union members or members of a minority ethnic group.</li> <li>• A company whose supplier routinely allows sexual abuse of female workers to go unaddressed in their workplace.</li> </ul>
<b>Right of detained persons to humane treatment</b>	<ul style="list-style-type: none"> <li>• This right requires detention authorities to take special measures for the protection of detainees (such as separating juveniles from other detainees).</li> </ul>	<ul style="list-style-type: none"> <li>• Companies involved in the construction, operation or maintenance of detention facilities (such as a prison or immigration detention facility) where detainees are mistreated.</li> </ul>
<b>Right not to be subjected to imprisonment for inability to fulfil a contract</b>	<ul style="list-style-type: none"> <li>• This right applies where a person is incapable of meeting a private contractual obligation.</li> <li>• It restricts the type of punishment that the State can impose.</li> </ul>	<ul style="list-style-type: none"> <li>• Companies may be linked to such an impact where this right is not protected by the State, for example, where a small local supplier is genuinely unable to meet their contractual obligations and the company takes action against them.</li> </ul>
<b>Right to freedom of movement</b>	<ul style="list-style-type: none"> <li>• Individuals who are lawfully in a country have the right to move freely throughout it, to choose where to live and to leave.</li> <li>• Individuals also have the right not to be arbitrarily prevented from entering their own country.</li> </ul>	<ul style="list-style-type: none"> <li>• Relocation of communities because of company operations where that is conducted in an arbitrary or unreasonable manner, without adequate notice, consultation (and, at least in the case of indigenous peoples, consent), or compensation.</li> <li>• Employers withholding workers’ identification documents.</li> </ul>
<b>Right of aliens to due process when facing expulsion</b>	<ul style="list-style-type: none"> <li>• Aliens (meaning foreigners) who are legally present in a country are entitled to due process (meaning fair legal procedures) before being forced to leave.</li> </ul>	<ul style="list-style-type: none"> <li>• Where companies rely on migrant workers (either directly or through a third-party agency), there may be a risk of their operations being linked to such an impact.</li> </ul>
<b>Right to a fair trial</b>	<ul style="list-style-type: none"> <li>• Required in both civil and criminal proceedings, this includes the right to a public hearing before an impartial tribunal.</li> <li>• Additional protections are required in criminal proceedings.</li> </ul>	<ul style="list-style-type: none"> <li>• A business tries to corrupt the judicial process by destroying relevant evidence or by seeking to bribe or otherwise influence judges or witnesses to take certain actions or make certain statements.</li> </ul>
<b>Right to be free from retroactive criminal law</b>	<ul style="list-style-type: none"> <li>• The State is prohibited from imposing criminal penalties for an act that was not illegal when it was committed, or from imposing higher penalties than those that were in force at the time.</li> </ul>	<ul style="list-style-type: none"> <li>• Companies may be linked to such an impact, for example, where political dissidents protest about some aspect of a company’s operations and the State creates new, punitive measures to prosecute them.</li> </ul>

<p><b>Right to recognition as a person before the law</b></p>	<ul style="list-style-type: none"> <li>• All individuals are entitled to 'legal personality', or independent legal recognition.</li> </ul>	<ul style="list-style-type: none"> <li>• Companies may be linked to such an impact, for example, where they benefit from a State-led land acquisition process that pays compensation only to male heads of households because the property of married women is treated as belonging to their husbands under domestic law.</li> </ul>
<p><b>Right to privacy</b></p>	<ul style="list-style-type: none"> <li>• Individuals have a right to be protected from arbitrary, unreasonable or unlawful interference with their privacy, family, home or correspondence and from attacks on their reputation.</li> <li>• The State is allowed to authorize restrictions on privacy in line with international human rights standards, but 'arbitrary' restrictions are always prohibited.</li> </ul>	<ul style="list-style-type: none"> <li>• Failing to protect the confidentiality of personal data held about employees or contract workers, customers or other individuals.</li> <li>• Requiring pregnancy testing as part of job applications.</li> <li>• Providing information about individuals to State authorities, without that individual's permission, in response to requests that are illegal under national law and/or not in line with international human rights standards.</li> <li>• Selling equipment or technology that can be used to track or monitor individuals' communications and movements to a State with a poor human rights record.</li> </ul>
<p><b>Rights to freedom of thought, conscience and religion</b></p>	<ul style="list-style-type: none"> <li>• Individuals have a right to choose, practise and observe their chosen religion or belief, to be an atheist or not to follow any religion or belief.</li> <li>• It includes the right to worship and to observe rituals, such as the wearing of particular clothing.</li> </ul>	<ul style="list-style-type: none"> <li>• A company's policy prevents workers from wearing clothing or other symbols that express their faith, even though these do not interfere with legitimate safety or performance issues.</li> <li>• A company does not allow its workers to seek reasonable time off for their religious holidays.</li> </ul>
<p><b>Rights to freedom of opinion and expression</b></p>	<ul style="list-style-type: none"> <li>• The right to hold opinions free from outside interference is an absolute right.</li> <li>• Individuals have a right to seek, receive and impart ideas in whatever media or form. The State is allowed to authorize restrictions in line with international human rights standards.</li> </ul>	<ul style="list-style-type: none"> <li>• Operating in a country where workers are routinely prevented by law from expressing their opinions in the public domain.</li> <li>• Censoring online or other content at the demand of the State where those requests are illegal under national law and/or not in line with international human rights standards.</li> <li>• Engaging in litigation against individual workers, community members or other stakeholders who have spoken critically about the company where there is an extreme imbalance in the parties' means to fund a legal case.</li> </ul>



<b>Rights to freedom from war propaganda, and freedom from incitement to racial, religious or national hatred</b>	<ul style="list-style-type: none"> <li>• These rights prohibit certain speech that is not protected by the right to freedom of expression.</li> <li>• Individuals are prohibited from advocating racial, religious or national hatred that amounts to an incitement to discrimination, hostility or violence.</li> </ul>	<ul style="list-style-type: none"> <li>• Companies that provide the platform or technology for individuals to express hatred against a particular religious group and to incite others to take certain action against them.</li> </ul>
<b>Right to freedom of assembly</b>	<ul style="list-style-type: none"> <li>• Individuals have the right to peacefully assemble for a specific purpose or where there is a public discussion, to put forward ideas or to engage in a demonstration, including marches.</li> <li>• The State is allowed to authorize restrictions in line with international human rights standards.</li> </ul>	<ul style="list-style-type: none"> <li>• Situations where public or private security services protecting company assets forcibly prevent or break up peaceful demonstrations by the local community against a company's operations.</li> </ul>
<b>Right to freedom of association</b>	<ul style="list-style-type: none"> <li>• Protects the right to form or join all types of association, including political, religious, sporting/recreational, non-governmental and trade union associations. (See also the right to form and join trade unions below.)</li> <li>• The State is allowed to authorize restrictions in line with international human rights standards.</li> </ul>	<ul style="list-style-type: none"> <li>• A company operates in an area where the State seeks to undermine a local political party that opposes the company's activities by bringing false accusations against its leaders.</li> <li>• (See also the examples below under the right to form and join trade unions.)</li> </ul>
<b>Rights of protection of the family and the right to marry</b>	<ul style="list-style-type: none"> <li>• The concept of a family varies. This includes the rights to enter freely into marriage and to start a family.</li> </ul>	<ul style="list-style-type: none"> <li>• Company policy discriminates against women on the basis of their marital or reproductive status.</li> <li>• (See also the examples below under the right to a family life.)</li> </ul>
<b>Rights of protection for the child</b>	<ul style="list-style-type: none"> <li>• A child has the right to be registered, given a name and to acquire a nationality.</li> <li>• Children must be protected from sexual and economic exploitation, including child labour.</li> <li>• ILO standards prohibit hazardous work for all persons under 18 years. They also prohibit labour for those under 15, with limited exceptions for developing States.</li> </ul>	<ul style="list-style-type: none"> <li>• Business activities that involve hazardous work (such as cutting sugar cane or mining) performed by persons under the age of 18.</li> <li>• Where child labour is discovered, a company can negatively impact other rights (such as the rights to an adequate standard of living, or security of the person) if they fail to take account of the best interests of the child in determining the appropriate response. For example, simply dismissing the child (or cutting the contract with the relevant supplier) may result in the child having to find alternative, more dangerous forms of work (such as prostitution).</li> </ul>
<b>Right to participate in public life</b>	<ul style="list-style-type: none"> <li>• Citizens have the right to take part in the conduct of public affairs, including the rights to vote and be elected in free and fair elections, and the right of equal access to positions within the public service.</li> </ul>	<ul style="list-style-type: none"> <li>• Failing to give time off to workers for the purpose of voting.</li> <li>• Bribery of political figures or other improper uses of company influence may distort the electoral process or otherwise impede free and fair elections.</li> </ul>

<p><b>Right to equality before the law, equal protection of the law, and rights of non-discrimination</b></p>	<ul style="list-style-type: none"> <li>• Individuals have a right not to be discriminated against, directly or indirectly, on various grounds, including race, ethnicity, sex, language, religion, political or other opinion, national or social origin, property, and birth or other status (such as sexual orientation or health status, for example, having HIV/AIDS).</li> <li>• This right applies to the enjoyment of all other rights.</li> <li>• The State is allowed to make distinctions where they are in line with international human rights standards.</li> <li>• ILO standards provide further guidance on the content of the right.</li> </ul>	<ul style="list-style-type: none"> <li>• Indirectly discriminating in the recruitment, remuneration or promotion of workers, for example, by offering a training programme that enhances an individual's chance of promotion at a time that is reserved for religious observance by a particular group.</li> <li>• A company offers compensation to men and women in a situation where its operations or products have had negative impacts on their health in a way that discriminates against women (such as by failing to recognize the particular harm to their reproductive health).</li> </ul>
<p><b>Rights of minorities</b></p>	<ul style="list-style-type: none"> <li>• Members of ethnic, religious or linguistic minorities are entitled to enjoy their own culture, practise their religion and speak their language.</li> </ul>	<ul style="list-style-type: none"> <li>• Failing to make reasonable adjustments for workers who wear a traditional form of headgear where that does not pose a legitimate safety or performance issue.</li> <li>• Using land in a manner that undermines the traditional way of life of a minority group, for example, by preventing them from ceremonial activities.</li> </ul>
<p><b>Right to work</b></p>	<ul style="list-style-type: none"> <li>• Individuals are entitled to the opportunity to make a living by work which they freely choose or accept. The work must be 'decent work', meaning that it respects their human rights.</li> <li>• The right includes the prohibition of arbitrary dismissal and the rights to just and favourable conditions of work and to form and join trade unions, discussed below.</li> </ul>	<ul style="list-style-type: none"> <li>• Arbitrarily or unfairly dismissing a worker, even if permissible under local law.</li> <li>• Hindering or failing to provide for the reasonable career advancement aspirations of workers.</li> <li>• (See also the examples under the rights to just and favourable conditions of work and to form and join trade unions.)</li> </ul>
<p><b>Right to enjoy just and favourable conditions of work</b></p>	<ul style="list-style-type: none"> <li>• Individuals have the right to fair remuneration and equal remuneration for work of equal value. Remuneration must enable them, and their families, to have a decent living.</li> <li>• The right includes safe and healthy conditions of work, equality of opportunity for promotion, and a right to rest, leisure and holidays.</li> <li>• ILO standards provide further guidance on the content of the right.</li> </ul>	<ul style="list-style-type: none"> <li>• Failing to address a pattern of accidents highlighting inadequate workplace health and safety.</li> <li>• A company's purchasing practices repeatedly allow changes to the terms of product orders without any changes to price or delivery time, creating pressure on its suppliers, who then demand excessive overtime from their workers.</li> <li>• Using cleaning staff that are employed by a third-party company and are paid extremely low wages with no or very limited entitlements to sick pay or leave.</li> </ul>

<p><b>Right to form and join trade unions and the right to strike</b></p>	<ul style="list-style-type: none"> <li>• Individuals have the right to form or join trade unions of their choice.</li> <li>• Trade unions must be permitted to function freely, subject only to limitations that are in line with international human rights standards.</li> <li>• Workers have the right to strike, in conformity with reasonable legal requirements.</li> <li>• ILO standards provide guidance on the content of the right, for example, that workers have the right to bargain collectively with their employers and that workers should not be discriminated against because of trade union membership.</li> </ul>	<ul style="list-style-type: none"> <li>• Creating barriers to the formation of trade unions among employees or contract workers.</li> <li>• Refusing or failing to recognize legitimate workers' associations with which the company can enter into dialogue in countries that prohibit trade unions.</li> </ul>
<p><b>Right to social security, including social insurance</b></p>	<ul style="list-style-type: none"> <li>• This right obliges the State to create and maintain a system of social security that provides adequate benefits for a range of issues (such as injury or unemployment).</li> </ul>	<ul style="list-style-type: none"> <li>• Denying workers their contractually agreed employment injury benefits.</li> <li>• Offering a private social security scheme that has discriminatory eligibility criteria.</li> </ul>
<p><b>Right to a family life</b></p>	<ul style="list-style-type: none"> <li>• Protection should be given to families during their establishment, and while they are responsible for the care and education of dependent children.</li> <li>• The right includes special protections for working mothers.</li> <li>• The right also includes special protections for children.</li> </ul>	<ul style="list-style-type: none"> <li>• Company practices hinder the ability of workers to adopt a healthy work–life balance that enables them to adequately support their families (such as requiring workers to live on site in dormitories for extended periods of time without providing adequate periods of leave to enable them to spend time with their families).</li> <li>• (See also the examples in relation to the rights of protection for the child above.)</li> </ul>
<p><b>Right to an adequate standard of living</b></p>	<ul style="list-style-type: none"> <li>• This right includes access to adequate housing, food, clothing, and water and sanitation.</li> <li>• Individuals have a right to live somewhere in security, dignity and peace and that fulfils certain criteria (such as availability of utilities and accessibility).</li> <li>• Food should be available and accessible to individuals, in sufficient quality and quantity, to meet their nutritional needs, free from harmful substances and acceptable to their culture.</li> <li>• The right to water and sanitation was recognized as a distinct right in 2010. Individuals are entitled to sufficient, safe, acceptable, physically accessible and affordable water for personal and domestic use and to sanitation services that fulfil certain criteria (such as being safe, physically accessible, and providing privacy and dignity).</li> </ul>	<ul style="list-style-type: none"> <li>• Poor-quality housing or dormitories provided to workers.</li> <li>• Failing to provide adequate sanitation facilities for workers in a company-owned factory.</li> <li>• The expansion of a company's operations significantly reduces the amount of arable land in an area, affecting local community members' access to food.</li> <li>• Business activities pollute or threaten existing water resources in a way that significantly interferes with local communities' ability to access clean drinking water. In such situations, there may be particular negative impacts on women and girls, who are responsible for water collection in many communities.</li> </ul>

<b>Right to health</b>	<ul style="list-style-type: none"> <li>• Individuals have a right to the highest attainable standard of physical and mental health.</li> <li>• This includes the right to have control over one's health and body, and freedom from interference.</li> </ul>	<ul style="list-style-type: none"> <li>• Pollution from business operations can create negative impacts on the health of workers and/or surrounding communities.</li> <li>• The sale of products that are hazardous to the health of end users or customers.</li> <li>• Failure to implement appropriate health and safety standards leads to long-term negative impacts on workers' health.</li> </ul>
<b>Right to education</b>	<ul style="list-style-type: none"> <li>• All children have the right to free and compulsory primary education.</li> <li>• The right also includes equal access to education and equal enjoyment of educational facilities, among other aspects.</li> </ul>	<ul style="list-style-type: none"> <li>• The presence of child labour in a business or in its supply chain, where those children are unable to attend school.</li> <li>• Limiting access to, or damaging, educational facilities through construction, infrastructure or other projects.</li> </ul>
<b>Rights to take part in cultural life, to benefit from scientific progress, and to protection of the material and moral rights of authors and inventors</b>	<ul style="list-style-type: none"> <li>• Individuals have a right to take part in the cultural life of society and enjoy the benefits of scientific progress, especially disadvantaged groups.</li> <li>• This includes protection of an individual author's moral and material interests resulting from any scientific, literary or artistic production.</li> <li>• This protection extends to the rights of indigenous peoples to preserve, protect and develop indigenous and traditional knowledge systems and cultural expressions.</li> </ul>	<ul style="list-style-type: none"> <li>• Activities involving resource extraction or new construction (such as laying a pipeline or installing infrastructure networks) could impact this right by separating groups from areas of cultural importance and knowledge, or by damaging their cultural heritage.</li> </ul>



# GLOSSARY OF KEY TERMS

## AFFECTED STAKEHOLDER(S)

An individual whose human rights have been or may be affected by a company's operations, products or services.

## BUSINESS ACTIVITIES

Everything that a company does in the course of fulfilling the strategy, purpose, objectives and decisions of the business. This may include activities such as mergers and acquisitions, research and development, design, construction, production, distribution, purchasing, sales, provision of security, contracting, human resource activities, marketing, conduct of external/government relations including lobbying, engagement with stakeholders, relocation of communities, social investment and the activities of legal and financial functions, among others.

## BUSINESS PARTNER

Entities with which a company has some form of direct and formal engagement for the purpose of meeting its business objectives. This includes but is not limited to contractual relationships. Examples include joint venture partners, vendors, franchisees or licensees, business customers, clients, governments, suppliers, contractors and consultants.

## BUSINESS RELATIONSHIPS

The relationships a company has with business partners, entities in its value chain and any other State or non-State entity directly linked to its operations, products or services. They include indirect relationships in its value chain, beyond the first tier, and minority as well as majority shareholding positions in joint ventures.

## CIVIL SOCIETY ORGANIZATIONS (CSOS)

Non-State, not-for-profit, voluntary entities formed by people in the social sphere that are separate from the State and the market. CSOs represent a wide range of interests and ties. They can include community-based organizations as well as non-governmental organizations (NGOs). In the context of the UN Guiding Principles Reporting Framework, CSOs do not include business or for-profit associations.

## CONTRACT WORKER

Any person who performs work for the benefit of a primary employer though the employment relationship is with a third party. This guidance uses the term 'worker' to refer to the employees of third parties with which the company has a direct or indirect business relationship.

## DISCLOSURE

All information released by a company for the purpose of informing shareholders or other stakeholders.

## EMBEDDING RESPECT FOR HUMAN RIGHTS

The macro-level process of ensuring that a company's responsibility to respect human rights is driven across the organization, into its business values and culture. It requires that all personnel are aware of the company's public commitment to respect human rights, understand its implications for how they conduct their work, are trained, empowered and incentivized to act in ways that support the commitment, and regard it as intrinsic to the core values of the workplace. Embedding is one continual process, generally driven from the top of the company.

## EMPLOYEE

Any person who performs work for the benefit of another with the expectation of remuneration and is in a relationship of subordination or dependence. The determination of an employment relationship should be based on the facts, regardless of the existence of a contract or any alternative characterization.

## HUMAN RIGHTS

Basic international standards aimed at securing dignity and equality for all. Every human being is entitled to enjoy them without discrimination. They include the rights contained in the International Bill of Human Rights – meaning the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights. They also include the principles concerning fundamental rights set out in the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work. For more, see Annex A.

## HUMAN RIGHTS DUE DILIGENCE

An ongoing risk management process that a reasonable and prudent company needs to follow in order to identify, prevent, mitigate and account for how it addresses its adverse human rights impacts. It includes four key steps: assessing actual and potential human rights impacts; integrating and acting on the findings; tracking responses; and communicating about how impacts are addressed.

## HUMAN RIGHTS PERFORMANCE

The extent to which a company achieves the objective of effectively preventing and addressing negative human rights impacts with which it may be or has been involved.

## LEVERAGE

The ability of a business enterprise to effect change in the wrongful practices of another party that is causing or contributing to an adverse human rights impact.

## MATERIALITY

A threshold used to determine what information a company will disclose in its formal reporting. Definitions of what constitutes that threshold vary considerably. For more on materiality, see Section 7 of the Overview.

## MITIGATION

The mitigation of a negative human rights impact refers to actions taken to reduce the extent of the impact. The mitigation of a human rights risk refers to actions taken to reduce the likelihood that a potential negative impact will occur.

## NEGATIVE IMPACT ON HUMAN RIGHTS

A negative human rights impact occurs when an action removes or reduces the ability of an individual to enjoy his or her human rights.

## OPERATING CONTEXT

A location in which a company carries out business activities. It may refer to a country, region within a country or a local area.

## PREVENTION

The prevention of a negative human rights impact refers to actions taken to ensure the impact does not occur.

## PUBLIC COMMITMENT TO RESPECT HUMAN RIGHTS

A high-level and widely available statement by a company that sets out its intention to respect human rights with the expectation of being accountable for achieving that aim.

## REMEDIATION/REMEDY

Refers to both the process of providing remedy for a negative human rights impact and the substantive outcomes that can counteract, or make good, the negative impact. These outcomes may take a range of forms such as apologies, restitution, rehabilitation, financial or non-financial compensation, and punitive sanctions (whether criminal or administrative, such as fines), as well as the prevention of harm through, for example, injunctions or guarantees of non-repetition.

## RESPONSIBILITY TO RESPECT HUMAN RIGHTS

The responsibility of a company to avoid infringing on the human rights of others and to address negative impacts with which it may be involved, as set out in the UN Guiding Principles on Business and Human Rights.

## SALIENT HUMAN RIGHTS ISSUES

Those human rights that are at risk of the most severe negative impacts through a company's activities or business relationships. They therefore vary from company to company.

## SEVERE HUMAN RIGHTS IMPACT

A negative human rights impact that is severe by virtue of one or more of the following characteristics: its scale, scope or irremediability. Scale means the gravity of the impact on the human right(s). Scope means the number of individuals that are or could be affected. Irremediability means the ease or otherwise with which those impacted could be restored to their prior enjoyment of the right(s).

## STAKEHOLDER

Any individual or organization that may affect, or be affected by a company's actions and decisions. In the UN Guiding Principles, and in this Reporting Framework, the primary focus is on affected or potentially affected stakeholders, meaning individuals whose human rights have been or may be affected by a company's operations, products or services. Other particularly relevant stakeholders in the context of the UN Guiding Principles are the legitimate representatives of potentially affected stakeholders, including trade unions, as well as civil society organizations and others with experience and expertise related to business impacts on human rights.

## STAKEHOLDER ENGAGEMENT

An ongoing process of interaction and dialogue between a company and its stakeholders that enables the company to hear, understand and respond to their interests and concerns, including through collaborative approaches.

## SUSTAINABILITY REPORT

A generic term for a company report that provides information about a company's performance on a number of sustainability dimensions such as economic, social, environmental and corporate governance issues, including human rights.

## UNITED NATIONS GUIDING PRINCIPLES ON BUSINESS AND HUMAN RIGHTS

A set of 31 principles that set out the respective roles of States and companies in ensuring that companies respect human rights in their business activities and through their business relationships. The Guiding Principles were endorsed by the UN Human Rights Council in 2011.

## VALUE CHAIN

A company's value chain encompasses the activities that convert input into output by adding value. It includes entities with which it has a direct or indirect business relationship and which either (a) supply products or services that contribute to the company's own products or services or (b) receive products or services from the company.

## WORKER

An individual performing work for a company, regardless of the existence or nature of any contractual relationship with that company.

## WORKFORCE

All individuals working for a company, including employees and contract workers.



# INDEX OF ANSWERS

This Index of Answers is designed to help report writers and readers of reports quickly identify the location of answers to questions under the UN Guiding Principles Reporting Framework. A company needs to address the eight overarching questions under Parts A and C and the four information requirements under Part B in order to meet the minimum threshold to say that it has applied the UN Guiding Principles Reporting Framework. The right hand column is therefore crossed through for these questions or, in the case of B3 and B4, requires that the company indicate if they are not applicable.

Section of the Framework		Location where addressed				Not addressed
Policy commitment	A1					
	A1.1					
	A1.2					
	A1.3					
Embedding respect	A2					
	A2.1					
	A2.2					
	A2.3					
	A2.4					
	A2.5					
Statement of salient issues	B1					
Explanation of salient issues	B2					
Geographical focus (if any)	B3					
Additional severe impacts (if any)	B4					
Section of the Framework		Location where addressed for each salient issue				Not addressed
		Issue 1	Issue 2	Issue 3	Issue 3+	
Specific policies	C1					
	C1.1					
Stakeholder engagement	C2					
	C2.1					
	C2.2					
Assessing impacts	C2.3					
	C3					
	C3.1					
Integrating findings and taking action	C3.2					
	C4					
	C4.1					
Tracking performance	C4.2					
	C4.3					
	C5					
Remediation	C5.1					
	C6					
	C6.1					
	C6.2					
	C6.3					
	C6.4					
	C6.5					





## KEY OF NAMES OF REFERENCED REPORTING AND OTHER INITIATIVES

The table below contains the complete names of the broader reporting frameworks and industry and issue-specific initiatives referenced in the UN Guiding Principles Reporting Framework. Cross-references to these initiatives can be found in the implementation guidance for Parts A and C of the Reporting Framework.

More cross-references to other reporting initiatives are available on the website of the Reporting Framework. Please see: [www.ungpreporting.org/resources/cross-references-to-other-initiatives/](http://www.ungpreporting.org/resources/cross-references-to-other-initiatives/)

Initiative acronym	Complete name of initiative reference document(s)
DJSI	RobecoSAM - Corporate Sustainability Assessment (DJSI Sample Questionnaire)
FTSE ESG	FTSE ESG Ratings Methodology and Usage Summary
GNI	Global Network Initiative: Governance Charter, and Implementation Guidelines
GRI	Global Reporting Initiative G4 Sustainability Reporting Guidelines
ICMM	International Council on Mining and Metals Assurance Framework
IR	International <IR> Framework
OECD	OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas
UNGC	UN Global Compact Advanced COP Self-Assessment
VPSHR	Voluntary Principles on Security and Human Rights Reporting Guidelines

UN GUIDING PRINCIPLES

# REPORTING FRAMEWORK

an initiative of:

## Shift



*Shift is the leading center of expertise on the UN Guiding Principles on Business and Human Rights. Shift's global team facilitates dialogue, builds capacity and develops new approaches with companies, government, civil society organizations and international institutions to bring about a world in which business gets done with respect for people's fundamental welfare and dignity. Shift is a non-profit, mission-driven organization.*

*Shift was established following the 2011 unanimous endorsement of the Guiding Principles by the UN Human Rights Council, which marked the successful conclusion of the mandate of the Special Representative of the UN Secretary-General for Business and Human Rights, Professor John Ruggie. Shift's founders were part of Professor Ruggie's core advisory team that helped develop the Guiding Principles. Professor Ruggie is the Chair of Shift's Board of Trustees.*

*Mazars is an international, integrated and independent organisation specialising in audit, advisory, accounting and tax services.*

*As a global organisation, we believe it is both our privilege and responsibility to help create a better world by contributing to the business community and wider society through our reach and areas of expertise.*

*Through Mazars' Business. For Good™ initiative, we encourage business leaders to 'think and act long-term' in order to enhance business performance and pursue profit responsibly for the benefit of companies, their stakeholders and wider society. The initiative not only underpins our purpose but it also brings together a number of services that help organisations respond to emerging sustainability issues in the global marketplace including Anti-Corruption and Whistleblowing, Culture and Human Rights.*

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