

**THE UN GUIDING  
PRINCIPLES REPORTING  
FRAMEWORK**

**IMPLEMENTATION GUIDE**

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# INTRODUCTION

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## 1. GENERAL GUIDANCE ON USING THE REPORTING FRAMEWORK ON THE UN GUIDING PRINCIPLES

*[Reiterate minimum threshold for use of the Framework.]*

*Note that in some instances an answer to a question will be the same for more than one, or even all salient risks. For example stakeholder engagement processes may encompass all the risks on which the company is reporting. Reflect that it will be helpful to be concise where this is the case, but to indicate clearly the cross-cutting nature of the response and to which salient risks it relates.*

*Note that questions can be answered in logical order for the narrative of the report, but where this does not follow the order of the framework, the company should provide a table showing where information relating to each question answered can be found. Provide model table in Annex.*

*Reference to reporting principles and 'general information' as per the introduction to the framework*

*Discussion of salience and materiality]*

## 2. GLOSSARY OF KEY TERMS [TO BE COMPLETED]

Actual Impact

Human Rights Due Diligence

Human Rights Impact

Human Rights Risk

Potential Impact

Responsibility to Respect Human Rights

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Salient Human Rights Risk

Severe Impact

Stakeholder

Stakeholder Engagement

UN Guiding Principles

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DRAFT

# PART A: GOVERNANCE OF RESPECT FOR HUMAN RIGHTS

## A1: POLICY COMMITMENT: OVERARCHING QUESTION

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

#### **Objective:**

This question enables the reporting company to explain how it understands its responsibility to respect human rights, and how it articulates its resulting expectations of its workforce, business partners and other entities in its value chain.

#### **Supporting Guidance:**

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

The commitment may take the form of a single, self-standing 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.

The key for addressing this question is to focus on the commitment that is public - distinct from any additional purely internal policies; and that it relates to how the company approaches the issue of respect for human rights across its own activities and business relationships – not to philanthropic or other activities that support or promote human rights more generally.

#### **Relevant Information:**

Relevant information for the company's answer could include:

- ✓ A hyperlink to, summary or restatement of the company's human rights policy commitment;
- ✓ What written form the policy commitment takes (e.g., a self-standing human rights policy, part of the company's code of business ethics or code of conduct, or a statement on the company's website);
- ✓ The human rights included within the policy 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, etc.).

***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:*

- (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: selected examples<sup>1</sup>

<i>Initiative</i>	<i>Reference Point</i>
GRI	G4-DMAb (Policies and Commitments)
VPSHR	1. Statement of commitment or endorsement of the Voluntary Principles.
ETC.	ETC.

## A1: POLICY COMMITMENT: SUPPORTING QUESTIONS

### Supporting question A1.1

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

##### Objective:

This question enables the reporting company to explain the various factors that have informed the current content of its public commitment.

##### Supporting Guidance:

A policy commitment, whilst not static, provides a somewhat constant reference point over time for individuals within and outside the company. It may therefore 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 can respond to this question by referring the reader back to where the process of development has been described in a prior report.

##### Relevant Information:

Relevant information for the company's answer could include:

- ✓ Any internal and/or external consultative processes that supported the

<sup>1</sup> This section includes references to relevant provisions of broader reporting frameworks and industry- or issue-specific initiatives to support cross-referencing and increased efficiency by reporting companies. In this draft version of the Implementation Guide, selected examples are provided to show alignment of the Implementation Guide with indicators in the Global Reporting Initiative G4 Reporting Standard and the Voluntary Principles on Security and Human's Rights Reporting Guidance. These references have been discussed with both organizations. The RAFI project team will provide further mapping for these and other initiatives in the final version of the Implementation Guide.

- policy commitment’s development;
- ✓ How external inputs are reflected in the policy;
- ✓ Whether, and if so how, senior management and/or Board members were involved in the commitment’s development;
- ✓ The level at which the policy commitment was approved;
- ✓ Any changes in the policy commitment within the reporting period;
- ✓ Any plans to update the policy 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: selected examples**

<i>Initiative</i>	<i>Reference Point</i>
GRI	To be considered
VPSHR	N/A
ETC.	ETC.

## A1: POLICY COMMITMENT: SUPPORTING QUESTIONS

**Supporting question A1.2**

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

**Objective:**

This question enables the company to give more information about the specific groups that its 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 policy commitment covers any and all individuals and groups who may be affected by the company's operations, or that it focuses on certain groups, such as employees. In other instances, the scope of its application may be implicit: understood within the company but not set out in a policy.

It is particularly relevant to explain whether the policy commitment includes individuals who perform work for the company under temporary contracts in addition to 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.

**Relevant Information:**

Relevant information for the company's answer could include:

- ✓ Whether the policy commitment covers all individuals/groups who may be impacted by the company's operations or relates to certain, specific groups, and if so, which ones;
- ✓ Any groups to which the company pays particular attention, and why;
- ✓ Any plans to change the scope of individuals/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 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: selected examples**

<i>Initiative</i>	<i>Reference Point</i>
GRI	To be considered
VPSHR	N/A
ETC.	ETC.

## A1: POLICY COMMITMENT: SUPPORTING QUESTIONS

### Supporting question A1.3

#### How is the public commitment disseminated?

**Objective:**

This question enables the reporting company to explain how its policy commitment is shared with those for whom it is relevant, whether because they are expected to implement it (for example, the company’s employees, contractors and suppliers) or because they have a direct interest in its implementation (for example, affected communities, consumers and shareholders).

**Supporting guidance:**

Dissemination can include relatively simple steps such as posting the policy commitment on the company’s Internet 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. It will be relevant to reflect in the company's response to this question 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 policy commitment is communicated to employees and other individuals who work for the company (e.g., through an internal website, in induction training, in other training, in meetings, in presentations by senior management, in written guidance);
- ✓ Whether and how the policy 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 policy 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 affected by the company's operations, products or services, NGOs or others who work with or advocate for potentially affected stakeholders);
- ✓ Any limitations on the dissemination of the human rights commitment, internally or externally.

#### **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 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: selected examples**

<i>Initiative</i>	<i>Reference Point</i>
GRI	To be considered
VPSHR	N/A
ETC.	ETC.

## A2: EMBEDDING RESPECT FOR HUMAN RIGHTS: OVERARCHING QUESTION

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

**Objective:**

This question provides an opportunity for the reporting company to describe the ways in which it 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 operations.

**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 approach 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 indicators of the weight it places on respect for human rights across its operations.

### Relevant Information:

Relevant information for the company's answer could include:

- ✓ Whether or not the commitment is reflected in the company's by-laws or other governing documents;
- ✓ Whether or not a Board member or Board committee is tasked with addressing one or more areas of respect for human rights;
- ✓ Public statements by the top leadership regarding how the company views respect for human rights;
- ✓ Inclusion of performance incentives (e.g., bonuses) for top management in relation to one or more areas 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 favor of improved regulations or improved implementation of regulations to protect human rights in areas relevant for the company's operations (e.g., improved labor rights protections, land title recognition for communities, community consultation laws or practices, etc.).

***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:

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 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 fulfill 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.”*

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 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 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 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: selected examples**

<i>Initiative</i>	<i>Reference Point</i>
GRI	To be considered
VPSHR	N/A

ETC.

ETC.

## A2: EMBEDDING RESPECT FOR HUMAN RIGHTS: SUPPORTING QUESTIONS

### Supporting question A2.1

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

#### Objective:

This question enables the reporting company to explain its decision about where to locate daily responsibility for human rights within the company and how this plays into its efforts to make respect for human rights part of how it conducts business.

#### Supporting guidance:

This question is focused on where responsibility for human rights issues is located within the company. For larger companies this may include different leads in different business units/operating sites/regional or country offices etc., as well as at the corporate level. There may also be differences between the position in the company that holds the lead operational responsibility for handling human rights issues and the position in senior management that has overall accountability for performance.

This question is distinct from question C4.1, which looks at how the various business units/departments/functions relevant to a particular salient risk are involved in helping to address that risk. It is also distinct from question A1 where relevant information includes Board level responsibility; here the focus is on 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. It may also be that there is more than one point of responsibility, for example human resources for human rights issues related to employees and contract workers, and another position in relation to external stakeholders. Certain functions may have a particular kind of responsibility, for example compliance or internal audit. It will be particularly helpful to explain briefly how the approach chosen by the reporting company fits its particular structure, systems and culture.

#### Relevant Information:

Relevant information for the company could include:

- ✓ Which staff position/business function has day-to-day responsibility for human rights within the company (e.g., corporate responsibility/sustainability, legal, ethics and compliance, external affairs, internal audit, etc., and/or a specific position within the function);
- ✓ Specific responsibilities of this staff position/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 for the organization of 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:**

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 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: selected examples**

<i>Initiative</i>	<i>Reference Point</i>
GRI	G4-DMAb (Responsibilities, Resources)
VPSHR	N/A
ETC.	ETC.



## A2: EMBEDDING RESPECT FOR HUMAN RIGHTS: SUPPORTING QUESTIONS

### Supporting question A2.2

**What kinds of human rights issues reach discussion at the senior management and Board levels, and why?**

#### Objective:

This question enables the reporting company to provide the reader with a sense of when, why and in what ways the most senior echelons of the company's management and governance structures would get 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 echelons 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 up the company.

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 that have the potential of impacting human rights, for instance, discussions on choice of supply chain strategy and discussions on 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 D4.2, which asks how any tensions between the mitigation of the reporting company's salient risks and other business objectives are addressed. This question provides a particular opportunity to describe and illustrate when and how senior management and/or the Board take a role in addressing these kinds of tension in general, for example where the company is unable to reduce the risk of human rights abuses being linked to its operations if it pursues a commercially attractive opportunity, or where business reasons to expedite a commercial process would reduce the time available to mitigate known risks to human rights.

#### Relevant Information:

Relevant information for the company's answer could include:

- ✓ Processes, indicators and/or criteria the company uses to determine which issues are discussed at the senior management and Board levels;
- ✓ 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 within 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 within 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 within the reporting period.

### The UN Guiding Principles:

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 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: selected examples

<i>Initiative</i>	<i>Reference Point</i>
GRI	To be considered
VPSHR	N/A
ETC.	ETC.

## A2: EMBEDDING RESPECT FOR HUMAN RIGHTS: SUPPORTING QUESTIONS

### Supporting question A2.3

**Are employees and contract workers made aware of the relevance and significance of their decisions and actions for achieving respect for human rights and, if so, how?**

#### Objective:

This question provides the reporting company with an opportunity to explain how the high-level public commitment is translated into terms that are understandable for those working for the company and how they are equipped and motivated implement the commitment in their daily work.

#### Supporting guidance:

Question 1.3 above 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 to consider how they are enabled to understand its implications or 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/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 right champions);
- ✓ Any examples of how these efforts are tailored to particular roles, functions or business units within the company;
- ✓ Any ways in which the company seeks to share lessons learned across the business 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, tying evaluation to compensation);
- ✓ Any relevant "speak up" procedures or whistleblowing mechanism to enable

- and/or encourage individuals to raise concerns internally;
- ✓ How any tensions with other incentives driving the workforce are managed, (e.g., time pressures, cost pressures, other internal metrics that may at times be at odds with measures to respect human rights).

**The UN Guiding Principles:**

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 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 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: selected examples**

<i>Initiative</i>	<i>Reference Point</i>
GRI	To be considered
VPSHR	N/A

ETC.

ETC.

## A2: EMBEDDING RESPECT FOR HUMAN RIGHTS: SUPPORTING QUESTIONS

### Supporting question A2.4

**How does the company make clear to business partners and others in its value chain the importance it places on respect for human rights?**

#### Objective:

This question provides the reporting company with an opportunity to explain how the particular relevance of the high-level policy commitment for third parties with which it has business relationships is conveyed to them 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 means through which the company conveys to its business partners the intent and content of its commitment to respect human rights (e.g., a code of conduct, terms of a contract, capacity building work, etc.).
- ✓ What specific aims or expectations the company has of those it works with directly or indirectly with regard to 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 etc.).
- ✓ Any ways in which the company ensures it does not hinder relevant third parties from respecting human rights (e.g., through intentional or

- unintentional pressure or incentives to overlook human rights issues)
- ✓ 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 etc.).

**The UN Guiding Principles:**

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 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 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: selected examples**

<i>Initiative</i>	<i>Reference Point</i>
GRI	G4-DMAb (Investment Aspect – specific DMA Guidance for HR1)
VPSHR	N/A
ETC.	ETC.

**A2: EMBEDDING RESPECT FOR HUMAN RIGHTS:  
SUPPORTING QUESTIONS**

## Supporting question A2.5

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

### Objective:

This question provides the reporting company with an opportunity to explain whether experiences or other insights gained during the reporting period have led to improvements in the management of human rights risks 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 on-going 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 operations and practices, 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 the one or more human rights risks;
- ✓ Changes, or planned changes, made to a policy, process or practice in order to better manage one or more human rights risks.

### The UN Guiding Principles:

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 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: selected examples**

<i>Initiative</i>	<i>Reference Point</i>
GRI	To be considered
VPSHR	N/A
ETC.	ETC.



# PART B: DEFINING THE FOCUS OF REPORTING

## B1: STATEMENT OF SALIENT RISKS

**Statement of Salient Risks: State the salient risks to human rights associated with the company's business activities and relationships at the time of reporting.**

**Objective:**

The reporting company should set out those human rights risks that will be the focus of the remainder of its reporting. These should be its salient human rights risks: those human rights that stand out as being **most at risk at the time of reporting** based on (in order of importance):

1. The severity of the potential impacts;
2. The likelihood of the potential impacts.

These salient human rights risks are the risks to human rights that will be the primary focus of the company's attention in its human rights due diligence over the course of the next reporting period.

If the number of salient human rights risks identified is too large for the company to report on concisely in the context of its formal disclosure, it may choose to reduce the number by focusing on:

3. Those salient risks that are most prevalent: those that arise most consistently across the company's operations as a whole.

The company's reporting under the RAFI Reporting Framework on the UN Guiding Principles (section C) will focus on how these salient human rights risks are being managed in practice.

**Supporting guidance:**

Human rights risks are potential negative impacts on human rights. Potential negative impacts may occur as a result of the company's own activities or through its business relationships. Business relationships include relationships with the company's, "business partners, entities in its value chain and any other non-State or State entity directly linked to its business operations, products or services."<sup>2</sup> These relationships may be direct or a number of steps removed in a chain of relationships, such as in the deeper tiers of a supply chain.

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<sup>2</sup> Footnote to GPs

Potential negative impacts may be caused by the company, contributed to by the company, or simply linked to its operations, products or services through a business relationship, but without any cause or contribution. While the company's responsibility varies based on the nature of its involvement in an impact, all these types of human rights risk are relevant.

Severity is the dominant factor under the UN Guiding Principles in prioritizing human rights risks. A high severity, low likelihood impact would therefore be a higher priority than a low severity, high likelihood impact.

Under the 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).

The process of identifying salient risks should take into account risks to:

- the company's own employees and contract workers;
- employees and contract workers of companies that contribute to its operations, products or services through its value chain;
- communities affected by the company's operations;
- end-users or consumers of its products or services;
- 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, marginalized women or ethnic groups.

The salient risks may consist of individual human rights (such as freedom of expression, freedom of association, or the right to access to water and sanitation), or more general human rights issues (such as security and human rights, indigenous people's rights, land-related human rights).

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 risks because they were isolated and unlikely to recur or to occur elsewhere. Section B4 provides guidance to the company on including these impacts in the its reporting.

#### **The UN Guiding Principles:**

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 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.*

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 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.”*

## B2: EXPLANATION OF SALIENT RISKS

**Determination of Salient Risks: Describe how the salient risks that will be the focus of reporting were determined, including any input from stakeholders.**

**Objective:**

The reporting company should state briefly how it arrived at the particular list of salient human rights risks on which the remainder of its reporting will focus, with a particular emphasis on:

- (a) how the selection was informed by the three characteristics of severity, likelihood and prevalence;
- (b) if and how inputs from stakeholders were taken into account in the identification of the salient risks;
- (c) the role of senior management in identifying and/or agreeing on the salient risks.

**Supporting guidance:**

When a company tries to identify negative impacts on human rights with which it could be involved, it needs to take into account the perspectives of relevant stakeholders – particularly those who could be impacted. Doing so can raise important insights and understanding of potential impacts that may not otherwise be apparent to the company. Engaging with potentially affected stakeholders usually needs to be done at the local level. For larger companies, this will 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.

When identifying salient human rights risks for the purposes of reporting, companies may have conducted a number of local processes of engagement with stakeholders, and be able to draw on those insights to inform their assessment of the salient risks for the company as a whole. Where local stakeholder perspectives have informed the identification of salient risks, it will be valuable to make this

clear.

Whether or not such processes have already been undertaken, it is particularly valuable to involve experts and stakeholders with a more generalized understanding of human rights risks within the company's industry or areas of operation in this higher level assessment of risks. Consultations with these stakeholders can help ensure that the company's conclusions as to which human rights risks are salient are, and are perceived as, well founded. Internal stakeholders – the company's own employees and any temporary or contract workers – are also a valuable source of insights as the "eyes and ears" of the company across its operations. It can be valuable also to include information on how these stakeholders have informed conclusions regarding the company's salient human rights risks at the time of reporting.

#### **The UN Guiding Principles:**

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 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."*

## **B3: CHOICE OF FOCAL GEOGRAPHIES**

**Choice of Focal Geographies: If reporting on these risks focuses on particular geographies, explain how that choice was made.**

**Objective:**

For a large company with multiple business units and/or operating contexts, it may be necessary, in the interests of concise and relevant reporting, to focus the information provided in the remainder of the report on certain geographies (regions, countries or operating sites). Any such selection should be made and explained on the basis of risk to human rights.

**Supporting guidance:**

Selecting specific geographies as a focus for reporting will not be necessary for every reporting company. It is an option that some may choose to ensure reporting is focused and relevant.

The selected focal geographies should be those where each salient risk is most significant. This significance may be due to:

- a local context of conflict or other weaknesses in the rule of law, placing the particular human rights at heightened risk;
- 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;
- corruption or other factors that place the human rights in question at heightened risk from the actions of suppliers or other business partners.

Whatever the reason for the selection of particular geographies, the reporting company should explain it in terms of risk to human rights. This 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 particular rights are respected in that country/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 risks on which it is reporting. Alternatively, it may identify different geographies in relation to different risks.

Some companies may prefer not to focus all their reporting on a risk on certain 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 and/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.

**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: ISOLATED SEVERE IMPACTS

**Isolated Severe Impacts: Identify any severe impacts on human rights that occurred within this reporting period but which fall outside of the salient human rights risks being reported, and provide an explanation of how they were addressed.**

**Objective:**

This section is targeted at situations where the reporting company identifies one or more severe human rights impacts that have occurred during the reporting period but which do not relate to any of the salient risks. These impacts should therefore be separately identified within the report, together with information on how they were addressed.

**Supporting guidance:**

There may be certain severe impacts that occurred during the reporting period, but which are unrelated to the company’s salient risks because they are highly untypical and unlikely to recur. Or they may relate to salient risks for the purpose of the company’s human rights due diligence, but not pass a threshold of prevalence for the purposes of reporting.

Severe impacts that relate to any one of the salient risks would be reported on in the course of addressing the questions in Part C. If there are one or more severe impacts that are not covered under that reporting, the company 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);
- ✓ Steps 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.”*

DRAFT

# PART C: MANAGEMENT OF SALIENT HUMAN RIGHTS RISKS

## C1: SPECIFIC POLICIES: OVERARCHING QUESTION

## **Does the company have any specific policies to address each salient risk and, if so, what are they?**

### **Objective:**

This question enables the reporting company to inform the reader of any specific policies it has in place – in addition to its overarching public human rights commitment – that are particularly relevant to the salient risks. 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 risk.

### **Supporting guidance:**

In some instances a specific policy may relate solely to the salient risk 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 risk may be addressed through a single provision or section within a broader document. For instance a general human resources policy may include discussion in relation to 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/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 policies beyond their public commitment to respect human rights that address salient risks, 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);
- ✓ 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 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: “[a]s 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: selected examples**

<i>Initiative</i>	<i>Reference Point</i>
GRI	G4-DMAb (Policies and Commitments): <i>for identified specific salient human rights risks</i>
VPSHR	2. Relevant policies, procedures, and/or guidelines (or any changes thereto from the previous reporting year) to implement the Voluntary Principles
ETC.	ETC.

## **C1: SPECIFIC POLICIES: SUPPORTING QUESTIONS**

### **Supporting question C1.1**

**How does the company convey the significance and relevance of such policies to those who need to implement them?**

#### **Objective:**

This question enables the reporting company to explain how specific policies aimed

at managing the salient risks 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 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 top management messaging, 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 of implementation, or other forms of accountability).

**The UN Guiding Principles:**

The Commentary to 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: selected examples**

<i>Initiative</i>	<i>Reference Point</i>
GRI	G4 -HR7 (a,b): <i>in relation to security and human rights risks, if identified as a salient risk</i>
VPSHR	12. Examples of

ETC.	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	
ETC.	ETC.	

## C2: STAKEHOLDER ENGAGEMENT: OVERARCHING QUESTION

**What is the company’s approach to engagement with stakeholders in relation to each salient risk?**

**Objective:**

This question enables the reporting company to explain to the reader how it learns about the views of stakeholders who have insight into the salient risk, and how it takes these perspectives into account in its decisions and actions.

**Supporting guidance:**

A key purpose of engagement with external stakeholders is to ensure a full understanding of how the company’s actions and decisions can affect individuals and groups. Particularly relevant in this regard are the perspectives of those who may be directly impacted by the company’s operations.

Some reporting companies may have a policy or internal guidance governing stakeholder engagement, which would be relevant information to report. Some

reporting companies may engage with the same stakeholders about many or all of the salient risks. In this case, the reporting company should make this clear and describe those processes. If there are different engagement processes with different stakeholder groups or for different salient risks, the reporting company should also make this clear. It could provide an explanation of the company's overarching approach to engagement supported by one or more examples.

Where engagement processes are highly tailored to specific operating environments, the reporting company may wish to focus its explanation on particular examples. If so, examples should be drawn from those operating environments where the salient risk is particularly significant (see section 1c).

#### **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;
- ✓ The company's typical (representative) practices in relation to stakeholder engagement (insofar as these are not more fully described in responses to Questions 2.1, 2.2 and 2.3);
- ✓ Any permanent arrangements the company has in place for stakeholder engagement at the corporate or operational levels, such as stakeholder councils or 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 it is able to answer the supporting questions that follow.***

#### **The UN Guiding Principles:**

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 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: selected examples**

<i>Initiative</i>	<i>Reference Point</i>
GRI	<i>G4-26: for identified specific salient human rights risks</i>
VPSHR	N/A
ETC.	ETC.



## C2: STAKEHOLDER ENGAGEMENT: SUPPORTING QUESTIONS

### Supporting question C2.1

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

#### Objective:

This question provides an opportunity for the reporting company to convey to the reader the principles underlying the company's decisions with regard to stakeholder engagement in relation to each salient risk.

#### Supporting guidance:

Stakeholders are those individuals or organizations that can affect, or be affected by a company's operations. In this context, the focus is on stakeholders whose stake relates to the company's human rights performance. They include those whose human rights or broader personal welfare can be negatively impacted by a company's operations, referred to in the UN Guiding Principles as, "affected stakeholders" or "potentially affected stakeholders," and those who represent these individuals or groups. These stakeholders are particularly important in the context of implementing the corporate responsibility to respect human rights.

Stakeholders also include other civil society groups who engage actively on human rights issues related to the company's operations and others with expertise in human rights that they can contribute to the company. 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.

Responses to this question may address engagement with any of these kinds of stakeholder insofar as the engagement relates to understanding or addressing each salient risk. It will be particularly relevant to include information on engagement with (potentially) affected stakeholders and/or their representatives.

#### Relevant Information:

Relevant information for the company's answer could include:

- ✓ How the reporting company identifies stakeholders (e.g., through a mapping process, based on internal or external guidance etc.);
- ✓ On what occasions/at what times the reporting company engages with stakeholders in relation to the salient risk and for what purpose (e.g.,

whether at certain points in a project or business process, on a regular basis (for example through an advisory group), in response to legal or other requirements, in response to stakeholder requests, etc.);

- ✓ Whether and how stakeholders or stakeholder groups can themselves initiate engagement with the reporting company in relation to each salient risk;
- ✓ What goals are set for engagement processes (e.g., to convey information, to hear views, to work in collaboration, to reach agreements etc.).

**The UN Guiding Principles:**

The commentary to 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: selected examples**

<i>Initiative</i>	<i>Reference Point</i>
GRI	G4-25: for identified specific salient human rights risks
VPSHR	N/A
ETC.	ETC.

## C2: STAKEHOLDER ENGAGEMENT: SUPPORTING QUESTIONS

**Supporting question C2.2**

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

**Objective:**

This question offers an opportunity for the reporting company to provide concrete illustrations of its engagement with stakeholders in relation to each salient risk.

**Supporting guidance:**

This question recognizes that 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 that is the case, information about types of stakeholder engaged and for what general purposes may be more appropriate. In either situation, examples should be representative of the company’s general approaches to stakeholder engagement in relation to one or more salient risks. In the event that the company finds it useful to include a unique or unusual example, its distinct nature should be made clear and explained.

**Relevant Information:**

Relevant information for the company’s answer could include:

- ✓ Specific organizations, groups or types of stakeholder engaged, in which operating contexts and for which purposes;
- ✓ If the engagements were single events or are part of an ongoing engagement process;
- ✓ The general rationale for the engagement, or a specific objective;
- ✓ Any information about how this reflects the company’s general approach to stakeholder engagement as described in response to question D2.1.

**The UN Guiding Principles:**

The commentary to 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: selected examples**

<i>Initiative</i>	<i>Reference Point</i>
GRI	G4-24: <i>for identified specific salient human rights risks</i>
VPSHR	10. Engagements with stakeholders on country implementation.
ETC.	ETC.

## C2: STAKEHOLDER ENGAGEMENT: SUPPORTING QUESTIONS

### Supporting question C2.3

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

#### Objective:

This question enables the reporting company to demonstrate, through concrete examples, the extent to which its engagement with stakeholders serves the intended purpose of informing and improving its ability to respect human rights throughout its operations.

#### Supporting guidance:

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

#### Relevant Information:

Relevant information for the company's answer could include:

- ✓ Company decisions or actions regarding each salient risk that have been informed by stakeholder inputs (e.g., engagement with a business partner to mitigate the salient risk 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 labor practices based on a negotiation with workers/trade unions, etc.);
- ✓ 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 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."*

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.”*

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 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: selected examples

<i>Initiative</i>	<i>Reference Point</i>
GRI	<i>G4-27: for identified specific salient human rights risks</i>
VPSHR	N/A
ETC.	ETC.

## C3: ASSESSING IMPACTS: OVERARCHING QUESTION

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

#### **Objective:**

The reporting company has already described how it identified the salient risks on which it is reporting. This question enables the reporting company to provide additional information about how it keeps each salient risk under review and identifies any changes in the potential severity or likelihood of impacts over time and across its operations.

#### **Supporting guidance:**

The reporting company is reporting on how it manages its salient human rights risks: those human rights that it has already assessed are at risk of a potentially severe impact in connection with its own business operations.

Under the 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 risk 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 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, but can use this question to reflect how it goes about keeping up to date with such changes and incorporating them into its assessments of human rights risks over time.

#### **Relevant Information:**

Relevant information for the company's answer could include:

- ✓ Processes through which the company identifies changes in the salient risk (e.g. periodic repeat impact assessments; engagement with relevant stakeholders; patterns/trends in complaints received; responsiveness to political developments; due diligence as part of mergers and acquisitions, etc.);
- ✓ Any key performance indicators or other metrics that support the company's processes to identify changes.

***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:**

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.”

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 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: selected examples**

<i>Initiative</i>	<i>Reference Point</i>
GRI	For supply chain related risks, the following metrics would be relevant in relation to identified specific salient human rights risks: G4-DMAb (screening new suppliers) G4-DMAb (assessing and auditing suppliers) GR-HR11 (a, b) GR-SO1
VPSHR	3. Company procedure to conduct security and human rights risk assessments.
ETC.	ETC.

## C3: ASSESSING IMPACTS: SUPPORTING QUESTIONS

### Supporting question C3.1

**In this reporting period, are there any notable trends or patterns in impacts related to each salient risk and, if so, what were they?**

#### Objective:

This question offers the reporting company an opportunity to provide the reader with *general evidence*, from within the reporting period, of how each salient risk 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 this question, the reporting company can point more broadly to the factors that make the risk salient and how they have developed over the reporting period. This might include, for example, trends in evidence of a certain impact from 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, etc.

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

#### The UN Guiding Principles:



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: selected examples**

<i>Initiative</i>	<i>Reference Point</i>
GRI	To be considered
VPSHR	N/A
ETC.	ETC.

## C3: ASSESSING IMPACTS: SUPPORTING QUESTIONS

### Supporting question C3.2

**In this reporting period, were there any severe impacts related to each salient risk and, if so, what were they?**

**Objective:**

This question enables the reporting company to provide *specific evidence*, from within the reporting period, of how and why each risk is salient. It can help demonstrate that the company's processes to identify human rights impacts over time are working in practice. It provides the basic information about particular impacts that the reporting company can then refer to when responding to questions about how it addresses impacts (see sections 4 and 6).

**Supporting guidance:**

In response to this question, the reporting company should go beyond trends and patterns to focus on specific cases, which may be publicly known and discussed. 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 question 4.3 and 6.4 about how the company has addressed potential and actual impacts. In doing so, it remains important to recall that examples should be selected based primarily on the severity of the impacts, not on the success with which they have already been addressed.

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 6.4 lies in the ability to demonstrate that actual and potential impacts are recognized and actions are underway to address them, while also acknowledging that it takes time to do this and often requires the involvement – sometimes the leading involvement - of other actors 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.

#### **Relevant Information:**

Relevant information for the company's answer could include:

- ✓ Examples of severe impacts that are systemic in a certain area of business operations and relate to each salient risk (e.g., child labor 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, etc.);
- ✓ Examples of non-systemic impacts related to each salient risk that were the most severe within the reporting period;
- ✓ Examples of incidents discussed in the media or an NGO report that relate to each salient risk.

#### **The UN Guiding Principles:**

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."*

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: selected examples**

<i>Initiative</i>	<i>Reference Point</i>
GRI	<i>The following metrics would be relevant in relation to identified specific salient human rights risks:</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 people)
VPSHR	N/A
ETC.	ETC.

## C4: INTEGRATING FINDINGS AND TAKING ACTION: OVERARCHING QUESTION

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

### **Objective:**

This question enables the company to explain if and how its understanding of the human rights risks that are associated with its activities and its business relationships makes a difference to how it conducts business in practice.

### **Supporting guidance:**

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 got 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 it takes decisions on how best to address each salient risk in practice;
- ✓ The level and function within the company that has overall responsibility for addressing each salient risk;
- ✓ Any processes of oversight that help ensure the implementation of decisions and actions to mitigate each salient risk;
- ✓ What resources, including budgets, are allocated to the management of each salient risk.

***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:**

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 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: selected examples**

<i>Initiative</i>	<i>Reference Point</i>
GRI	G4-HR1 (a,b): <i>for identified specific salient human rights risks</i>
VPSHR	N/A
ETC.	ETC.

## C4: INTEGRATING FINDINGS AND TAKING ACTION: SUPPORTING QUESTIONS

**Supporting question C4.1**

**How are those functions/units/departments whose decisions and actions most directly influence each risk involved in finding and implementing solutions?**

**Objective:**

This question provides an opportunity for the reporting company to explain its

efforts and progress in building a coherent approach to addressing the risk, including its root causes, across the relevant parts of the business.

#### **Supporting guidance:**

The question reflects the fact that most human rights risks are relevant to more than one business function, unit or in a company. Rather, it is usually the case that different parts of the company can exacerbate and/or mitigate these risks through their actions and decisions. The reporting company can use its response to this question to explain how the responsibilities of different parts of the company are understood with regard to the salient risk, and how they are reflected 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 the salient risk (e.g., a human rights committee, a supply chain board, a sales compliance board, a community relations committee, etc.);
- ✓ Other processes through which information is shared and/or decisions are jointly made across the relevant parts of the business in relation to the salient risk (e.g., issue-specific meetings, internal updates and reporting on evolving issues, reporting to the Board, etc.);
- ✓ Examples of specific decisions or actions taken that have involved different parts of the business in preventing or mitigating the salient risk.

#### **The UN Guiding Principles:**

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 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: selected examples

<i>Initiative</i>	<i>Reference Point</i>
GRI	To be considered
VPSHR	N/A
ETC.	ETC.

## C4: INTEGRATING FINDINGS AND TAKING ACTION: SUPPORTING QUESTIONS

### Supporting question C4.2

**If tensions arise between the mitigation of each salient risk and other business objectives, how are they addressed?**

#### Objective:

This question enables the reporting company to offer insights into principles, policies or processes that guide it in handling any conflicts between addressing each salient risk 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 as quickly as possible may reduce the time available to mitigate human rights risks, or commercial opportunities with a new supplier or joint venture partner, may be commercially compelling despite that entity's poor human rights track record. 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, turning down business in a jurisdiction in which human rights abuses are known to occur frequently, may 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 situation, but at seeking information on how the tensions are recognized and the 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 the reporting company's response. However, if examples reflect an ad hoc decision rather than 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 (related to each salient risk) that are recognized as often raising tensions or dilemmas in relation to the salient risk (e.g., the sale of sensitive products to certain kinds of customer, approvals to proceed with a major project affecting local communities, entry into a high-risk, high-opportunity market, the provision of security for personnel in conflict-affected areas, etc.);
- ✓ Any principles or policies that set the framework for decisions in such instances;
- ✓ Any formal structures for supporting decisions where these tensions arise (e.g., gateway decision-making processes, formal sign-off processes, etc.);
- ✓ The level within the company at which decisions relating to such dilemmas are made (e.g., an individual or group at the country/regional/corporate level, a senior management or Board level committee, etc.);
- ✓ Any involvement of external experts in the assessment of dilemmas on a standing or ad hoc basis (e.g., an independent advisory board/council, academic or other experts, etc.).

#### **The UN Guiding Principles:**

The Commentary to 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.”*

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 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: selected examples**

<i>Initiative</i>	<i>Reference Point</i>
GRI	To be considered
VPSHR	N/A
ETC.	ETC.

**C4: INTEGRATING FINDINGS AND TAKING ACTION:**

## SUPPORTING QUESTIONS

### Supporting question C4.3

**In this reporting period, what action has the company taken to address each salient risk?**

#### Objective:

This question enables the reporting company to demonstrate in specific terms what it has done during the reporting period to reduce the likelihood of actual impacts (related to each salient risk) occurring, recurring or continuing, and the results achieved.

#### Supporting guidance:

The focus of examples should be on actions to prevent impacts in the future. Where impacts have already occurred, and where the reporting company caused or contributed to them and therefore has a role to play in providing remedy, this is addressed in the questions under section 6.

The reporting company may find it useful to respond to this question in combination with questions 3.1 (regarding what actual and potential impacts stood out within the reporting period) and 6.4 (regarding what kinds of remedy were provided for actual impacts to which the reporting company contributed), particularly where relevant cases offer examples in relation to all three questions.

Examples could be anonymized where necessary to protect individuals or legitimate commercial interests, while named examples will be particularly valuable for the reader.

#### Relevant Information:

Relevant information for the company's answer could include:

- ✓ Corrective action plans following from supply chain audits, and resulting changes in practice/compliance;
- ✓ Terms in contracts with governments, joint venture partners, mergers and acquisitions and other agreements aimed at mitigating the salient risk;
- ✓ Monitoring of the implementation by third parties of agreements that relate to the salient risk;
- ✓ 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 each salient risk;
- ✓ Engagement with industry organizations, international organizations or others that can raise awareness collectively of each salient risk and ways to

- reduce it;
- ✓ Capacity building of suppliers or other business partners to mitigate each salient risk (e.g., training of security providers or contractors, assistance to suppliers in developing management systems to improve labor rights compliance);
  - ✓ Root cause analysis to understand and be able to address underlying reasons that increase or perpetuate each salient risk;
  - ✓ Other ways in which the company has exercised its influence (“leverage”) over suppliers, business customers, joint venture partners or others in its value chain to reduce each salient risk;
  - ✓ Collaborative initiatives with others to better understand and address each salient risk (e.g., through multi-stakeholder initiatives);
  - ✓ Dialogue processes to identify and collectively address potential impacts related to each salient risk.

### **The UN Guiding Principles:**

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 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: selected examples**

<i>Initiative</i>	<i>Reference Point</i>
GRI	G4-DMAb (Specific Actions): <i>for identified specific salient human rights risks</i>
	<i>The following metrics would be relevant in relation to identified specific salient human rights risks:</i> G4-HR4 (b) (freedom of

	association/ collective bargaining) G4-HR5 (c) (child labor) G4-HR6 (forced labor) G4-HR11 (d,e) (supply chain related risks)
VPSHR	5. Company procedure to consider the Voluntary Principles in entering into relations with public/private security providers.  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.
ETC.	ETC.

## C5: TRACKING PERFORMANCE: OVERARCHING QUESTION

**How does the company know if its efforts to address each risk are effective in practice?**

**Objective:**

This question provides an opportunity for the company to explain how it understands if it is successful in reducing each salient risk, such that it can continuously improve in its efforts to meet its responsibility to respect human rights.

**Supporting guidance:**

As noted elsewhere in this 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. Information about how the company tracks its own progress is particularly important for demonstrating the ongoing nature of this area of risk management.

#### **Relevant Information:**

Relevant information for the company's answer could include:

- ✓ Particular processes through which the company assesses its success in addressing each salient risk (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 particular issues or complaints arise);
- ✓ Any plans to develop further processes for assessing the company's success in addressing each salient risk;
- ✓ Particular qualitative and/or quantitative indicators used to assess how effectively each risk 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).

***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:**

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 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 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: selected examples

<i>Initiative</i>	<i>Reference Point</i>
GRI	G4-DMAc: for identified specific salient human rights risks
VPSHR	13. Company procedure to review progress on implementing the Voluntary Principles at local facilities.
ETC.	ETC.



## C5: TRACKING PERFORMANCE: SUPPORTING QUESTIONS

### Supporting question C5.1

**In this reporting period, what specific examples illustrate if each risk has been effectively managed?**

#### Objective:

This question enables the reporting company to provide concrete evidence, from within the reporting period, of how its efforts to address each salient risk 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 risk (both actual and potential impacts). The focus here is on examples of the *results achieved from managing 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 reflect where the occurrence of an impact in connection with the company's operations has reduced in frequency or in severity and demonstrate correlations to the company's own efforts to achieve that outcome.

For example, audits of suppliers may indicate that the occurrence of child labor or the use of contract workers without 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. 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 risk

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 analyzing results.

There may also be instances in which the approaches on which the company was relying to manage each salient risk 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 (past and future) 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 developed by the reporting company to assess (e.g., number of incidents of sexual harassment identified, number of instances where internet user data was passed to governments, and on what basis, number of employee deaths or injuries, etc.);
- ✓ Findings from surveys or other feedback mechanisms (e.g., a survey of employees (properly conducted), an independent report from local community leaders reporting satisfaction with resettlement processes, etc.);
- ✓ 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 each risk.

#### **The UN Guiding Principles:**

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 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: selected examples**

<i>Initiative</i>	<i>Reference Point</i>
GRI	To be considered
VPSHR	N/A
ETC.	ETC.

## C6: REMEDIATION: OVERARCHING QUESTION

**Through what processes can the company address harms to individuals if it causes or contributes to an impact in relation to each salient risk?**

**Objective:**

This question focuses on situations where the reporting company identifies, or might in the future identify, that it has caused or contributed to an actual impact related to a salient risk, and enables the company to explain how it responds (or would respond) in terms of identifying and providing any remedy to those who suffer the impact.

**Supporting guidance:**

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

The question focuses on impacts that the reporting company has caused or

contributed to, or might cause or contribute to, since the Guiding Principles make clear that it is in these situations that a company has a responsibility to take an appropriate role in providing remedy to those harmed. The same responsibility does not exist where impacts are linked to the company's operations, products or services, but are 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.

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. Answers to this question can range more broadly across the ways in which remedy is or can be provided or supported by the company.

It will be important to make clear any limitations on the types of stakeholder for which 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 local communities, supply chain workers, contract workers, end-users of products or services and so forth.

Larger companies may have a general approach to their processes for addressing harm across the company as a whole, with more tailored applications of that approach at the operational level. Moreover, the approach may apply to any human rights harm and be therefore relevant to more than one salient risk. If so, the reporting company should make clear how widely its response to this question applies to different salient risks. It could then use one or more examples to illustrate how the general approach is applied in practice in relation to a particular part of its operations or to a particular salient risk.

#### **Relevant Information:**

Relevant information for the company's answer could include:

- ✓ Any general approaches adopted in the past where actual impacts have occurred in relation to each salient risk;
- ✓ The approach that would be taken if an impact were to occur in relation to each salient risk;
- ✓ Whether and how such approaches are represented in any formal policies or processes;
- ✓ Any challenges encountered in the provision of remedy for impacts related to each salient risk.

***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:

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 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: selected examples

<i>Initiative</i>	<i>Reference Point</i>
GRI	G4-HR12: for identified specific salient human rights risks
VPSHR	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.
ETC.	ETC.

## C6: REMEDIATION: SUPPORTING QUESTIONS

### Supporting question C6.1

**Through what means can the company receive complaints or concerns related to each salient risk?**

#### **Objective:**

This question enables the reporting company to describe any formal or informal means through which it is able to hear from individuals inside and outside the company who believe the company is involved with human rights impacts related to each salient risk.

#### **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 operations, products or services, or who believe others may have been harmed. This is the starting point for processes to address actual impacts, including through the provision of remedy. Questions 6.2 and 6.3 relate to other aspects of the effectiveness of such processes and the reporting company.

Processes that can receive (and address) complaints related to the salient risk will often not focus on human rights per se 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 operations, products or services.

A reporting company may have specific processes in place for receiving complaints from certain groups (e.g., employees, consumers or end-users, 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, but not others (e.g., product safety, labor rights, data privacy). Alternatively, these processes may cut across multiple salient risks. 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 risks or stakeholder groups, it should make that clear.

Reporting companies may have informal (ad hoc) or formalized processes for

receiving any complaints that relate to each salient risk. Both are relevant for responding to this question. The response should make clear the extent to which the process is formalized.

For some companies, the salient risks on which they are reporting may relate in part, or primarily, to the actions of third parties, such as suppliers or contractors, but include situations where the reporting company may have contributed to impacts. In such situations, 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 risk (e.g., meetings, conversations);
- ✓ Formalized processes through which the company can receive complaints in relation to each salient risk (e.g., social dialogue structures, a formal grievance mechanism, a hotline or whistleblower mechanism, etc.);
- ✓ Any limitations on who can bring complaints through a particular process;
- ✓ Any activities to encourage, require or facilitate effective processes among business partners for potentially impacted groups to raise complaints, notably where this may reflect impacts to which the reporting company has contributed;
- ✓ Any changes made to the means provided for receiving concerns or complaints in this reporting period, and/or that are planned in the upcoming reporting period.

#### **The UN Guiding Principles:**

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 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.*

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 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: selected examples**

<i>Initiative</i>	<i>Reference Point</i>
GRI	G4-DMAb (Human Rights Grievance Mechanisms Aspect): <i>for identified specific salient human rights risks</i>
VPSHR	N/A
ETC.	ETC.

## C6: REMEDIATION: SUPPORTING QUESTIONS

**Supporting question C6.2**

**How does the company know if stakeholders feel able and empowered to raise concerns?**

**Objective:**

This question enables the reporting company 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 D6.1 addresses the existence of channels through which individuals or groups can raise complaints in relation to each salient risk. This question 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.

**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., increases in complaints raised following an incident, evidence of complaints being brought to the channel provided rather than (or before) to the media);
- ✓ 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 changes made to the channel(s) based on experience and/or feedback, to increase its use;
- ✓ Any independent review of the mechanism with regard to stakeholder perceptions of and trust in the processes provided, and any findings that result.

#### **The UN Guiding Principles:**

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.”*

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 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: selected examples**

<i>Initiative</i>	<i>Reference Point</i>
GRI	To be considered
VPSHR	N/A
ETC.	ETC.

## C6: REMEDIATION: SUPPORTING QUESTIONS

**Supporting question C6.3**

**How does the company process complaints and assess the quality of outcomes?**

**Objective:**

This question gives the reporting company an opportunity to describe what actions it takes in the event that a complaint is raised in relation to each salient risk in order to address it and through what processes it reaches a view on effectiveness and credibility of the outcomes.

**Supporting guidance:**

Question D6.1 addresses the existence of channels through which to raise complaints related to each salient risk. Question D6.2 addresses if the intended individuals or groups feel able to use those channels. This question focuses on how complaints that are received are handled in order to achieve effective outcomes, including remedy to anyone harmed.

**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;
- ✓ 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 severe or otherwise urgent complaints;
- ✓ Whether, and if so how, outcomes from such processes or the kinds of outcomes achieved, 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 success 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 oversight or review of the mechanism to consider its effectiveness, and any findings from such a process.

#### **The UN Guiding Principles:**

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.”*

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 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: selected examples

<i>Initiative</i>	<i>Reference Point</i>
GRI	To be considered
VPSHR	N/A
ETC.	ETC.

## C6: REMEDIATION: SUPPORTING QUESTIONS

### Supporting question C6.4

**In this reporting period, what are the trends and patterns in concerns and complaints being raised regarding each salient risk, their outcomes and lessons learned?**

#### **Objective:**

This question provides an opportunity for the reporting company to describe the insights it has gained from the concerns or complaints raised and any solutions reached in relation to each salient risk, and to convey if and how these 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 from certain processes to address concerns and complaints, for example to avoid exposing complainants to pressure or retribution. In such circumstances, it may be more feasible to report on trends and patterns.

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 D5.

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 additional information to enable the interpretation of that data. For instance, a reduction in the number of complaints may reflect a reduction in concerns and be reflected in responses to a survey expressing satisfaction with changes made by the company; or it may reflect a loss of confidence among potential complainants in using the channels provided by the company to raise their concern (which might be seen as an increase in recourse to the media or external complaints systems). This explanatory information is particularly important 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 risk;
- ✓ Trends and patterns in the numbers, types, or location of complaints resolved in relation to each salient risk;
- ✓ Trends and patterns in expressions of satisfaction with how complaints related to each salient risk are addressed among those bringing complaints or others who represent them;
- ✓ 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 to the performance of suppliers etc.);
- ✓ Any changes to the process for receiving and addressing complaints based on learning from these trends and patterns.

### The UN Guiding Principles:

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 Guiding Principle states that:

The Commentary to 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: selected examples

<i>Initiative</i>	<i>Reference Point</i>
GRI	G4-SO11: <i>for identified</i>



	<i>specific salient human rights risks</i>	
VPSHR	N/A	
ETC.	ETC.	

## C6: REMEDIATION: SUPPORTING QUESTIONS

### Supporting question C6.5

**In this reporting period, what examples of remedy for impacts related to each salient risk can the company provide?**

#### Objective:

This question provides an opportunity for the company to describe the forms of remedy provided by the company in relation to the salient risk, 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 remediation and/or grievance mechanism have 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 risk and may either relate to individual outcomes or representative outcomes across a number of similar complaints. In either instance, the reporting company should ensure they provide a balanced picture of outcomes, or explain any factors that may make them situation-specific.

#### 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 community's livelihoods, agreement on joint monitoring of a situation, etc.);
- ✓ 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 housing quarters for workers, etc.);

- ✓ Supporting information to explain certain outcomes;
- ✓ Information on the reactions of those raising the complaints to the outcomes.

### **The UN Guiding Principles:**

Guiding Principles 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.*

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 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: selected examples**

<i>Initiative</i>	<i>Reference Point</i>
GRI	G4-HR3 (B): <i>for identified specific salient human rights risks</i>
VPSHR	N/A
ETC.	ETC.

DRAFT

## ANNEX A

Section 7 of the Introduction to the Reporting Framework, entitled “Application of the Reporting Framework on the UN Guiding Principles,” highlights reporting principles that are applicable in the context of the Integrated Reporting Framework and the Global Reporting Initiative’s G4 Framework. These reporting principles may be a useful reference point for those also applying this Reporting Framework and are set out below.

It should be noted that this Reporting Framework uses the concept of salience instead of materiality for identifying the focus of human rights reporting. The introduction to this Implementation Guide explains the relationship between the two (see section [X]).

### **Guiding Principles for Reporting under the Integrated Reporting Framework**

The following Guiding Principles underpin the preparation of an integrated report, informing the content of the report and how information is presented:

**Strategic focus and future orientation:** An integrated report should provide insight into the organization’s strategy, and how it relates to the organization’s ability to create value in the short, medium and long term, and to its use of and effects on the capitals.

**Connectivity of information:** An integrated report should show a holistic picture of the combination, interrelatedness and dependencies between the factors that affect the organization’s ability to create value over time.

**Stakeholder relationships:** An integrated report should provide insight into the nature and quality of the organization’s relationships with its key stakeholders, including how and to what extent the organization understand, takes into account and responds to their legitimate needs and interests.

**Materiality:** An integrated report should disclose information about matters that substantively affect the organization’s ability to create value over the short, medium and long term.

**Conciseness:** An integrated report should be concise.

**Reliability and completeness:** An integrated report should include all material matters, both positive and negative in a balanced way and without material error.

**Consistency and comparability:** The information in an integrated report should be presented: (a) on a basis that is consistent over time; and (b) in a way that enables comparison with other organizations to the extent it is material to the organization’s own ability to create value over time.

## Quality principles for reporting under the Global Reporting Initiative's G4 Framework

### Principle 1: Balance

The report should reflect positive and negative aspects of the reporting company's performance to enable a reasoned assessment of overall performance.

### Principle 2: Comparability

The reporting company should select, compile and report information consistently. The reported information should be presented in a manner that enables stakeholders to analyze changes in the company's performance over time, and that could support analysis relative to other companies.

### Principle 3: Accuracy

The reported information should be sufficiently accurate and detailed for stakeholders to assess the reporting company's performance.

### Principle 4: Timeliness

The reporting company should report on a regular schedule so that information is available in time for stakeholders to make informed decisions.

### Principle 5: Clarity

The reporting company should make information available in a manner that is understandable and accessible to stakeholders using the report.

### Principle 6: Reliability

The reporting company should gather, record, compile, analyze and disclose information and processes used in the preparation of a report in a way that they can be subject to examination and that establishes the quality and materiality of the information.