

발간등록번호
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Guidelines on Business and Human Rights



Ministry of Justice · Republic of Korea

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Introduction to the Guidelines

- These Guidelines were drafted to help various members of business enterprises to understand the fundamental principles of business and human rights, the human rights due diligence process, and remedial procedures.
- These Guidelines were prepared in accordance with the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, and the OECD Due Diligence Guidance for Responsible Business Conduct.
- Examples presented in these Guidelines are only provided as reference to help the reader's understanding and do not represent the particular business enterprise's overall standard of business and human rights.
- Business enterprises should first comply with the laws of their countries of domicile, and where there are conflicts between those laws and these Guidelines, they are encouraged to follow these Guidelines to the extent possible without violating those laws. As business enterprises may be exposed to human rights risks despite complying with applicable laws, they are encouraged to preemptively address such risks through effective human rights due diligence and remedial procedures.
- These Guidelines only contain the most basic core principles regarding business and human rights. For more detailed information, please refer to the following materials or consult with relevant experts.

ILO Declaration on Fundamental Principles and Rights at Work (1998)
ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (2017)
UN Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework (2011)
OECD Guidelines for Multinational Enterprises: Recommendations for responsible business conduct in a global context (2011)
OECD Due Diligence Guidance for Responsible Business Conduct (2019)
National Human Rights Commission of Korea, Human Rights Management Manual for Public Institutions (2018)
International Bar Association (IBA), Practical Guide on Business and Human Rights for Business Lawyers (2016)

Stage-by-Stage Roadmap for Business and Human Rights

1. Assess the business enterprise's human rights context using “〈Annex 1〉 Self-Assessment Tool on the Urgency of Business and Human Rights”
2. Determine the appropriate starting Stage of business and human rights using “〈Annex 2〉 Application of the Roadmap based on Business Size.”
3. Refer to the Roadmap below to implement business and human rights principles.

Stage-by-Stage Roadmap for Business and Human Rights (BHR)

Category	Stage 1 of Business and Human Rights	Stage 2 of Business and Human Rights	Stage 3 of Business and Human Rights		
Establishing a Business and Human Rights Framework	In-house BHR Committee, BHR Unit, Working Group	Utilize existing organization and personnel	Independent operation of a BHR Unit	Establish an in-house BHR Committee Utilize a BHR Working Group	
	Statement of policy commitment to human rights	Prepare a simple statement of policy commitment	Prepare a detailed statement of policy commitment	Prepare a more detailed statement of policy commitment	
	Disclosure of BHR-related information	Disclose information related to activities with severe adverse human rights impact	Include BHR-related information in the corporate sustainability report	Prepare a dedicated report on BHR (in both Korean and English)	
	In-house training on BHR	Include human rights-related content in workplace sexual harassment prevention training	Conduct in-house human rights training for all personnel	Conduct specialized training for staff members exposed to human rights risk	
	Promotion of BHR principles within sphere of influence	Utilize business relationships with large corporations, partners, and business associations	Promote BHR principles with subsidiaries and partners	Promote BHR principles in the entire global supply chain	
Human Rights Due Diligence (HRDD)	Establishment of a focal point or dedicated team for HRDD	An existing staff member acts concurrently as the HRDD focal point	Designate a dedicated HRDD focal point	Organize a dedicated team for HRDD within the BHR Unit	
	Planning for HRDD	Focus on the most urgent areas of business activity	Collaborate with relevant units to conduct a baseline assessment on the operational context to determine the scope and priority of HRDD	Conduct a comprehensive baseline assessment and prepare for regular human rights impact assessments on major activities	
	Identifying and assessing human rights risk (human rights impact assessment; HRIA)	Utilize the checklist prepared by the National Human Rights Commission of Korea	Prepare a checklist tailored to nature of the business subject to HRDD	Establish an effective HRDD method to capture comprehensive human rights impact	During the HRIA process, gain a full understanding of the grievances of stakeholders such as labor unions, and conduct an in-depth analysis on adverse impacts in consultation with human rights experts
		Conduct HRIA led by the focal points for HRDD and relevant internal units	During the HRIA process, consult with stakeholders and analyze the cause of adverse impact	Expand response measures to supply chain and business relationships, and request advice from independent experts	
	Integrating BHR principles within the functions and procedures of the business enterprise	Establish measures to prevent and immediately address adverse impact	Establish comprehensive response measures including reforms to organizational leadership and culture	Conduct substantive and systematic monitoring on the improvement of human rights using various quantitative and qualitative indicators	
	Monitoring and tracking effectiveness	Track implementation progress of response measures	Set indicators, conduct monitoring, and receive feedback from stakeholders		
	Communicating with stakeholders	Publish HRDD procedures and results on the company website	Publish HRDD procedures and results in annual reports	Publish all aspects of the HRDD process in a credible and transparent manner	
		Communicate with major stakeholders such as labor unions	Communicate with a wide range of stakeholders including potential victims of adverse human rights impact	Endeavor to expand communication with governments, civil society, and other business entities in the country of operation	
	Remedial Procedures	Establishment of internal policy on remedial procedures	Prepare simple internal policy	Establish and announce internal policy	Promote internal policy in the entire global supply chain
		Establishment of a Human Rights Violation Remediation Committee	Resolve internally, such as through an internal audit team	Establish a Human Rights Violation Remediation Committee with mostly internal members, while considering the potential inclusion of external members	Form a Human Rights Violation Remediation Committee including external members
Implementation of remedial procedures		Utilize existing structures	Supplement necessary personnel and allocate resources	Implement in the entire global supply chain	
Reporting on planning and implementation of remedial procedures		Report to senior management	Announce and report to senior management	Announce and report to senior and global management	

I . Overview of Business and Human Rights

Summary

- Business activities may have both positive and negative impacts on human rights. Business enterprises may cause, contribute to, or be linked with human rights violations, and the ways in which enterprises may become involved in human rights violations are becoming more varied with globalization.
- Business and human rights strives to create corporate cultures and practices that respect human rights, with due diligence on human rights risks and provision of appropriate remedy at its core. Business and human rights aims to protect and promote the rights of stakeholders internal and external to the business enterprises by respecting major internationally-recognized human rights norms and principles.
- Business and human rights has developed in close connection with related concepts including compliance management, ethical management, corporate social responsibility (CSR), and responsible business conduct (RBC). However, it is unique in that it applies international human rights norms to respect the human rights of various stakeholders of business enterprises.
- As a constituent members of our society, business enterprises have a basic duty to respect and promote human rights. Given the large influence business enterprises have in our society, their human rights violations may result in irreversible harm for many people.
- Inadequate management of human rights risks may lead to human rights violations, which harm the entire business enterprise. On the other hand, successful management of human rights risks may raise the corporate value by improving reputation and attracting socially responsible investment. Interest in business and human rights is also rising domestically, with increased cases of human rights violations by business enterprises.
- Since the introduction of the UN Guiding Principles on Business and Human Rights, a noticeable change in the global business environment has been the development of various international standards on business and human rights. Major developed countries are making efforts to incorporate business and human rights principles into legislation, and policy efforts to promote business and human rights are also being strengthened domestically.
- Major areas of business and human rights include: The establishment of a business and human rights framework, non-discrimination in employment, guarantee of freedom of association and collective bargaining, prohibition of forced labor and child labor, guarantee of industrial safety, prevention of workplace harassment, responsible supply chain management, protection of local residents' human rights, guarantee of environmental rights, and the protection of consumers' human rights. These principles apply to major stakeholders of business enterprises including personnel, supply chains, local residents, and consumers.

II . Establishment of a Business and Human Rights Framework

- Business enterprises should establish a management framework to provide structural support for the implementation of business and human rights principles. They may utilize a “Business and Human Rights Committee,” tasked with setting the overall policy direction and conducting consultations and reviews, a “Business and Human Rights Unit” tasked with implementation, a “Human Rights Violation Remediation Committee” tasked with an independent remedial mechanism, and a “Business and Human Rights Working Group” as a task force.
- The structure of the Business and Human Rights Committee should be designed to reflect the chief executive officer’s will to implement business and human rights principles. The Business and Human Rights Unit performs the role of specifically implementing human rights policies. Depending on the circumstances of the business enterprise, a dedicated unit may be newly established or an existing unit may take on the role.
- The purpose of a statement of policy commitment to human rights is to publicly announce the business enterprise’s commitment to respect human rights and to introduce human rights due diligence and remedial mechanisms. It is important to anticipate the major human rights issues based on the nature of the business, in order to address such risks in the enterprise’s risk management process.
- In the course of preparing the statement of policy commitment to human rights, it is necessary to actively seek input from various stakeholders and reach a collective understanding about the importance of business and human rights. The finalized policy statement should be widely distributed internally and externally, and a separate internal policy on business and human rights should be prepared.
- A policy regarding the disclosure of information related to business and human rights should be established with due consideration to factors such as the size and nature of the business, costs, and trade secrets. The policy must include anticipated human rights risk factors, the business and human rights framework, human rights due diligence results, and remedial procedures. Performance reports on the implementation of business and human rights principles should be made public and prepared regularly.
- Regular human rights training should be provided to raise the awareness of staff members on human rights issues. Also, specialized training programs should be provided for personnel with high exposure to human rights risks.
- Business enterprises should exercise their influence as much as possible to promote business and human rights principles. Large corporations are encouraged to include the establishment of a business and human rights framework as a condition when contracting with business partners, to encourage their introduction of business and human rights principles.
- Business enterprises should gradually introduce business and human rights principles based on the Self-Assessment Tool on the Urgency of Business and Human Rights (Annex 1) and the Stage-by-Stage Roadmap presented in these Guidelines.
- The Roadmap is divided into three stages. Business enterprises should use the Self-Assessment Tool (Annex 1) to establish a framework to implement business and human rights principles in stages.

III . Understanding the Human Rights Due Diligence Process

- “Human rights due diligence” refers to the comprehensive process of identifying, preventing, and mitigating adverse human rights impacts and announcing these efforts internally and externally.
- This comprehensive process involves the following steps: Establishing the human rights due diligence plan (selecting and prioritizing targets), identifying and assessing human rights risks (human rights impact assessment), incorporating and implementing these results into the overall business operation and activities, monitoring the effectiveness of measures taken, and publicly releasing all this information. Communication and cooperation with stakeholders are crucial at all stages.
- The purpose of human rights due diligence is to prevent human rights violations or discrimination by the business enterprise. In addition to adverse human rights impacts that the business operation or activities directly caused or contributed to, enterprises also have the responsibility to prevent actual or potential adverse human rights impact within its supply chain or business relations.
- While human rights due diligence aims to identify and address “human rights risks,” these “risks” do not only include those related to the enterprise’s financial performance, which is the conventional notion of “risk management.” More important are the risks that the business operation and activities may violate or infringe on the human rights of others.
- By conducting human rights due diligence, business enterprises may effectively prevent and mitigate adverse human rights impacts, as well maximize its positive influence in society. Effective human rights due diligence can improve relationships with stakeholders and ultimately maintain positive corporate reputation. They may also increase the trust of investors who consider non-financial risks.
- In addition to helping business enterprises avoid causing or being involved in human rights violations or discrimination, human rights due diligence may also help them prevent and prepare for potential future legal disputes by showing internally and externally that they took all reasonable measures to protect human rights.
- There is no one-size-fits-all process or method for human rights due diligence. It may be implemented flexibly based on the size, available personnel, and the level and severity of the internal and external human rights risks of the particular business enterprise.
- We recommend that each business enterprise gradually establish a human rights due diligence mechanism in accordance with the Roadmap starting at the appropriate Stage. For middle market or large enterprises, we suggest starting at Stage 2 or Stage 3 of the Roadmap, which aim to create a more formal and comprehensive system. A small or medium enterprise with a high urgency for business and human rights may also start at a higher Stage. Smaller enterprises may devise a creative mechanism to conduct human rights impact assessments with limited resources. For example, they may identify areas of business with high likelihood of severe human rights violation and prioritize those areas for intensive human rights due diligence.

- Human rights due diligence is not a one-off measure, but a new business practice that should be carried out continuously and consistently in order to achieve the principles of business and human rights and responsible management.

IV. Establishing and Implementing Remedial Procedures

- In the context of business and human rights, “remedy” refers to measures for recovery proportional to the gravity and scale of the adverse human rights impact.
- With established remedial procedures, affected individuals may access swift remedy for human rights violations. By resolving the issue at the outset, business enterprises may also prevent the escalation of conflict and reduce business risks.
- Remedy may be provided by the business enterprise through internal grievance mechanisms or through cooperation with external entities. Enterprises should actively cooperate with external procedures based on the business context and based on the situation of the affected individuals. Also, in case of suspected criminal involvement, enterprises must cooperate with law enforcement.
- During remedial procedures, business enterprises should comply with relevant laws and regulations and refer to any international standards or guidelines. If there are no relevant standards or guidelines, they may refer to actual examples of remedial measures taken in similar situations.
- Business enterprises should fully consult with the parties whose rights were violated to fully understand their situation. When suggesting a solution for remedy, it is also best to reach an agreement after full consultation with the affected individuals.
- Financial compensation is not the only form of remedy. Remedy may also include apologies, restoration, rehabilitation, non-financial compensation, sanctions, and guarantees of non-recurrence.
- Remedial procedures are not considered a component of human rights due diligence. However, the materials and feedback gathered during remedial procedures may contribute to strengthening human rights due diligence.

V. Implementation of Human Rights Due Diligence by Industry

- In order to prevent adverse human rights impacts, all business enterprises should conduct human rights due diligence focusing on the areas including: The establishment of a business and human rights framework, non-discrimination in employment, guarantee of freedom of association and collective bargaining, prohibition of forced labor and child labor, guarantee of industrial safety, prevention of workplace harassment, responsible supply chain management, protection of local residents' human rights, guarantee of environmental rights, and the protection of consumers' human rights. (See <Table-4> for major areas and description of human rights due diligence.)
- Since various types of human rights violations may occur depending on the characteristics of each industry, business enterprises should pay special attention to human rights risks which may occur more frequently given those characteristics. Even within the same industry, there may be high variance in the types of human rights risks based on the specific nature of the business. Therefore, enterprises should select and focus on the most relevant areas for human rights due diligence.
- Business enterprises should recognize that human rights issues vary depending on the characteristics of each industry and conduct human rights due diligence suitable for each industry.

I

Overview of Business and Human Rights



Business activities are closely related to human rights. Business enterprises should respect and promote human rights, manage risks associated with their activities, and establish a business and human rights framework to prepare for the expansion of business and human rights around the world. Domestically, both business and human rights and “human rights management” are similar concepts referring to a set of international norms aimed at promoting corporate cultures and practices that respect human rights, through human rights due diligence and provision of effective remedy when necessary. In these Guidelines, all these related concepts are expressed as “business and human rights” to reduce confusion and help the understanding of diverse readers.

- Business activities may have both positive and negative impacts on human rights. Business enterprises may cause, contribute to, or be linked with human rights violations, and the ways in which enterprises may become involved in human rights violations are becoming more varied with globalization.
- Business and human rights strives to create corporate cultures and practices that respect human rights, with due diligence on human rights risks and provision of appropriate remedy at its core. Business and human rights aims to protect and promote the rights of stakeholders internal and external to the business enterprises by respecting major internationally-recognized human rights norms and principles.
- Business and human rights has developed in close connection with related concepts including compliance management, ethical management, corporate social responsibility (CSR), and responsible business conduct (RBC). However, it is unique in that it applies international human rights norms to respect the human rights of various stakeholders of business enterprises.
- As a constituent members of our society, business enterprises have a basic duty to respect and promote human rights. Given the large influence business enterprises have in our society, their human rights violations may result in irreversible harm for many people.
- Inadequate management of human rights risks may lead to human rights violations, which harm the entire business enterprise. On the other hand, successful management of human rights risks may raise the corporate value by improving reputation and attracting socially responsible investment. Interest in business and human rights is also rising domestically, with increased cases of human rights violations by business enterprises.
- Since the introduction of the UN Guiding Principles on Business and Human Rights, a noticeable change in the global business environment has been the development of various international standards on business and human rights. Major developed countries are making efforts to incorporate business and human rights principles into legislation, and policy efforts to promote business and human rights are also being strengthened domestically.
- Major areas of business and human rights include: The establishment of a business and human rights framework, non-discrimination in employment, guarantee of freedom of association and collective bargaining, prohibition of forced labor and child labor, guarantee of industrial safety, prevention of workplace harassment, responsible supply chain management, protection of local residents' human rights, guarantee of environmental rights, and the protection of consumers' human rights. These principles apply to major stakeholders of business enterprises including personnel, supply chains, local residents, and consumers.

• • • Usage of “Business and Human Rights,” “Human Rights Management,” and “Corporate Responsibility to Respect”

Business and Human Rights

“The issue of **business and human rights** became permanently implanted on the global policy agenda in the 1990s, reflecting the dramatic worldwide expansion of the private sector at the time, coupled with a corresponding rise in transnational economic activity. These developments heightened social awareness of businesses’ impact on human rights and also attracted the attention of the United Nations.”

(Excerpt from A/HRC/17/31, para. 1, p. 3, 2011)

Human Rights Management

“**Human rights management** refers to practices aimed at promoting the respect for human rights and minimizing adverse human rights impacts across all business activities.”

(Excerpt from the National Human Rights Commission of Korea Standing Committee decision “Recommendations on the Implementation of the Guidelines for Human Rights Management and Checklist for Public Institutions,” 2014)

Corporate Responsibility to Respect

“3. Commends the Special Representative for developing and raising awareness about the Framework based on three overarching principles of the duty of the State to protect against human rights abuses by, or involving, transnational corporations and other business enterprises, the **corporate responsibility to respect** all human rights, and the need for access to effective remedies, including through appropriate judicial or non-judicial mechanisms”

(Excerpt from A/HRC/RES/17/4, art. 3, p. 2, 2011)

1. What is Business and Human Rights?

Business activities are closely related to human rights. Business enterprises should respect internationally-recognized human rights, conduct human rights due diligence to prevent adverse impacts of their operation and activities on stakeholders, and provide appropriate remedy in case of human rights violations. The concept of business and human rights has developed alongside similar concepts including compliance management, corporate social responsibility (CSR), and responsible business conduct (RBC).

(1) Relationship between Business Activities and Human Rights

Business activities may have both positive and negative impacts on human rights. Business enterprises may cause, contribute to, or be linked with human rights violations, and the ways in which enterprises may become involved in human rights violations are becoming more varied with globalization.

- A. Business enterprises play an essential role in modern society, producing goods and services, creating jobs through employment, and contributing to national finances through the payment of taxes. Through these activities, they make significant contributions to the promotion of human rights across society.
- B. On the other hand, business operation and activities may have adverse human rights impacts, such as violations of consumers’ rights to health and life. Business enterprises may cause, contribute to, or be linked with human rights violations. (See <Table 1> below.)

Table 1 | Types and examples of human rights violation by business enterprises

Type	Definition	Example
Cause human rights violations	A business enterprise directly causes human rights violation	Expose employees to harmful chemical substances
		Continuously discriminate against certain customers
		Pollute drinking water by discharging wastewater
Contribute to human rights violations	A business enterprise contributes to human rights violation committed by a third party	Contribute to tracking and suppressing political dissidents by handing over customers’ personal information to an authoritarian regime
		Change the terms and conditions for delivery immediately before the deadline, causing the subcontractor to violate labor standards
Linked with human rights violations	A business enterprise neither caused nor contributed to the human rights violation, but is linked through business relationships	A food company manufactures and sells beverages high in sugar, contributing to child obesity
		An overseas subcontractor uses child labor
		Provide a loan to a developer committing illegal evictions
		Joint enterprise with a company with an alleged record of providing labor through human trafficking

Reference: International Bar Association, Practical Guide on Business and Human Rights for Business Lawyers (pp. 14-15)

- C. With globalization, business enterprises' spheres of activity and influence have expanded. While enterprises' positive contributions to human rights have increased correspondingly, human rights issues arising from business activities have also become more serious. In particular, adverse human rights impacts of business activities may affect the lives of numerous people across international boundaries, which highlights the importance of business and human rights principles. On the other hand, some suggest that business enterprises may ensure the sustainability of their operations through the implementation business and human rights principles.

• • • According to a 2017 survey by KPMG, a global accounting and consulting firm, more than 73 percent of approximately 5,000 major companies around the world acknowledged human rights as an issue for business. According to a 2016 study by BSR, a global sustainability network, among the priorities for sustainable businesses, human rights was ranked the highest at 73 percent.

(2) Definition of Business and Human Rights

Business and human rights aims to create corporate cultures and practices that respect human rights and to prevent and mitigate adverse human rights impacts arising from business activities. Business and human rights aims to respect all internationally-recognized human rights principles. Announcing a policy commitment to human rights, human rights due diligence, and provision of effective remedy form the core of business and human rights.

- A. Business and human rights may be defined as “conducting human rights-friendly business activities based on international human rights norms, announcing a statement of policy commitment to human rights, conducting human rights impact assessments to preemptively address human rights issues and disclosing those results, and providing remedial procedures for victims of human rights violations.” Among them, the series of activities involving the human rights impact assessment and the disclosure of those results is called “human rights due diligence.” (For detailed information on human rights due diligence, see Chapter III: Understanding the Human Rights Due Diligence Process.)
- B. Business enterprises should take proactive measures to prevent adverse human rights impacts of their operation and activities on internal and external stakeholders such as employees, suppliers, local residents, and consumers. At the same time, they should also be aware that the rights of stakeholders may be violated indirectly through other companies with which the enterprise has formed business relationships.
- C. International standards and guidelines that directly address business and human rights include the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, and ISO 26000. These standards are based on United Nations human rights instruments such as the Universal Declaration of Human Rights (UDHR), the International Covenant on Civil and Political Rights (ICCPR), the International Covenant on Economic, Social and Cultural Rights (ICESCR),

(3) Similar Concepts

the International Convention on the Elimination of All Forms of Racial Discrimination (ICERD), the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), the Convention on the Rights of the Child (CRC), the Convention on the Rights of Persons with Disabilities (CRPD), and the International Convention on the Protection of All Migrant Workers and Their Families (ICMW), as well as the International Labor Organization (ILO)'s fundamental conventions on labor rights. Therefore, business enterprises should become familiarized with these international standards when implementing business and human rights principles.

Business and human rights has developed in close connection with related concepts including compliance management, ethical management, corporate social responsibility (CSR), and responsible business conduct (RBC). However, it is unique in that it applies international human rights norms to respect the human rights of various stakeholders of business enterprises.

- A. Compliance management seeks to comply with various applicable laws and regulations in the course of business activities, which is the starting point of business and human rights. However, since laws and regulations only stipulate the minimum standards, simple compliance does not mean that all possible measures have been taken to respect human rights. Unlike compliance management, business and human rights involves implementing standards that go beyond legal requirements. For example, where an enterprise engages in business activities in a country with low human rights standards, those activities may constitute human rights violations despite complying with applicable local laws.
- B. Ethical/transparent management emphasizes business ethics and transparency and focuses on preventing corruption, whereas business and human rights seeks the comprehensive goal of respecting the human rights of various stakeholders based on international human rights norms. However, it should be noted that in many cases, corruption may also be a human rights issue. For example, corrupt practices may infringe on certain people's right to equality.
- C. Corporate social responsibility (CSR) is an important step towards business and human rights given that it encourages business enterprises to consider the perspectives of various stakeholders. ISO 26000, an international standard regarding CSR, presents human rights as an important area of social responsibility, along with governance, labor, environment, consumer issues, fair trade practices, and community participation. Generally, CSR tends to emphasize active contribution of enterprises to the society, but business and human rights is different in that it also seeks to reduce adverse human rights impacts. Thus, unlike CSR, business and human rights puts rights-holder at the center and emphasizes the importance of access to remedy for victims.
- D. Responsible business conduct (RBC) is an international norm based on the OECD Guidelines for Multinational Enterprises and the OECD Due Diligence Guidance for Responsible Business Conduct. Responsible business conduct includes not only respect for human rights, but also other norms for business activities such as disclosure, environment, anti-corruption, and competition. Due diligence for responsible business conduct also includes human rights due diligence, thereby setting business and human rights

as a key element of responsible business conduct. When considering the actual implementation process of responsible business conduct, it is not an overstatement to say that business and human rights is at the core of responsible business conduct.

- E. Sustainable development goals (SDGs), adopted by the United Nations for sustainable development, are composed of 17 goals including no poverty, good health and well-being, quality education, and gender equality. Business enterprises may refer to these principles to pursue sustainable management. These goals may be considered a more comprehensive framework compared to business and human rights.

2. Why is Business and Human Rights Necessary?

Business and human rights is necessary for business enterprises to respect and promote human rights, manage the risks associated with business activities, and prepare for the global expansion of business and human rights.

(1) Emergence of the Corporate Responsibility to Respect

As a constituent members of our society, business enterprises have a basic duty to respect and promote human rights. Given the large influence of business enterprises in our society, their human rights violations may result in irreversible harm for many people.

- A. The traditional notion of human rights focuses on the State's responsibility not to violate individual freedoms. It imposed an obligation on States to ensure the conditions necessary for people to live with dignity. However, there is now a recognition that apart from the State's duty to protect human rights, business enterprises also have a separate responsibility to respect human rights.
- B. Free trade, deregulation, and privatization expanded the scope and impact of markets, and the influence of business enterprises increased correspondingly. This means adverse impacts of business activities or relationships also became much bigger. In this context, business and human rights emerged as an alternative. By acknowledging the responsibility to respect human rights as a due obligation of a global corporate citizen, business enterprises may minimize adverse human rights impacts and fulfill the responsibility to respect.
- C. Even if the corporate responsibility to respect becomes widely recognized and emphasized, this neither exempts nor diminishes the State's duty to protect human rights.

(2) Management of Human Rights Risks

Inadequate management of human rights risks may lead to human rights violations, which harm the entire business enterprise. On the other hand, successful management of human rights risks may raise the corporate value by improving its reputation and attracting socially responsible investment. Interest in business and human rights is also rising domestically, with increased cases of human rights violations by business enterprises.

- A. Business enterprises prepare for potential risks they may face in the course of business activities such as financial and environmental risks. Human rights risks can also pose a significant threat to the sustainability of a business enterprise, so they should be managed carefully. If an enterprise is involved in a situation of human rights violation, it may incur large costs during the course of legal disputes, may be shunned by consumers and investors, and may lead to a decline in sales and stock prices. Once an enterprise is stigmatized as a perpetrator human rights violations, it is difficult and costly to recover its reputation.

••• On April 12, 2018, at a Starbucks in Philadelphia, U.S., two black customers were arrested by the police after a store manager reported them for occupying seats without ordering. As this case became publicized and allegations of racism emerged, on May 29, Starbucks closed more than 8,000 stores across the U.S. and provided "racial-bias education" to more than 175,000 employees. Losses from store closures are estimated at approximately KRW 8 billion.

- B. On the other hand, business enterprises may avoid huge expenses resulting from legal disputes and damages to corporate reputation by establishing and operating a mechanism for managing human rights risks. Enterprises that successfully establish a business and human rights framework may enjoy increased employee satisfaction as a result of reforms to corporate culture, receive support from consumers through improved corporate reputation, and use the improved reputation to find success in securing business partners and new talent.

••• According to a 2017 survey on CSR by Cone Communications (U.S.), 78 percent responded that businesses should stand up for important social justice issues, and 87 percent responded that they would purchase a product because that company advocated for an issues they cared about. This shows that consumers do not only consider the quality and price of products, but are also highly interested in the values that business enterprises espouse.

- C. With the rise of socially responsible investment, enterprises that do not respect human rights may experience difficulty in attracting investment. On the other hand, enterprises that actively implement business and human rights principles may be perceived as attractive investment options. The emergence of business and human rights may present a new opportunity for enterprises.

(3) Preparing for the Institutionalization of Business and Human Rights

• • • Global sovereign wealth funds, the Government Pension Fund Global (GPF) and the National Civil Pension Fund of the Netherlands (ABP), decided to withdraw investment from a company that was embroiled in controversy over the destruction of tropical forests and land disputes with indigenous people. This example illustrates the need to proactively manage human rights risks by implementing business and human rights principles. .

D. Consumer interest in business and human rights is also rising domestically, with increased cases of human rights violations by business enterprises. A notable example is the humidifier disinfectant incident, found to be serious violations of the rights to life and health of consumers. Controversy over the abuse of power by corporations is recognized as a major human rights risk, and called for reflections that such practices may pose an obstacle for enterprises' sustainable future.

Since the introduction of the UN Guiding Principles on Business and Human Rights, a noticeable change in the global business environment has been the development of various international standards on business and human rights. Major developed countries are making efforts to incorporate business and human rights principles into legislation, and the policy efforts to promote business and human rights is also being strengthened domestically.

A. Since the 1990s, with globalization and increasing influence of multinational corporations, discussions started on the responsibility of business enterprises regarding human rights. After publicized cases of human rights violations by global corporations, such as child labor, forced labor, poor working conditions, and forced displacement, there have been more calls for appropriate regulation of business activities.

B. Business enterprises are increasingly called on to become familiar and comply with existing international human rights norms including the UDHR, the ICCPR, and the ICESCR. Also, there are calls for the protection of labor rights and expansion of employment in accordance with the ILO Declaration on Fundamental Principles and Rights at Work and the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy. The OECD also called on the implementation of business and human rights principles through their Guidelines for Multinational Enterprises and the Due Diligence Guidance for Responsible Business Conduct.

C. Business associations and national governments are increasingly developing voluntary standards and requesting the implementation of business and human rights principles by enterprises. For example, electronics, finance, and extractive industries have developed various standards aimed at respecting human rights. While these standards theoretically rely on voluntary compliance, in reality they exercise a strong normative influence on many enterprises.

D. In 2011, the UN Guiding Principles on Business and Human Rights became the leading international standard on business and human rights with wide acceptance from governments, business enterprises, civil society, and

international organizations. The OECD has also produced many guidelines on business and human rights. The European Union (EU) has not only produced multiple soft laws regarding business and human rights, but also enforces a law that requires the disclosure of non-financial information, including those related to human rights, for companies over a certain size. In addition, the EU is pursuing policies to institute mandatory human rights due diligence in its member states.

E. After the introduction of the Guiding Principles, nation legislations on business and human rights were introduced in major countries. Legislation including the British and Australian Modern Slavery Acts, the American Dodd-Frank Act, the Dutch Child Labor Due Diligence Law, and the Amendments to the Swiss Code of Obligations require mandatory due diligence for certain human rights issues. Legislation including the French Duty of Vigilance Law, the Norwegian Transparency Act, and the German Supply Chain Due Diligence Act make comprehensive human rights due diligence mandatory in those jurisdictions.

• • • The U.K. Modern Slavery Act (2015)¹ provides for a comprehensive prohibition on modern slavery and severe punishments for corporations and individuals who violate this act. For modern slavery that occurs in overseas supply chains, corporations are required to conduct due diligence to prevent this and to announce those results.

• • • The Corporate Duty of Vigilance Law of France (La loi du 27 mars 2017 relative au devoir de vigilance des sociétés mères et des entreprises donneuses d'ordre, 2017) requires enterprises over a certain size to plan and implement due diligence on human rights and the environment. Enterprises must disclose the due diligence plan and results each year. In case of non-compliance, stakeholders may apply for a court order demanding the enterprise's compliance, and in case of damages incurred from non-compliance, the injured party may seek compensation in domestic courts.

• • • The Transparency Act of Norway (Lov om virksomheters åpenhet og arbeid med grunnleggende menneskerettigheter og anstendige arbeidsforhold (åpenhetsloven), 2021)³ requires enterprises over a certain size to conduct due diligence on their supply chain regarding human rights, labor, and the environment and disclose those findings. Also, the law grants all persons access to information and the right to request additional information from the enterprises. Fines are levied for non-compliance with the due diligence requirement or failure to ensure access to information.

• • • The Act on Corporate Due Diligence in Supply Chains of Germany (Gesetz über die unternehmerischen Sorgfaltspflichten in Lieferketten, 2021) requires enterprises over a certain size to conduct due diligence on human rights and the environment and disclose the resulting report. Reports submitted by enterprises are collected and reviewed by the government, which may issue orders to reform business behavior as necessary. The law also provides for strong sanctions in case of violations.

1. Available at: <https://www.legislation.gov.uk/ukpga/2015/30/contents/enacted>.

2. Unofficial English translation available at: <https://respect.international/french-corporate-duty-of-vigilance-law-english-translation/>.

3. English summary provided by the Norwegian Consumer Authority available at: <https://www.forbrukertilsynet.no/the-transparency-act>.

4. English translation available at: <https://www.bmas.de/EN/Services/Press/recent-publications/2021/act-on-corporate-due-diligence-in-supply-chains.html>.

• • • The EU is pursuing legislation requiring mandatory human rights due diligence, separately from the introduction of similar legislations in its member states. This reflects the intention to make human rights due diligence mandatory for all member states in order to establish fair market structures within the region. However, due diligence is already mandatory for timber and conflict minerals used in the EU.

F. Responding to the emergence of business and human rights, global corporations are actively introducing business and human rights principles across all business activities. In view of mid-to-long-term value creation, implementation of business and human rights principles is necessary not only for large enterprises with significant links with overseas markets, but also for small and medium domestic enterprises.

• • • Pressure from global supply chains on the implementation of business and human rights principles has become an urgent issue for domestic business enterprises. According to a study by the Business Institute for Sustainable Development of the Korea Chamber of Commerce and Industry, the majority of around 120 domestic export companies have undergone reviews on social responsibility in the process of supplying to overseas enterprises, and some have received negative results leading to disadvantages including the suspension of transactions. Considering that developed countries are well into the process of institutionalizing business and human rights principles, it is foreseeable that the pressure on domestic companies from global supply chains will become more intense in the future.

G. In the Republic of Korea, there are efforts from the Government to encourage the implementation of business and human rights principles. The National Human Rights Commission of Korea (NHRCK) has called for the establishment of business and human rights frameworks in public institutions through their Recommendations on the Implementation of the Guidelines for Human Rights Management in Public Institutions and Checklist (2014), Recommendations on Enhancing the Performance Evaluation System of Public Institutions (2016), and Recommendations for National Action Plans on Business and Human Rights (2016).

H. Afterwards, business and human rights has become rapidly institutionalized, mainly in public institutions. A chapter on business and human rights was included in the Republic of Korea's Third National Action Plan for the Promotion and Protection of Human Rights (2018–2022). Also, indicators related to “human rights management” were included in performance evaluations for all government agencies, regional and local governments, and their subsidiaries, and 860 public institutions developed plans to implement “human rights management.” The Ministry of Interior and Safety also announced that it would introduce new indicators related to “human rights management” in the 2019 Regional State-Owned Enterprise Performance Evaluation Manual.

• • • After the fatal platform screen door accident at Guui Station in 2016, the so-called “Kim Yong-gyun Act” (amendments to the Occupational Health and Safety Act) was passed to strengthen the responsibility of employers to prevent industrial accidents involving subcontracted laborers. In 2019, the so-called “Yang Jin-ho Prevention Act” (amendments to the Labor Standard Act and the Industrial Accident Compensation Insurance Act) was passed to prevent workplace harassment. These are examples of domestic legislation that support the introduction and implementation of business and human rights principles.

3. Major Areas of Business and Human Rights⁵

Major areas of business and human rights include: The establishment of a business and human rights framework, non-discrimination in employment, guarantee of freedom of association and collective bargaining, prohibition of forced labor and child labor, guarantee of industrial safety, prevention of workplace harassment, responsible supply chain management, protection of local residents' human rights, guarantee of environmental rights, and the protection of consumers' human rights. These principles apply to major stakeholders of business enterprises including personnel, supply chains, local residents, and consumers.

- A. Establishment of a business and human rights framework: To institutionalize business and human rights, an effective framework should first be established. The business and human rights framework should be established with a view of creating a virtuous cycle of establishing a Business and Human Rights Committee and unit, announcing a statement of policy commitment to human rights, disclosing information and conducting staff training on business and human rights, and promoting business and human rights principles within the enterprise's sphere of influence.
- B. Non-discrimination in employment: During employment, business enterprises must not discriminate on grounds including race, religion, disability, gender, place of birth, or political opinion.
- C. Guarantee of freedom of association and collective bargaining: Business enterprises should allow employees to freely form labor unions and must not disadvantage them for the reasons of joining the union or engaging in union activities. Enterprises should not refuse collective bargaining without justification and should respect and faithfully implement the outcome of collective bargaining.
- D. Prohibition of forced labor and child labor: Business enterprises must not engage in, or reap any benefit from, forced labor or child labor, directly or indirectly.
- E. Guarantee of industrial safety: Business enterprises should take appropriate measures to ensure occupational health and safety within the basic framework of laws, regulations, general labor relations, and employment practices.
- F. Prevention of workplace harassment: This includes oppressive work instructions, severe discipline, verbal abuse, and harassment. Unfair or unlawful work instructions from superiors are also problematic. The fundamental solution to these issues is the establishment of a human rights-friendly corporate culture.
- G. Responsible supply chain management: After identifying a risk factor causing adverse human rights impacts within its supply chain, the business enterprise should take measures to eliminate or prevent those impacts. The enterprise should exercise as much influence as possible

5. For detailed explanations of each area presented, please refer to <Table 4> in Chapter III.

through contractual relationships, and if the issue is not resolved, consider terminating the business relationship.

- H. Protection local residents' human rights: Local residents are significantly affected by the activities of business enterprises that enter their area. Therefore, enterprises should be aware of issues including the protection of the local residents' rights to culture and residence and environmental protection. As more domestic companies make overseas investments, the cases of human rights violations against local laborers and residents are also increasing, so the enterprises should pay more attention to these issues.
- J. Guarantee of environmental rights: Since we rely on the natural environment to sustain our lives, environmental pollution constitutes a serious human rights violation that directly affects people's lives and health. Business enterprises should establish and maintain a framework for environmental management, and conduct environmental impact assessments as necessary to prevent or mitigate environmental damage.
- K. Protection of consumers' human rights: As consumers only use products produced by business enterprises, enterprises have a duty to protect consumers. Enterprises should ensure the safety of their products and provide accurate and detailed information to allow customers to make informed decisions. Enterprises should provide effective dispute resolution and compensation procedures, respect the privacy of consumers, and take reasonable measures to secure personal information.

II

Establishment of a Business and Human Rights Framework



Business and human rights starts with the establishment of a business and human rights framework. First, organize a Business and Human Rights Committee and a Business and Human Rights Unit. Next, declare the willingness to implement business and human rights principles by issuing a statement of policy commitment to human rights. Regularly disclosing information related to business and human rights and conducting internal human rights training programs are also important. Then, widely promote business and human rights principles within the business enterprise's sphere of influence.

- Business enterprises should establish a management framework to provide structural support for the implementation of business and human rights principles. They may utilize a "Business and Human Rights Committee," tasked with setting the overall policy direction and conducting consultations and reviews, a "Business and Human Rights Unit" tasked with implementation, a "Human Rights Violation Remediation Committee" tasked with an independent remedial mechanism, and a "Business and Human Rights Working Group" as a task force.
- The structure of the Business and Human Rights Committee should be designed to reflect the chief executive officer's will to implement business and human rights principles. The Business and Human Rights Unit performs the role of specifically implementing human rights policies. Depending on the circumstances of the business enterprise, a dedicated unit may be newly established or an existing unit may take on the role.
- The purpose of a statement of policy commitment to human rights is to publicly announce the business enterprise's commitment to respect human rights and to introduce human rights due diligence and remedial mechanisms. It is important to anticipate the major human rights issues based on the nature of the business, in order to address such risks in the enterprise's risk management process.
- In the course of preparing the statement of policy commitment to human rights, it is necessary to actively seek input from various stakeholders and reach a collective understanding about the importance of business and human rights. The finalized policy statement should be widely distributed internally and externally, and a separate internal policy on business and human rights should be prepared.
- A policy regarding the disclosure of information related to business and human rights should be established with due consideration to factors such as the size and nature of the business, costs, and trade secrets. The policy must include anticipated human rights risk factors, the business and human rights framework, human rights due diligence results, and remedial procedures. Performance reports on the implementation business and human rights principles should be made public and prepared regularly.
- Regular human rights training should be provided to raise the awareness of staff members on human rights issues. Also, specialized training programs should be provided for personnel with high exposure to human rights risks.
- Business enterprises should exercise their influence as much as possible to promote business and human rights principles. Large corporations are encouraged to include the establishment of a business and human rights framework as a condition when contracting with business partners, to encourage their introduction of business and human rights principles.
- Business enterprises should gradually introduce business and human rights principles based on the Self-Assessment Tool on the Urgency of Business and Human Rights (Annex 1) and the Stage-by-Stage Roadmap presented in these Guidelines.
- The Roadmap is divided into three stages. Business enterprises should use the Self-Assessment Tool (Annex 1) to establish a framework to implement business and human rights principles in stages.

1. Establishing a Business and Human Rights Committee and Unit

In order to effectively introduce business and human rights principles across the business enterprise's internal management and business operations, there should be sufficient deliberation on the implementation framework. They may utilize a Business and Human Rights Committee, a Business and Human Rights Unit, a Human Rights Violation Remediation Committee, and a Business and Human Rights Working Group.

(1) Framework to Promote Business and Human Rights

Business enterprises should establish a management framework to provide structural support for the implementation of business and human rights principles. They may utilize a "Business and Human Rights Committee," tasked with setting the overall policy direction and conducting consultations and reviews, a "Business and Human Rights Unit" tasked with implementation, a "Human Rights Violation Remediation Committee" tasked with an independent remedial mechanism, and a "Business and Human Rights Working Group" as a task force.

- A. Business and human rights principles aim to minimize adverse human rights impacts of business activities. Although business and human rights may still be an unfamiliar concept, many business enterprises are already operating mechanisms to manage human rights risks. Major examples include risk management committees (teams), ethical management committees (teams) and compliance management committees (teams).
- B. To implement business and human rights principles, it is necessary to join together existing ad hoc initiatives to establish a comprehensive system that is capable of providing structural support for the enterprise's business and human rights policies. While the exact names may vary depending on the circumstances of the enterprise, a "Business and Human Rights Committee" may be tasked with setting the overall policy direction and conducting consultations and reviews, and the "Business and Human Rights Unit" may be tasked with implementing those policies. The "Human Rights Violation Remediation Committee" may be tasked with an independent remedial mechanism, and a "Business and Human Rights Working Group" may also be operated as necessary.
- C. The will of chief executives plays an important role in the process of introducing and implementing business and human rights principles. Therefore, it is desirable to place the Business and Human Rights Committee under the Board of Directors to ensure the Committee can deliberate on major business and human rights issues and play a substantive role. In addition, stakeholders such as employees, labor unions, and focal points within the supply chain should be included in the Committee, in order to incorporate various perspectives. The Business and Human Rights Committee sets the overall policy direction on business and human rights, provides consultations and reviews, and monitors the work of the Business and Human Rights Unit.
- D. The Business and Human Rights Unit is responsible for implementing business and human rights policies such as human rights training, information disclosure, due diligence, and remedy for victims. In addition, it

is also responsible for communication with other departments and provides support to facilitate the operation of the Human Rights Violation Remediation Committee and the Business and Human Rights Committee. It also works to promote business and human rights policies not only to internal departments but also to subsidiaries and business partners.

- E. To respond to human rights violations by business enterprises, an internal remedial mechanism should be established, such as through a Human Rights Violation Remediation Committee. Considering the nature of its role, the Committee should ideally operate independently. If a separate committee is not feasible, the existing internal audit team or the compliance team may take on the role. If it is not feasible to operate both a Business and Human Rights Committee and the Human Rights Violation Remediation Committee, the Business and Human Rights Committee may secure independence and take on the role. Factors that may harm the independence of the internal human rights violation remediation mechanism should be eliminated. If the Business and Human Rights Committee or Unit also takes on the remediation role, the role of external members should be strengthened to secure as much independence as possible.
- F. It is also possible to establish a Working Group to raise internal awareness about business and human rights and gather various opinions. A Working Group is a type of an internal task force and should be comprised of members from various departments, ranks, and backgrounds. This is because the members can play a leading role in promoting business and human rights principles within the enterprise. If necessary, it is possible to operate separate working groups for employees and for executives. If necessary, it is also possible to operate a temporary ad hoc working group (or task force) created to address a particular task.

••• According to Nestlé's white paper on human rights, Nestlé operates a Human Rights Working Group composed of major department heads, thereby encouraging each department to participate in the business and human rights implementation process.

Figure 1 | Business and Human Rights System

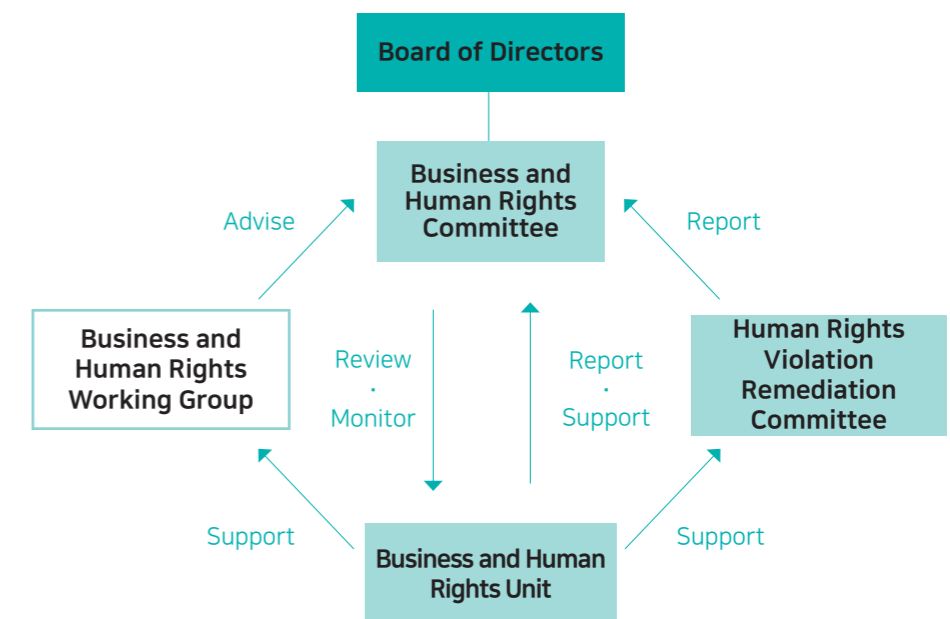


Table 2 | Roles of Internal Bodies Implementing Business and Human Rights

Category	Role	Characteristics	Note
Business and Human Rights Committee	Setting the overall policy direction, conducting consultations and reviews	Establish the Committee under the Board of Directors or under other existing committees	May be established under sustainable management committee, risk management committee, ethical management committee, etc.
Business and Human Rights Unit	Conducting HRDD, disclosure of information, conducting trainings, communicating with relevant internal departments	Tasked with day-to-day implementation of business and human rights principles and support the operations of the BHR Committee and the Remediation Committee	May assign to sustainable management team, ethical management team, CSR team, etc., but preferably separate from social contribution unit
Human Rights Violation Remediation Committee	Remediation	Investigation and resolution of human rights violation claims	May assign to audit team, but separate from units which may harm independence
Business and Human Rights Working Group	Raising internal awareness and gathering various opinions	Include members from various departments, ranks, and backgrounds	May form separate groups for executives and employees

(2) Operating the Business and Human Rights Committee and Unit

The structure of the Business and Human Rights Committee should be designed to reflect the chief executive officer's will to implement business and human rights principles. Depending on the circumstances of the business enterprise, a dedicated unit may be newly established or an existing unit may take on the role.

- A.** The Business and Human Rights Committee should ideally be established under the Board of Directors. To secure access to the Board, it is recommended that an incumbent Director take part in the Business and Human Rights Committee. Depending on the circumstances of the enterprise, the Committee may be established under a relevant existing committee such as the sustainable management committee, risk management committee, audit committee, or ethical management committee. For systematic and professional management of human rights risks, it would be better to separate the Committee from units related to social contribution or donations. This is because it is not desirable to address the issues relating to business and human rights through social contribution. It is important to ensure the expertise of the Business and Human Rights Committee by including experts not only from inside but also from outside of the company.
- B.** Since ongoing discussion about business and human rights within the Board of Directors leads to practical changes to current operations, it is important to strengthen the connection between the in-house Business and Human Rights Committee and the Board of Directors. To that end, it is recommended for the risk management committee to include human rights risks as a type of non-financial risk, or to present business and human rights as a major agenda of the sustainable management committee.

••• At KT Corporation, the Sustainable Management Committee, established within the Board of Directors, monitors and coordinates in-house business and human rights activities. According to Doosan Corporation's 2020 ESG Report, it has reformed its CSR Committee to establish the ESG Committee. The Committee addresses various indicators and issues related to the three categories of Environment, Society, and Governance, and formulates response strategies.

C. There should be a unit and focal points in charge of implementing business and human rights principles. While establishing a dedicated unit is ideal, it is also possible to assign the role to existing departments such as the sustainability team, human resources team, or the compliance team. The unit should be granted sufficient authority to coordinate related activities across the business enterprise.

D. Small and medium enterprises (SMEs) may start by designating business and human rights focal points in relevant units. Employees with relevant experience in compliance management, ethical management, socially responsible management, or sustainable management may be assigned. In case of lack of internal capacity, SMEs may request support from business associations, government agencies, public institutions, or academia.

2. Announcing a Statement of Policy Commitment to Human Rights

The statement of policy commitment to human rights makes public the business enterprise's will to respect human rights and to introduce human rights due diligence and remediation measures. Externally, this announces the enterprise's intention to respect the human rights of stakeholders, and internally, this sets the expectations of employees and business partners.

(1) The Significance of a Statement of Policy Commitment to Human Rights

The statement of policy commitment to human rights makes public the business enterprise's will to respect human rights and to introduce human rights due diligence and remediation measures. The statement should outline the main human rights issues that the business enterprise aims to track and address.

- A.** The statement of policy commitment to human rights makes public the business enterprise's will to respect human rights and to introduce human rights due diligence and remediation measures. The statement lays the foundation for incorporating business and human rights principles into management processes and for meeting the expectations of stakeholders. Also, it has the effect of encouraging business partners to participate in efforts to promote business and human rights.
- B.** The policy statement is the starting point for including human rights risks in the process of corporate risk management. Accordingly, the statement should include the main human rights risks of the particular enterprise and the measures to address them. As human rights risk factors may change over time, it is necessary to regularly review the main human rights issues of the enterprise.

(2) Preparing the Statement of Policy Commitment to Human Rights

••• SK Telecom’s CEO Human Rights Statement identifies the following potential human rights risks as an ICT business operator: Human rights of the workers and business partners, protection of personal information and privacy, access to information and freedom of expression, and prevention of misuse of technology, service, and data. Microsoft’s Annual Human Rights Report identifies accessibility, online security, freedom of expression, privacy protection, and data security as the main human rights issues facing the enterprise.

In the course of preparing the statement of policy commitment to human rights, it is necessary to actively seek input from various stakeholders and reach a collective understanding about the importance of business and human rights. The finalized policy statement should be widely distributed internally and externally, and a separate internal policy on business and human rights should be prepared.

- A. When preparing the statement of policy commitment to human rights, the business enterprise should actively collect the opinions of various stakeholders including employees, labor unions, business partners, local residents, consumers, and human rights experts. Based on this, prepare a draft policy statement, receive approval from the chief executives, and announce the statement.
- B. While it is possible to add to or revise existing related documents—such as an ethics statement, transparency statement, or code of conduct—to include business and human rights principles, it is important to try creating even a simple policy statement specifically on business and human rights. The focus is on announcing the chief executives’ will to identify major human rights risks associated with the business and to implement business and human rights principles by conducting human rights due diligence and providing remedial mechanisms.
- C. The statement of policy commitment to human rights may be composed of the preamble and the body. The preamble may introduce the background and purpose of the policy statement. Here, the statement may make references to international standards such as the UN Guiding Principles on Business and Human Rights, the Universal Declaration of Human Rights, or the ILO Tripartite Declaration. Also, it is necessary to specify whom the statement applies to. The statement should apply to all stakeholders of the business enterprise’s activities, including other enterprises under the sphere of influence and potential victims of human rights violations, such as employees, consumers, supply chains, and local residents. The statement may also include information about how those principles will be implemented.
- D. The body of the statement should focus on major human rights principles endorsed by the business enterprise, core tenets of business and human rights, principles of due diligence, and the procedures for providing remedy to victims. The body should take into account the particular nature and characteristics of the enterprise.
- E. The statement of policy commitment to human rights should be widely distributed to each internal department and business partners. It should also

be uploaded to the company website to allow easy access for consumers. For enterprises engaging in significant overseas business, it is recommended to translate and share the statement in foreign languages.

F. The internal policy on business and human rights is aimed at specifying and implementing the contents of the policy statement, and it should be prepared and implemented separately. The internal policy should include specific information regarding the purpose implementing business and human rights principles, the composition and operation of the Business and Human Rights Committee, human rights due diligence, and remedial mechanisms. For areas of high likelihood of human rights violations, separate human rights guidelines are recommended.

••• According to the 2021 Sustainability Report by Samsung Electronics, it has designed its labor and human rights policies pursuant to the UN Guiding Principles on Business and Human Rights. Also, in order to strengthen the foundation of global human rights management, it reformed its labor rights policy in 2020, revised its Child Labor Prohibition Policy and Migrant Worker Policy in June of the same year, and specified the freedom of association in its Global Code of Conduct.

3. Disclosure of Information and Training on Business and Human Rights

The establishment of a Business and Human Rights Committee and the announcement of a statement of policy commitment to human rights are meaningless without actual implementation. Therefore, disclosure of information and training on business and human rights are important. As the requirements for disclosure of non-financial information are being strengthened, business enterprises should review the principles and procedures of disclosure of information on business and human rights.

(1) Disclosure of Information on Business and Human Rights

A policy regarding the disclosure of information related to business and human rights should be established with due consideration to factors such as the size and nature of the business, costs, and trade secrets. The policy should include anticipated human rights risk factors, the business and human rights framework, human rights due diligence results, and remedial procedures. Performance reports on the implementation of business and human rights principles should be made public and prepared regularly.

- A. Business enterprises should disclose information related to its current business activities, financial situation, and governance. Information related to business and human rights is also an important part of non-financial information. The policy on disclosure of information on business and human rights should be established with due consideration to factors including the characteristics and size of the enterprise, costs, trade secrets, and protection of individual privacy and freedom. The disclosure should include foreseeable human rights risk factors, the business and human rights framework, findings from human rights due diligence, and remedial mechanisms. Disclosure of information on business and human rights should be conducted regularly.

••• The European Union announced the EU Directive 2014/95, which requires public interest entities in the EU with more than 500 employees to disclose the policies and performance on 1) environmental; 2) social and employee matters; 3) respect for human rights; 4) anti-corruption and bribery matters; and 5) diversity of supervisory bodies (age, gender, education, professional background) through a consolidated management report.

- B.** The performance evaluation results on business and human rights, including human rights due diligence, should be submitted to the Business and Human Rights Committee. During the evaluation process, the opinions of stakeholders in employee groups, vulnerable groups, or groups at risk of human rights violation should be considered. The evaluation results may be verified by a third party to ensure objectivity. The finalized report should be submitted to the chief executives and published externally.
- C.** Information on business and human rights may be disclosed through a dedicated report or by inclusion in the annual report or sustainability report. In the business and human rights report, it is important to disclose sufficient information to enable assessment of the actual state of business and human rights. In cases of serious adverse human rights impacts, the detailed efforts and its results should be released. The information should be disclosed to allow easy access for major stakeholders. The report should reflect the business enterprise's characteristics, and its indicators and contents should refer to international standards including the UN Guiding Principles Reporting Framework, GRI (Global Reporting Initiative), and SA8000 (Social Accountability 8000).

••• Since 2004, Novo Nordisk, a major Danish pharmaceutical company, has published a comprehensive report in which organically brings together typical financial information and non-financial information, including indicators on sustainable management and human rights management. The company states that this provides more comprehensive information to stakeholders about its performance and strategy. On the other hand, Unilever instituted in 2015 a dedicated human rights reports called the Unilever Human Rights Progress Report.

(2) Conducting Human Rights Training Programs

Regular human rights training should be provided to raise the awareness of staff members on human rights issues. Also, specialized training programs should be provided for personnel with high exposure to human rights risks.

- A.** Business enterprises should conduct regular human rights training for personnel in order to promote their business and human rights policies and raise their awareness about human rights. The training should be included as part of the onboarding process for new recruits, so they may understand the internal business and human rights policies and framework. The training should include subjects such as human rights sensitivity, business and human rights theory and practice, and on-the-job practical training. The program should also encourage the participation of senior executives.
- B.** A specialized human rights training program should be developed for staff members working in areas with high human rights risks. Specialized training is especially necessary for executives and business and human rights focal points. If possible, human rights trainings for stakeholders such as business partners are encouraged. If necessary, enterprises may receive support from government agencies, NGOs, and human rights experts.
- C.** Depending on the circumstances of the business enterprise, human rights training programs may be developed independently, or by referring to relevant materials published by the Ministry of Justice or the National Human Rights Commission of Korea. It is also possible to add human rights-related contents to the existing sexual harassment prevention training or ethics training.
- D.** Large companies are encouraged to develop a human rights training program with consideration for business partners, and to share the materials developed with other companies. In cases where it is difficult to develop a human rights training program independently, enterprises may use existing training materials depending on their circumstances.

••• According to its 2020 Sustainability Report, GS Caltex requires staff members to complete statutory sexual harassment prevention training and disability perception improvement training each year and, since July 2019, established the definition of workplace harassment and distributed prevention guidelines. In 2019, Nestlé publicly released its online human rights training program jointly developed with the Danish Human Rights Committee and announced that all its employees around the world are set to complete the training by 2020.²

4. Promoting Business and Human Rights Principles within Sphere of Influence

Business enterprises should exercise their influence as much as possible to promote business and human rights principles. Large corporations are encouraged to request and support the introduction of business and human rights principles by business partners.

A. The scope of the corporate responsibility to respect human rights is not limited to the business enterprise itself. In principle, the responsibility extends to all stakeholders within the enterprise's sphere of influence. For large enterprises, entities such as subsidiaries, business partners, local factories, and affiliates fall within their sphere of influence, and accordingly have a responsibility towards all stakeholders within that sphere of influence. Therefore, enterprises should actively exercise their influence to promote the implementation of business and human rights principles within its sphere of influence.

• • • According to the UN Human Rights Council's 2017 Report of the Working Group on the issue of human rights and transnational corporations and other business enterprises on its visit to the Republic of Korea, the risk of human rights violation was higher in the lower levels of the supply chain and in supply chains that extend overseas. Therefore, business enterprises with complicated supply chain structures should identify the most serious adverse human rights impacts and prepare the procedures for human rights due diligence and remediation. In particular, they should seek to implement business and human rights principles for not only their direct suppliers but also their subcontractors, as the buyer. In addition, they should apply the same principles of human rights due diligence and remedy even in places of business located in the countries with relatively lax regulations.

B. Business enterprises are encouraged to exercise their influence within the supply chain to include the establishment of a business and human rights framework as a contractual condition, so that business partners may actively implement business and human rights principles. In addition, enterprises should share their policy statement on business human rights with subsidiaries and business partners, and request their cooperation on its core objectives (for example, elimination of child labor and coexistence with labor unions). Sharing information related to human rights training and information disclosure is also recommended. However, in the course of implementing business and human rights principles, enterprises should take care not to use business and human rights as a means to abuse power by passing the burden to SMEs or interfering with their management.

• • • According to its 2020 Sustainability Report, the Amore Pacific Group in 2018 established and announced policies aimed at implementing human rights management and has incorporated the implementation of human rights management across its value chain. The group conducts human rights due diligence by closely examining vulnerable areas considering the nature of business for each subsidiary and local laws, and for identified issues, takes measures to rectify the issue through reforms and prevention of recurrence.

C. To compensate for lack of capacity, SMEs should actively collect information about business and human rights from large enterprises and business partners that they have contractual relationships with, as well as business associations. They should also make efforts to benchmark the best practices of other enterprises and keep track of policy trends and support programs on business and human rights from relevant government agencies and public institutions such as the Ministry of Justice, the National Human Rights Commission of Korea, and the Ministry of SMEs and Startups.

5. Stage-by-Stage Roadmap for Business and Human Rights

Business enterprises should gradually introduce business and human rights principles based on the Self-Assessment Tool and the Stage-by-Stage Roadmap presented in these Guidelines.

- A. Establishment of an efficient framework is a precondition for the institutionalization of business and human rights. Laying the foundation for business and human rights is a common challenge for all business enterprises, but the process may vary by enterprise. The urgency of business and human rights depends on various factors including the size and location of the enterprise, its position in the supply chain, and the nature of good and services.
- B. Business enterprises may refer to the Self-Assessment Tool in (Annex 1) to identify their current business and human rights situation, and refer to (Annex 2) to determine the starting Stage of the Roadmap based on the number of applicable indicators, such as the size and characteristics of the enterprise. Business enterprises should gradually introduce business and human rights principles by starting from the appropriate Stage of the Roadmap presented in these Guidelines.

6. Using the Roadmap to Establish a Business and Human Rights Framework

The Stage-by-Stage Roadmap for the establishment of a business and human rights framework is divided into three stages. Business enterprises should gradually introduce business and human rights principles by starting at the appropriate Stage of the Roadmap, according to the results from the Self-Assessment Tool.

- A. At Stage 1, business enterprises may establish a business and human rights framework by making the most use of existing structures and resources. Prioritize the human rights risks to be addressed, considering the nature and circumstances of the enterprise and the severity of adverse human rights impacts. There is a need to first deliberate on the ways to effectively combine existing internal resources and new business and human rights principles. Operate the Business and Human Rights Committee and Unit by utilizing existing structures and employees, and draft a simple statement of policy commitment to human rights. Prioritize disclosure of information for business activities with serious adverse human rights impacts. Include information regarding the statutory workplace sexual harassment prevention training required annually under the Enforcement Decree of the Equal Employment Opportunity and Work-Family Balance Assistance Act.
- B. At Stage 2, business enterprises should further develop and implement the business and human rights framework, building on the experience from Stage 1. First, operate a dedicated Business and Human Rights Unit. Prepare a statement of policy commitment to human rights and conduct in-house human rights trainings. Disclose information on business and human rights

by including relevant information in the enterprise's sustainability report or annual report. Exercise influence to promote business and human rights principles, and encourage subsidiaries and business partners within its sphere of influence to introduce those principles. For example, continuously monitor whether there are human rights issues within its sphere of influence, such as violations of laws or regulations; claims of labor rights violations, discrimination, or workplace harassment; injury or death resulting from workplace accidents; and criticisms from civil society. Share information related to the statement of policy commitment to human rights, human rights training, and disclosure of information with subsidiaries and business partners.

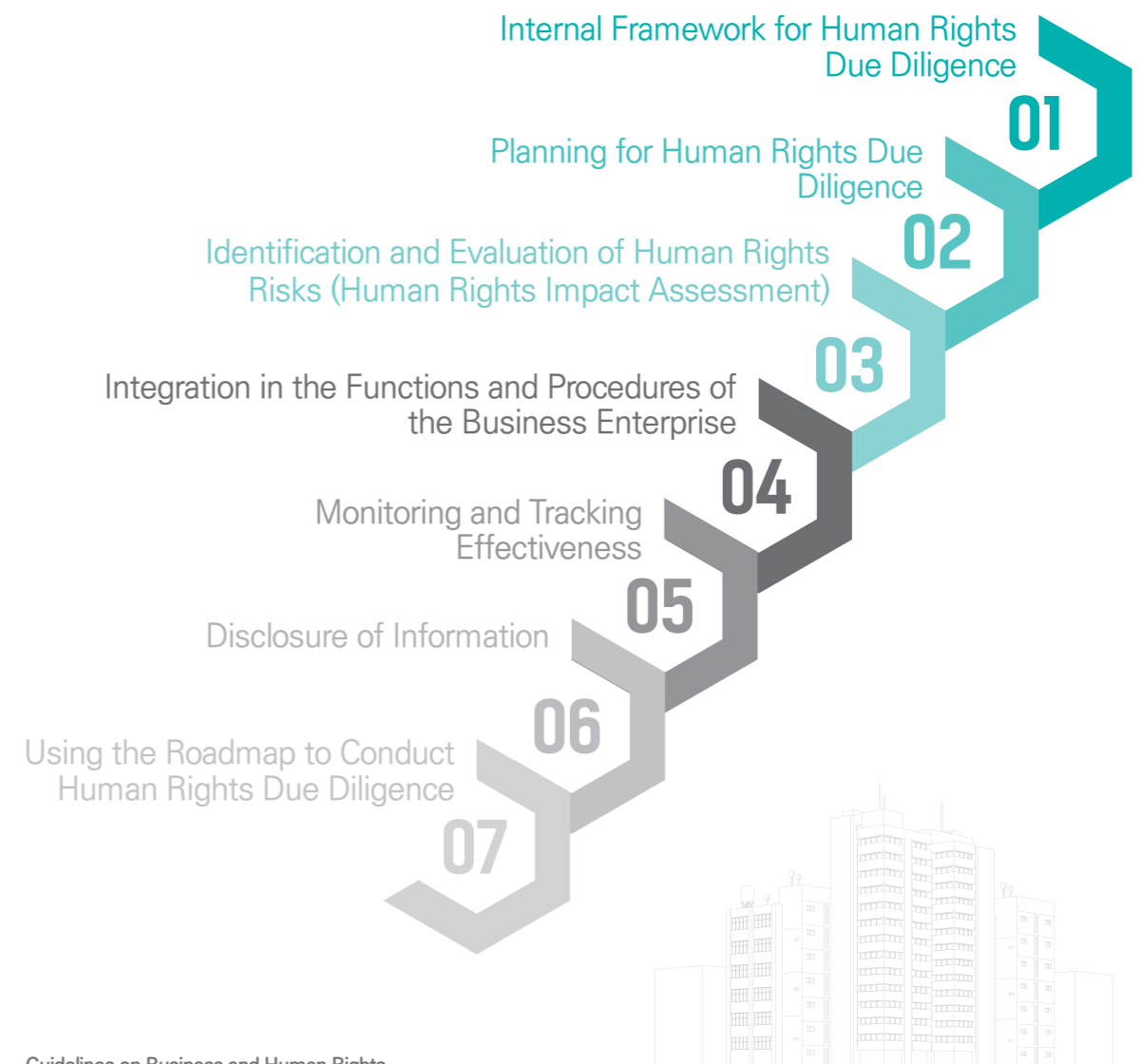
C. At Stage 3, business enterprises should aim to implement as much structures suggested in these Guidelines as possible to institutionalize business and human rights principles. Establish the Business and Human Rights Committee and Working Group. Draft internal human rights policies for sub-areas of business and human rights. Provide specialized training for staff members engaging in business areas with high human rights risks. Prepare a dedicated report on business and human rights, and if the enterprise has overseas offices or engages in significant export, also publish an English version. Continue efforts to promote business and human rights principles within its sphere of influence. In particular, prepare response strategies considering human rights risks at places of business and the supply chain and the severity of potential adverse impacts, and share information with subsidiaries and business partners in the global supply chain.

Table 3 | Stage-by-Stage Roadmap for the Establishment of a Business and Human Rights Framework

Category	Stage 1 of Business and Human Rights	Stage 2 of Business and Human Rights	Stage 3 of Business and Human Rights
In-house BHR Committee, BHR Unit, Working Group	Utilize existing organization and personnel	Independent operation of a BHR Unit	Establish an in-house BHR Committee
In-house BHR committee, BHR unit, working group	Utilize existing organization and personnel	Independent operation of a BHR unit	Utilize a BHR Working Group
Statement of policy commitment to human rights	Prepare a simple statement of policy commitment	Prepare a detailed statement of policy commitment	Prepare a more detailed statement of policy commitment
Disclosure of BHR-related information	Disclose information related to activities with severe adverse human rights impact	Include BHR-related information in the corporate sustainability report	Prepare a dedicated report on BHR (in both Korean and English)
In-house training on BHR	Include human rights-related content in workplace sexual harassment prevention training	Conduct in-house human rights training for all personnel	Conduct specialized training for staff members exposed to human rights risk
Promotion of BHR principles within sphere of influence	Utilize business relationships with large corporations, partners, and business associations	Promote BHR principles with subsidiaries and partners	Promote BHR principles in the entire global supply chain
In-house BHR Committee, BHR Unit, Working Group	Utilize existing organization and personnel	Independent operation of a BHR Unit	Establish an in-house BHR Committee

III

Understanding the Human Rights Due Diligence Process



The core process of the human rights due diligence involves identifying and addressing human rights risks associated with the business enterprise's operation and activities, and tracking the results from those efforts through monitoring. During the process, communication with stakeholders is important, and if necessary, appropriate remedy should be provided.

- “Human rights due diligence” refers to the comprehensive process of identifying, preventing, and mitigating adverse human rights impacts and announcing these efforts internally and externally.
- This comprehensive process involves the following steps: Establishing the human rights due diligence plan (selecting and prioritizing targets), identifying and assessing human rights risks (human rights impact assessment), incorporating and implementing these results into the overall business operation and activities, monitoring the effectiveness of measures taken, and publicly releasing all this information. Communication and cooperation with stakeholders are crucial at all stages.
- The purpose of human rights due diligence is to prevent human rights violations or discrimination by the business enterprise. In addition to adverse human rights impacts that the business operation or activities directly caused or contributed to, enterprises also have the responsibility to prevent actual or potential adverse human rights impact within its supply chain or business relations.
- While human rights due diligence aims to identify and address “human rights risks,” these “risks” do not only include those related to the enterprise’s financial performance, which is the conventional notion of “risk management.” More important are the risks that the business operation and activities may violate or infringe on the human rights of others.
- By conducting human rights due diligence, business enterprises may effectively prevent and mitigate adverse human rights impacts, as well maximize its positive influence in society. Effective human rights due diligence can improve relationships with stakeholders and ultimately maintain positive corporate reputation. They may also increase the trust of investors who consider non-financial risks.
- In addition to helping business enterprises avoid causing or being involved in human rights violations or discrimination, human rights due diligence may also help them prevent and prepare for potential future legal disputes by showing internally and externally that they took all reasonable measures to protect human rights.
- There is no one-size-fits-all process or method for human rights due diligence. It may be implemented flexibly based on the size, available personnel, and the level and severity of the internal and external human rights risks of the particular business enterprise.
- We recommend that each business enterprise gradually establish a human rights due diligence mechanism in accordance with the Roadmap starting at the appropriate Stage. For middle market or large enterprises, we suggest starting at Stage 2 or Stage 3 of the Roadmap, which aim to create a more formal and comprehensive system. A small or medium enterprise with a high urgency for business and human rights may also start at a higher Stage. Smaller enterprises may devise a creative mechanism to conduct human rights impact assessments with limited resources. For example, they may identify areas of business with high likelihood of severe human rights violation and prioritize those areas for intensive human rights due diligence.
- Human rights due diligence is not a one-off measure, but a new business practice that should be carried out continuously and consistently in order to achieve the principles of business and human rights and responsible management.

1. Internal Framework for Human Rights Due Diligence

- A. Within the Business and Human Rights Unit, designate a dedicated team responsible for human rights due diligence. If it is difficult to organize a dedicated team due to the size or circumstances of the business enterprise, designate a focal point responsible for human rights due diligence (hereafter “dedicated team” regardless of the form).
- B. The dedicated team for human rights due diligence should receive sufficient human rights and capacity-building training. While it is possible to use the training programs of private institutions, enterprises may also take advantage of resources from relevant public institutions such as the Ministry of Justice, the Sustainable Management Center under the Ministry of Trade, Industry and Energy, and the National Human Rights Commission of Korea. Also, employees who have worked in related areas such as compliance monitoring and risk management may become involved, and hiring external experts may also be considered.
- C. When comprehensive due diligence on financial, legal, and ESG risks is conducted for a merger or kick-off of a large-scale new project, human rights due diligence may also be included. Even in this context, it is important to uphold the key principles of not omitting major human rights risks, disclosing a credible level of information on the procedures and results of human rights due diligence, and communicating with stakeholders.
- D. If a system or structure for risk management already exists, human rights due diligence may be incorporated within the scope of that structure. However, there is a fundamental difference between typical due diligence aimed at reducing the enterprise’s financial risks and human rights due diligence aimed at identifying the adverse human rights impacts of business activities. Therefore, even in this situation, a dedicated team should be designated, sufficient training on international standards for human rights due diligence should be provided, and the reporting system should be reformed to allow for sufficient communication and support from the Business and Human Rights Committee.

2. Planning for Human Rights Due Diligence

Before conducting human rights due diligence, there should be an overall plan on the scope, targets, duration, and budget for the due diligence. The human rights due diligence planning process should include conducting baseline research on various human rights risks that arise in the course of the business operation and activities, and setting the scope, targets, and priorities of the due diligence.

(1) Survey on the Corporate Environment

Collect general information about human rights risks associated with its business activities, based on materials published by domestic and overseas offices, stakeholders, international organizations, and the media.

- A. The dedicated team on human rights due diligence should identify the concerns, grievances, and issues related to human rights risks and adverse impacts in cooperation with relevant internal departments, and identify the applicable human rights area (e.g. low-cost bidding responsible supply chain management).
- B. To that end, the dedicated team should collect information on human rights risks from various sources including all internal departments, overseas offices, business partners, labor unions, and civil society organizations. It is particularly important to identify the concerns and grievances of vulnerable stakeholders such as regular and non-regular workers, subcontracted laborers, subcontractors, migrant workers, local residents, consumers, and investors. Personal or confidential information of those who conveyed those concerns and grievances should be thoroughly protected.
- C. In cases of allegations of legal violations by the enterprise, internal grievances, consumer reports, or if there are overseas offices or transactions with foreign enterprises, collect information on the human rights situation of the country of business and concerns raised by international organizations and civil society organizations.

(2) Setting the Targets and Priorities for Human Rights Due Diligence

Based on the information collected, set the scope, targets, and priorities for human rights due diligence. The due diligence should prioritize issues suspected to have the most serious adverse impacts or those that require urgent intervention.

- A. Depending on the size of the enterprise, nature of the operations, and complexity of the supply chain, it may not be possible to conduct human rights due diligence for all aspects of business operations including the supply chain. In this case, priority should be given to areas where human rights risks are mostly like to occur, and where the impacts are the more severe. These types of decision should not be the sole prerogative of the dedicated team, but should be made in consultation with the Business and Human Rights Committee.
- B. Regarding internal policies, goods and services produced, operational offices, and business relationships, target areas with conspicuous and serious human rights risks. Higher priority should be assigned to newly-launched business activities, such as new products and services, purchases, mergers, or acquisitions.
- C. The risk of human rights violations committed by overseas offices, business partners, supply chain, or other enterprises with which the enterprise has business relationships, and the risk of being linked with such violations or discrimination, should also be subject to due diligence. Enterprises should

not automatically deprioritize issues for which they only have an indirect influence. The main criteria should be the severity of the human rights violations that may result from linked business activities and how likely that may happen—i.e. the likelihood of human rights risks and the severity of the potential violations.

- D. As the human rights situation surrounding business enterprises changes dynamically, regular and periodic human rights due diligence on target business activities is recommended.

3. Identification and Evaluation of Human Rights Risks(Human Rights Impact Assessment)

Business enterprises should identify and evaluate actual or potential adverse human rights impacts that may arise from business operation and activities and across business relationships, including the supply chain. They should analyze how and to what extent adverse human rights impacts arise regarding changes in practices regarding recruitment, promotion, and compensation; business operation and activities including the development of new products and services, restructuring, mergers and acquisitions, and subcontracts; and business relationships. Here, human rights include the rights of personality, labor, association, and non-discrimination of direct employees, subcontracted workers, and local residents of places of operation. This stage is called the “human rights impact assessment,” and determines the success of the overall human rights due diligence process (integration, monitoring, and information disclosure).

(1) Preparing for Human Rights Impact Assessment

Determining the principal agents and method of human rights due diligence

- A. Determine the principal agents of human rights due diligence. The most basic method of due diligence is by the dedicated team taking the lead in completing checklists. For business enterprises at the early stages of introducing human rights due diligence, these Guidelines focus on explaining the method of the dedicated team using checklists. However, the specific method of conducting human rights due diligence may be flexible depending on the enterprise’s size, available resources, and the nature of business activities.
- B. For large enterprises with sufficient financial and human resources, employing more accurate due diligence methods in consultation with recognized external experts is recommended. Checklists help evaluate whether the business activities meet the minimum standards, but may fall short on identifying the various risks of impacting the human rights of stakeholders and addressing them. The checklist method may show its limitations the larger the scope of business activities, the longer the supply chain, and the higher the number of stakeholders.
- C. For alternative due diligence methods, in terms of the principal agents, it is possible to form a working group for human rights due diligence or receive

advice from external experts. In terms of the method, matrix-type evaluation and qualitative evaluation based on interviews with various stakeholder groups are possible. For SMEs with relatively limited resources, the human rights due diligence focal point may draft and complete a simple checklist. Whichever the method, sufficient communication with stakeholders and credible disclosure of the human rights due diligence results are essential.

- D. The Business and Human Rights Committee confirms the above, as well as the duration, budget, and method of human rights impact assessment.

Referring to international standards related to business activities subject to human rights due diligence

- E. Collect international human rights standards related to the targets of human rights due diligence and extract contents that may be applicable. Refer to the major international human rights instruments introduced in the first page of these Guidelines, as well as the industrial initiatives introduced in Chapter V: Implementation of Human Rights Due Diligence by Industry.

Mapping the main areas of human rights risks for business activities subject to human rights due diligence

- F. The dedicated team for human rights due diligence should analyze the international standards and human rights issues identified during the survey of corporate environment to determine the key areas of human rights risk to examine.
- G. In order to increase the effectiveness of due diligence, it is helpful to identify new human rights issues based on materials published by international organizations, civil society organizations, national human rights institutions, and media outlets, and analyze their relationship with the targets of human rights due diligence. For example, an enterprise may examine how the issue of personal information leaks, which are on the rise with the progression of the fourth industrial revolution, relates to its products and services.
- H. Business enterprises should pay special attention to the risks that may affect relatively vulnerable stakeholders including non-regular workers, subcontractors, subcontracted workers, migrant workers, local residents, and consumers.
- I. Map the major human rights risks of the business activities subject to human rights due diligence. Classify the various potential risks, concerns, and grievances according to the areas of human rights presented in <Table 4>.
- J. The major areas of human rights risk presented in <Table 4> is from the National Human Rights Commission’s business and human rights guidelines for public institutions. It is recommended to at least conduct human rights due diligence for these areas. However, the areas of human rights risk presented in <Table 4> are the only the most basic, while internationally recognized areas of human rights are much broader. Therefore, the dedicated team may include additional areas based on the business enterprise’s particular circumstances or based on their own judgment. On the other hand, the dedicated team may decide not to consider areas that are clearly not related to the business activities subject to human rights due diligence.

Table 4 | Description of major areas of human rights risk

Class	Category	Description	Examples of concerns, grievances, or human rights issues
A	Establishing a business and human rights framework	The credibility and effectiveness of the business and human rights framework	Lack of the efficacy of the statement of policy commitment to human rights, lack of credibility of remedial procedures, lack of contribution from independent experts
B	Non-discrimination in employment	Prevention of discrimination on the grounds of race, religion, disability, gender, place of birth, or professional rank	Sexual harassment or assault, discrimination in promotion, discrimination of non-regular workers
C	Guarantee of freedom of association and collective bargaining	Ensuring the freedom to form labor unions and carry out union activities	Interfering with the formation of labor unions or limiting their activities
D	Prohibition of forced labor	Prohibition on coercive forms of labor	Long working hours and coercive labor practices of a subcontractor
E	Prohibition of child labor	Prohibition on employing children	Children conducting dangerous physical labor
F	Guarantee of industrial safety	Implementing measures to ensure occupational health and safety at work	Safety accidents, industrial disasters, poor working conditions
G	Prevention of workplace harassment	Prevention of harassment including oppressive work instructions, severe discipline, and verbal abuse	Occurrence of workplace harassment
H	Responsible supply chain management	Efforts to maintain business relationships that do not violate human rights	Low-cost bidding, unfair trade, providing or receiving bribes, abuse of power by client enterprises
I	Protection of local residents' human rights	Protecting the human rights of residents living in areas where oversees offices or factories are located	Land disputes and forced evictions due to conflicts with customary land rights, destruction of indigenous culture
J	Guarantee of environmental rights	Efforts to prevent environmental pollution and climate change	Destruction of forests, oil leaks, excessive carbon emission
K	Protection of consumers' human rights	Ensuring product safety and protecting various consumer rights	Violations of consumer rights, personal information leaks, discriminatory advertisements

(2) Drafting a Human Rights Impact Assessment Checklist

Draft a human rights impact assessment checklist tailored to the circumstances of business activities subject to human rights due diligence. Refer to the standard checklist provided by the National Human Rights Commission for public institutions, but also revise or add on areas as necessary for practical use.

- A.** The dedicated team for human rights due diligence drafts a checklist addressing each major area of human rights risk and submits the checklist for review by the Business and Human Rights Committee. The checklist serves as a tool for identifying and evaluating human rights risks based on information collected during the human rights impact assessment stage.
- B.** When drafting the checklist, the dedicated team may revise existing materials or create a new checklist tailored to the particular business sector. While it may be necessary to select the former strategy at the initial stages of introducing human rights due diligence, it is recommended to follow the latter strategy as the enterprise gains more experience and resources. The checklist may be revised and updated each year, and depending on available resources, may also incorporate advice from external experts.

- C.** When drafting the checklist, business enterprises may refer to materials such as the checklist suggested in the National Human Rights Commission's Guidelines on Human Rights Management for Public Institutions, or checklists used by public institutions engaging in similar business areas. For areas such as "prevention of workplace harassment" and "non-discrimination in employment," it is possible to adapt existing checklists created for each area, as shown in <Table 5>.
- D.** The substance of the checklist may vary depending on the purpose and scope of the human rights impact assessment, the business sector, and the circumstances of each business enterprise. In addition, where there exist social needs or special circumstances specific to the industry, it is recommended to add the relevant areas to the checklist. (See Chapter V: Implementation of Human Rights Due Diligence by Industry.)
- E.** The checklist enables the identification of both actual and potential adverse human rights impacts of business operation, activities, and relationships. In particular, the checklist enables the identification of the possibility of contributing or being linked with human rights violations committed by other enterprises within its supply chain or business relationships.
- F.** For areas with particularly high likelihood or severity of potential adverse human rights impacts, the checklist should consider wider range of stakeholders and include specific patterns of violation. The checklist should envision specific scenarios of how the particular risk may affect various actors and groups, thus taking a "tailored" approach to the particular risk.

Table 5 | (Example) "Prevention of Workplace Harassment" Human Rights Due Diligence Checklist

※ Checklist⁶ by Korea Research Institute for Vocational Education and Training on analyzing workplace harassment, revised for human rights due diligence

Checklist	Unit Focal Point		HRDD Focal Point	
	Yes	No	Yes	No
There were employees who did not receive acknowledgement for their capacity or accomplishments, but was instead mocked.				
There were employees assigned with exceedingly difficult tasks that everyone avoided, despite little relevance to their job description.				
There were employees coerced to do menial tasks with little relevance to their job description, or assigned almost no work.				
There were employees coerced to work on the family or personal events of superiors.				
There were employees who believe they did not receive proper recognition for their accomplishments and those accomplishments were claimed by someone else.				
There were employees who were unjustifiably pressured not to use their annual leaves, sick leaves, or various benefits.				
There were employees under psychological pressure due to excessive monitoring while they were working or resting.				
There were employees unjustifiably receiving excessive work-related texts or messages after working hours.				

6. Korea Research Institute for Vocational Education & Training, Analysis of Domestic Workplace Harassment and Countermeasures (2016)

(3) Conducting Human Rights Impact Assessment through On-site Investigation and Data Collection

Checklist	Unit Focal Point		HRDD Focal Point	
	Yes	No	Yes	No
There were employees who felt threatened or fearful due to unjustifiable fault-finding or provocation on minor matters during the course of work.				
There were employees who experienced verbal humiliation or insult in public or in online spaces with many participants.				
There were employees who heard insults or threats in public or private spaces.				

G. <Table 5> above is an example of a checklist to screen for workplace harassment. Business enterprises may draft checklists focusing on the 11 major areas presented in <Table 4>, but may decide not to include areas that are clearly not relevant to their business activities. Where there exist social needs or special circumstances by industry, it is recommended to add the relevant areas to the checklist. (See Chapter V: Implementation of Human Rights Due Diligence by Industry.)

- A. The dedicated team for human rights due diligence identifies the departments related to the areas and targets subject to human rights due diligence and conducts human rights impact assessments based on the checklist prepared, in cooperation with focal points from the relevant business unit (referring to the internal unit or department executing tasks directly related to the target business activity, hereinafter the “business unit”).
- B. The dedicated team and the focal point from the business unit collect baseline data necessary to complete the checklist, using various methods including:

- Survey of employees in the business unit
- Interview with major stakeholders
- Interview with internal experts on the relevant business area (e.g. product development engineer)
- Survey of potential victims
- Interview with NGOs and relevant experts

In particular, the dedicated team should listen to the voices of stakeholders, including employees, labor unions, rights-holders, consumers, and local residents, to fully understand their concerns and grievances. When it is difficult to reach stakeholders directly, the team may receive support from independent and reliable civil society experts or human rights activists.

- C. The dedicated team should verify and assess whether the baseline data provided by the business unit is accurate and complete.

(4) Preparing a Human Rights Impact Assessment Report

- D. The dedicated team completes the checklist in cooperation with the focal points from relevant business units. Here, it should be noted that the purpose of human rights due diligence is to identify human rights risks, not to assess the level of human rights protection. Due diligence is only meaningful when it detects the areas without sufficient human rights protection or areas adversely affected by business activities, even if those impacts are not intentional. The awareness that mistakenly omitting or deliberately concealing human rights violation is unacceptable should be fully shared with decision-makers and personnel in the business unit.
- E. When an area with adverse human rights impact is identified as a result of the checklist, then the severity of the adverse impact should be assessed. The severity is determined based on the gravity of the violation (for example, violations of the rights to life and physical integrity are generally considered grave), the scope (the number of potentially affected persons), and remediability. The nature of human rights impacts should be assessed, and whether the business enterprise directly caused the impact, contributed to human rights violations committed by other actors, or is simply linked, should be distinguished.
- F. It is important not only to determine whether adverse human rights impacts arose from business operation, activities, and relationships including the supply chain, but also to determine the cause of such adverse impacts. Systematically analyze by whom, why, and how such adverse human rights impacts were created.
- G. Receive necessary advice from reliable human rights experts, including human rights activists and civil society organizations to conduct a reasonable and reliable assessment.

- A. The dedicated team organizes the results from the human rights impact assessment and reports to the Business and Human Rights Committee. The report should contain the following information

- Purpose of human rights impact assessment
- Scope of human rights impact assessment
- Method of human rights impact assessment
- Findings from human rights impact assessment (including adverse human rights impacts identified)

- B. The findings should go beyond simply listing adverse human rights impacts, but also identify which impacts are the most severe and require urgent intervention.

- C. The report should specify how the business enterprise is involved for each adverse human rights impact (e.g. caused, contributed, or linked)⁷, which informs the strategies to address it.
- D. If possible, the report should include opinions about the root causes of the human rights issues and recommendations for addressing them.

4. Integration in the Functions and Procedures of the Business Enterprise

To prevent or mitigate adverse human rights impacts, integrate the findings from the human rights impact assessment in the overall functions and procedures of the business enterprise. Prepare and implement specific strategies to address those impacts across business projects, operations, internal decision-making processes, budget allocation, training, and business relationships.

- A. Substantively implement the findings from the human rights impact assessment in the relevant business unit's projects and operations, thereby preventing or mitigating adverse impacts on human rights. This process should be led by the Business and Human Rights Committee in cooperation with the chief executives, and the Business and Human Rights Unit is responsible for specific implementation of relevant policies.
- B. If the human rights impact assessment was successful, it should have identified severe human rights risks that require urgent intervention. However, it may not be feasible to immediately address all severe human rights issues identified. In this case, the Business Human Rights Committee may determine the priority issues based on the business strategy and realistic implementation capacity.
- C. The Business and Human Rights Unit ensures that the findings from the human rights impact assessment is implemented not only in the particular business unit where the adverse impact was identified, but also across all business activities and operations. The Unit examines whether the findings should be applied not only for major decision-making for the particular business activity, but also for the business enterprise's overall decision-making process, internal policies, budget, and audit procedures. Here, it is important to clearly allocate responsibility to the business unit and employees responsible for taking relevant measures.

7. Please see (Table 1) at page 13 of these Guidelines.

- D. If it is difficult to immediately address a human rights issue due to its nature, prepare and share a specific plan or roadmap to mitigate or prevent the adverse impacts.
- E. If the business enterprise becomes unintentionally linked with human rights violations through its products or services, or through business relationships, formulate strategies to address them considering the severity of the violations, importance of the relationship with the counterpart, and the level of influence or leverage the enterprise has over the situation. In cases of minor human rights violations, the enterprise may share the concerns identified during the human rights impact assessment with the business partner, seek solutions to prevent or mitigate those violations, and elicit appropriate countermeasures. Supporting the business partner with trainings may also be part of the solution. However, if the linked human rights violation is severe—for example, child labor, forced labor, or human trafficking was identified—seriously consider cutting business ties. When subcontracting for a project with high likelihood of severe human rights violation, the enterprise may consider employing a zero-tolerance policy for certain behaviors, such as child labor, at the contracting stage.
- F. In cases where SMEs are linked with adverse human rights impacts caused by large or middle market client enterprises, grievance mechanisms should be established to allow SMEs to request the client enterprise to take corrective measures. Inspect and reform existing mechanisms to communicate with business partners, such as the suppliers' committee or the grievance mechanism for suppliers, to improve business partners' ability to raise concerns and request corrective measures in case of human rights violations by the client enterprise.
- G. When it is difficult to establish measures to prevent adverse impacts, seek advice from independent and reliable experts.
- H. The Business and Human Rights Committee delivers the findings from human rights impact assessment and measures to address adverse impacts to the chief executives. Also, the Committee shares this information with other members of the business enterprise and conducts trainings to ensure long-term effectiveness of the response measures.

5. Monitoring and Tracking Effectiveness

The business enterprise should monitor the development of a corporate culture that prevents human rights violations and respects human rights, and track the effectiveness of measures to address adverse human rights impacts in relevant business units and the entire enterprise.

(1) Preparing Indicators to Monitor Effectiveness

Prepare appropriate quantitative and qualitative indicators to monitor effectiveness. Utilize existing materials and revise them to suit to the needs of the business enterprise.

- A. The dedicated team for human rights due diligence prepares quantitative and qualitative indicators to determine whether adverse human rights impacts are being properly addressed, as well as the effectiveness of measures taken to stop, mitigate, and prevent adverse impacts.
- B. For example, quantitative indicators to track effectiveness may include the gender wage gap, the number of labor disputes, the number of reported cases of workplace harassment, and the number of claims received by the National Labor Relations Commission. Qualitative indicators to monitor the mitigation of adverse impacts may be derived from consultations or interviews with stakeholders and rights-holders who have been, or may have been, affected by adverse human rights impacts.
- C. The monitoring period may be set flexibly, such as six months to one year since the implementation of preventative measures, or two to three years, depending on the circumstances of the business enterprise.
- D. At the advanced stage of institutionalizing business and human rights principles, the business enterprise may commission an external institution to conduct the effectiveness monitoring in order to maximize credibility. There is a trend in global enterprises of conducting effectiveness monitoring through independent third-party institutions to increase the credibility of human rights due diligence.

••• In 2013, international NGO Oxfam released the due diligence findings on Unilever's labor rights compliance in its Vietnam supply chain, and in 2016, released the findings from human rights due diligence on relevant improvements. Unilever states that it was able to secure effectiveness and credibility of the monitoring process through cooperation with an independent external institution..

(2) Conducting the Effectiveness Monitoring

Monitor the effectiveness of response measures using the indicators prepared. Receive opinions from stakeholders about the effectiveness of the measures.

- A. Conduct the effectiveness monitoring using the quantitative and qualitative indicators prepared. Distinguish the indicators showing high or low levels of effectiveness, and clearly identify the areas and measures with low effectiveness.
- B. Conduct an in-depth analysis on why the measure in question is not effective. It is best to approach this in communication with relevant stakeholders.
- C. To strengthen the effectiveness of the monitoring, independent external experts may also participate to enable objective assessment. The business enterprise may also seek advice from external experts on the reasons for low effectiveness and strategies for improvement.

(3) Reporting to the Business and Human Rights Committee and Follow-up

The dedicated team for human rights due diligence reports the findings from the effectiveness monitoring to the Business and Human Rights Committee, and establishes new response measures for business activities and sectors for which efforts to prevent or mitigate adverse impacts were not successful.

- A. The dedicated team reports to the Business and Human Rights Committee and the chief executives on the progress of horizontal integration⁸ to prevent adverse human rights impacts, whether the measures have been effective in stopping, mitigating, or preventing human rights violations, and if not, what the reasons are, and receive feedback on additional response measures.
- B. Based on the feedback, the Unit confirms new preventive measures and explores additional response measures in consultation with the relevant business unit.

6. Disclosure of Information

Document the entire process of human rights due diligence and disclose this to stakeholder and the public, to share the enterprise's efforts to prevent adverse human rights impacts. Secure various channels to allow access by stakeholders and the public.

- A. The dedicated team and the Business and Human Rights Unit should timely disclose the findings from the human rights impacts assessment, response measures, and findings from effectiveness monitoring to stakeholders, customers, business partners, and the public. In doing so, the business enterprise makes transparent its efforts to implement business and human rights principles and invites feedback. This information may be included in the enterprise's annual report or sustainability report, or may be published as a standalone report.
- B. Sharing such information through various channels helps improve the corporate reputation and responsible management by internally and externally signaling the implementation of business and human rights principles. Given the recent increase in the number of investors who pay attention to business activities related human rights, including ESG investment and sustainable investment, and the increase in the activities of international NGOs monitoring multinational enterprises, disclosure of

8. "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." (UN Guiding Principles on Business and Human Rights, 19) "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." (UN Guiding Principles on Business and Human Rights, 19 commentary)

information is a core element for improving the enterprise's credibility.

- C. The key is to fully disclose all information related to the entire human rights due diligence process in a credible format. Therefore, the Business and Human Rights Committee should conduct a pre-audit to ensure the disclosure meets the relevant standards. The enterprise may strengthen the trust of stakeholders on the disclosure of information on human rights due diligence through verification by an independent institution.
- D. Enterprises operating overseas should translate the relevant reports to the local languages to enable access from local authorities, other enterprises, and consumers. There is a need to respond preemptively to the possibility that disclosure of such information may become mandatory in the country of operation.
- E. Receive feedback on such reports from stakeholders, customers, business partners, and the public, and incorporate this in future human rights due diligence and information disclosure.

7. Using the Roadmap to Conduct Human Rights Due Diligence

The form and method of human rights due diligence may vary depending on the size and circumstances of the business enterprise and the urgency of business and human rights. It is important to start conducting human rights due diligence within reasonable scope and begin accumulating relevant experience.

- A. At Stage 1, an existing staff member concurrently takes on the role of the human rights due diligence focal point. It is recommended to first conduct a human rights impact assessment for the most urgent human rights issues and areas. Utilize existing checklists such as the one provided by the National Human Rights Commission. Based on those findings, prepare immediate response measures and begin conducting basic monitoring. Upload the findings of the human rights due diligence on the corporate website to communicate with major stakeholders.
- B. At Stage 2, designate a dedicated focal point for human rights due diligence. The focal point should cooperate with major business units and overseas offices to conduct a baseline assessment on the corporate human rights environment, and based on this, determine the targets and priorities of the human rights due diligence. Prepare a checklist tailored to the characteristics of the target business activities. During the human rights impact assessment process, receive and incorporate the opinions of stakeholders, as well as concurrently analyzing the causes of adverse impacts. Response measures should not only address immediate needs, but also include reforms to the organizational leadership and culture. Prioritize communication with various stakeholders including potential victims of human rights risks.
- C. At Stage 3, establish a dedicated due diligence team within the Business

and Human Rights Unit. The dedicated team prepares for periodic human rights impact assessments for major business activities based on comprehensive baseline assessments conducted in cooperation with all internal business units and overseas offices, and in communication with stakeholders. Go beyond the checklist to select a method of due diligence capable of identifying all actual and potential human rights risks. Analyze and identify the root causes of adverse human rights impacts. Conduct effectiveness monitoring based on various indicators, and publicly disclose information related to human rights due diligence. Communicate with stakeholders including potential victims, and also communicate with local authorities, civil society, and other enterprises.

Table 6 | Stage-by-Stage Roadmap for Human Rights Due Diligence

Category	Stage 1 of Business and Human Rights	Stage 2 of Business and Human Rights	Stage 3 of Business and Human Rights
Establishment of a focal point or dedicated team for HRDD	An existing staff member acts concurrently as the HRDD focal point	Designate a dedicated HRDD focal point	Organize a dedicated team for HRDD within the BHR Unit
Planning for HRDD	Focus on the most urgent areas of business activity	Collaborate with relevant units to conduct a baseline assessment on the operational context to determine the scope and priority of HRDD	Conduct a comprehensive baseline assessment and prepare for regular human rights impact assessments on major activities
Identifying and assessing human rights risk (human rights impact assessment: HRIA)	Utilize the checklist prepared by the National Human Rights Commission of Korea	Prepare a checklist tailored to nature of the business subject to HRDD	Establish an effective HRDD method to capture comprehensive human rights impact
Integrating BHR principles within the functions and procedures of the business enterprise	Conduct HRIA led by the focal points for HRDD and relevant internal units	During the HRIA process, consult with stakeholders and analyze the cause of adverse impact	During the HRIA process, gain a full understanding of the grievances of stakeholders such as labor unions, and conduct an in-depth analysis on adverse impacts in consultation with human rights experts
Monitoring and tracking effectiveness	Establish measures to prevent and immediately address adverse impact	Establish comprehensive response measures including reforms to organizational leadership and culture	Expand response measures to supply chain and business relationships, and request advice from independent experts
Communicating with stakeholders	Track implementation progress of response measures	Set indicators, conduct monitoring, and receive feedback from stakeholders	Conduct substantive and systematic monitoring on the improvement of human rights using various quantitative and qualitative indicators
	Publish HRDD procedures and results on the company website	Publish HRDD procedures and results in annual reports	Publish all aspects of the HRDD process in a credible and transparent manner
	Communicate with major stakeholders such as labor unions	Communicate with a wide range of stakeholders including potential victims of adverse human rights impact	Endeavor to expand communication with governments, civil society, and other business entities in the country of operation

IV

Establishing and Implementing Remedial Procedures



Business enterprises should establish appropriate remedial procedures to prepare for situations where they cause adverse human rights impacts or contribute to human rights violations committed by third parties.

- In the context of business and human rights, “remedy” refers to measures for recovery proportional to the gravity and scale of the adverse human rights impact.
- With established remedial procedures, affected individuals may access swift remedy for human rights violations. By resolving the issue at the outset, business enterprises may also prevent the escalation of conflict and reduce business risks.
- Remedy may be provided by the business enterprise through internal grievance mechanisms or through cooperation with external entities. Enterprises should actively cooperate with external procedures based on the business context and based on the situation of the affected individuals. Also, in case of suspected criminal involvement, enterprises must cooperate with law enforcement.
- During remedial procedures, business enterprises should comply with relevant laws and regulations and refer to any international standards or guidelines. If there are no relevant standards or guidelines, they may refer to actual examples of remedial measures taken in similar situations.
- Business enterprises should fully consult with the parties whose rights were violated to fully understand their situation. When suggesting a solution for remedy, it is also best to reach an agreement after full consultation with the affected individuals.
- Financial compensation is not the only form of remedy. Remedy may also include apologies, restoration, rehabilitation, non-financial compensation, sanctions, and guarantees of non-recurrence.
- Remedial procedures are not considered a component of human rights due diligence. However, the materials and feedback gathered during remedial procedures may contribute to strengthening human rights due diligence.

1. Internal Grievance Mechanisms

By establishing internal grievance mechanisms, business enterprises may provide swift remedy for human rights victims of business activities and preempt the spread of adverse human rights impacts.

(1) Purpose of Grievance Mechanisms

The purpose of grievance mechanisms is to provide remedy for human rights violations that have already occurred, which has the effect of preventing disputes by keeping human rights issues from spreading externally.

- A. Providing remedy to victims: In cases where the business enterprise caused or contributed to adverse impacts, provide remedy to affected persons.
- B. Preventing disputes: For the business enterprise, grievance mechanisms act as early warning systems. By resolving human rights issues at the outset and preventing the issue from spreading externally, they effectively reduce the enterprise's human rights risks. This effect may be maximized if it is possible to raise not only grievances about actual human rights violations, but also concerns of potential violations.

(2) Effectiveness of Grievance Mechanisms

Prior to implementing grievance mechanisms, business enterprises should first conduct a baseline assessment on existing internal policies and procedures to evaluate whether they provide effective remedy for human rights violations. Grievance mechanisms should be accessible for human rights victims and designed and operated in a way that is conducive to obtaining the trust of human rights victims.

- A. Business enterprises may utilize existing grievance mechanisms to also address human rights violations. In this case, the business unit responsible for human rights remediation should conduct a comprehensive mapping exercise on various existing official and unofficial internal procedures and relevant information on labor unions, policy on whistleblowers, sexual harassment, management of labor disputes, occupational health, and industrial accidents, to assess whether existing internal procedures meet the effectiveness standards for preventing and resolving adverse human rights effects.

- B. Effectiveness standards: Business enterprises may refer to the standards below for the effective implementation of internal grievance mechanisms. These effectiveness standards help build the trust of stakeholders regarding remedial procedures.

Table 7 | Effectiveness Standards and Implementation Methods

Category	Description	Implementation Method (Examples)
Legitimate	The procedures should be fair and legitimate. The fairness of the grievance mechanism should be ensured to gain the trust of stakeholders.	<ul style="list-style-type: none"> • Establishing supervisory bodies composed of various stakeholders • Ensuring the transparency of funds such as consulting fees for experts or consultants
Accessible and Equitable	The grievance mechanism should be publicized so that it known to everyone, and should be easily accessible without fear of retaliation or disadvantage. Additional support for vulnerable persons such as migrant workers and persons with disabilities is recommended during the process of raising grievances or going through the procedures.	<ul style="list-style-type: none"> • Promotion and training on procedures • Additional support provided by experts or consultants
Predictable	The procedures should be predictable. Clear information on relevant procedures, such as the timeline for each stage, available outcomes, and means of monitoring implementation, should be provided to the parties and stakeholders.	<ul style="list-style-type: none"> • Providing ongoing updates to parties and stakeholders • Setting the timeline for each stage and procedure
Transparent	The procedures should be objective and transparent. The progress, results, and outcome should be publicly disclosed. If there is a justifiable reason to maintain confidentiality (for example, protecting the identity of the victim, trade secrets), the relevant information should not be disclosed.	<ul style="list-style-type: none"> • Disclosure of records and materials on the procedures and results (e.g. statistics and cases)
Rights-compatible	The remedial procedures and results should meet internationally-recognized human rights standards.	<ul style="list-style-type: none"> • Receiving advice from international human rights experts
Continuous monitoring	Even after the conclusion of the remedial procedures, there should be ongoing monitoring to prevent future human rights violation and to carry out systemic reforms.	<ul style="list-style-type: none"> • Setting performance indicators and conducting monitoring • Pushing for internal reforms through internal inspection, audits, and self-assessment tools • Integrating monitoring results to internal systems • Supervising follow-up measures regarding settlements
Based on Engagement and Dialogue	Resolution of grievances should be based on sufficient engagement and dialogue with the parties and stakeholders.	<ul style="list-style-type: none"> • Encourage and support constructive dialogue • Create a platform for conversation based on mutual respect

(3) Establishment of Internal Policies on Grievance Mechanisms

Business enterprises may officially establish a grievance mechanism to address human rights violations by instituting new internal policies based on the needs identified during the assessment of existing internal procedures.

- A. Determine the scope and mandate of the grievance mechanism. The mechanism may be established independently or in cooperation with relevant stakeholders, business associations, or structures operated by multiple stakeholders. The mechanism may also be provided by external experts or institutions.

- B. Revise and supplement existing internal procedures to include the entire process of grievance resolution including reporting, review, and negotiation, and present a roadmap and timeline for the remedy. Actively seek and incorporate feedback from stakeholders on the specific contents and procedures.
- C. Ensure accessibility for the aggrieved party and provide terms for the protection of the aggrieved party to eliminate obstacles such as language barriers, costs, physical distance, and fear of retaliation.
- D. In addition, allow potential human rights victims to raise concerns about potential human rights violations. By providing a channel for stakeholders to raise grievances or concerns before human rights violations occur, the mechanism may act like an early warning system that detects human rights risks. Based on this, enterprises may systemically manage human rights risks by preemptively eliminating the human rights risk or responding immediately.
- E. Conduct regular internal inspections and audits on the grievance mechanism such as by using self-assessment tools. Prepare quantitative and qualitative indicators to determine whether there is appropriate remediation of adverse human rights impacts and responses to concerns and grievances raised by aggrieved parties, and assess the effectiveness. If necessary, utilize self-assessment tools developed by external parties or consider conducting monitoring on the remedial procedures through consultations or interviews with stakeholders.
- F. Prepare procedures in case the parties are not able to reach an agreement, or if the damages are considerably high.

• • • After experiencing overseas human rights dispute cases, the Royal Dutch Shell Group made efforts to understand the culture, society, and economic needs of local residents. According to the group's Sustainability Report, they have introduced the Community Feedback Mechanism with around 100 liaison officers working in countries around the world. The officers connect local residents with the group, and through continuous dialogue and feedback from local residents, preemptively respond to their grievances and concerns.

Also, through the Shell Global Helpline, personnel or other stakeholders (such as consumers, business partners or agents) can report and receive advice about grievances and concerns related to the group's code of conduct.

According to the group, all procedures are conducted anonymously, and after a case is received and assessed by the liaison officer, the designated case manager determines the measures to be taken. If a response from the group is necessary to address questions raised during the reporting process, relevant experts or in-house counsel may directly provide the response, and if in-depth investigation is necessary, an investigating officer or team with relevant expertise is designated to carry out the investigation. If necessary, external experts may also participate. The contents of the case and the identity of the claimant are kept strictly confidential.

2. Establishing Remedial Procedures

(1) Establishing a Human Rights Violation Remediation Committee

Business enterprises may establish a Human Rights Violation Remediation Committee in order to effectively implement grievance mechanisms.

- A. The Human Rights Violation Remediation Committee may play the role of leading the implementation and coordination of the grievance mechanism, as well as coordinating the negotiation process with external remedial procedures. For the effective operation of the Human Rights Violation Remediation Committee, its authority and mandate within the enterprise should be clarified in an internal regulation.
- B. In order to ensure the independence, reliability, and transparency of the Committee, enterprises may consider including various stakeholders including employees, labor union representatives, local residents, customers, human rights experts, civil society, and other experts. Also, the Human Rights Violation Remediation Committee should be distinguished from the committee responsible for overall business and human rights policies. The independence of the Human Rights Violation Remediation Committee is crucial to provide effective remedy and gain the trust of stakeholders.
- C. Rather than establishing a separate structure, SMEs may build the trust of stakeholders through transparent reporting systems to senior management or through partnerships with external experts.

(2) Establishing an Implementing Framework

Secure the personnel, budget, and structural framework necessary for the effective implementation of grievance mechanisms, and share information and conduct trainings on those procedures to stakeholders, internal business units, and business partners.

- A. If an independent Human Rights Violation Remediation Committee is established, the Committee may take the lead in implementing the grievance mechanism. If there is no Human Rights Violation Remediation Committee, the enterprise should designate a unit or committee to play a similar role. As necessary, utilize in-house experts, allocate sufficient resources for the effective implementation of procedures, and establish the framework to structurally reflect the chief executive officer's will. Also, take care so that the human rights violation remediation procedures are not abused or degenerate into a means of restricting or infringing on the legal rights of stakeholders.

- B. The Committee or designated unit regularly shares information and conducts trainings regarding the grievance mechanism to internal and external stakeholders, in order to provide relevant information to stakeholders, and promotes this with internal units and business partners.

3. Implementing Grievance Mechanisms

When a grievance is received, immediately inform relevant stakeholders of the fact and initiate the remedial procedures.

- A. When a concern or grievance is received regarding actual adverse impacts on the particular stakeholder, first attempt to provide remedy through simple procedures such as counseling.
- B. If the issue is not resolved through the initial attempts, formally refer the case to the Human Rights Violation Remediation Committee to initiate official remedial procedures.
- C. Once the official procedures are initiated, inform relevant business units and stakeholders.
- D. The Human Rights Violation Remediation Committee or designated unit should conduct a fact-finding investigation on the details of the incident based on statements from the aggrieved party and the alleged perpetrator. If necessary, conduct on-site investigations and cooperate with external industry initiatives and relevant research institutes to seek advice from external experts. (See Chapter V: Implementation of Human Rights Due Diligence by Industry for more on industry initiatives.)
- E. Based on the results from the fact-finding investigation, propose a fair and objective settlement to the parties pursuant to relevant international human rights standards, as well as domestic laws and regulations. If a settlement is reached, the case is closed.
- F. However, in cases where the parties fail to reach a settlement, the Committee or designated unit may provide direct adjudication or consider resolving the case through external non-judicial remedial procedures. If the adverse impacts constitute unlawful criminal or administrative acts, the case may also undergo judicial proceedings. In this case, enterprises should take care so that the human rights violation remediation procedures are not abused or degenerate into a means of restricting, infringing on, or distorting the legal rights of stakeholders.
- G. The Committee or designated unit records all information generated during the course of implementing the grievance mechanism, and such information should be consistently shared with relevant stakeholders.

••• According to its report *Why human rights matter*, Rio Tinto established a dedicated team to establish internal remedial procedures in response to human rights violations that occurred during mining operations in Indonesia from 1992 to 2005, and conducted assessments on the local society and environment. In order to establish an effective remedial mechanism, various stakeholders were invited to participate in the remedial procedures. Also, Rio Tinto cooperated with investigations by the Indonesian National Commission for Human Rights and the National Commission for Anti-Violence Against Women, and invited representative civil society organizations to participate in various remedial processes, such as reporting, mediation, and negotiation. After these procedures, Rio Tinto acknowledged that human rights violations occurred and issued a formal apology.

4. Cooperating with External Judicial and Non-Judicial Procedures

Since business enterprises have a responsibility to provide appropriate remedy, they should also cooperate with external judicial and non-judicial remedial procedures.

(1) Cooperating with Non-Judicial Procedures

Non-judicial procedures may be categorized into government-based and non-government-based procedures, and have the advantages of relatively speedy process, low costs, and the possibility of international proceedings.

- A. The enterprise may utilize external non-judicial procedures and establish frameworks for cooperation as necessary.
- B. While business enterprises may not be obligated to provide remedy for human rights violations that they did not cause but are only linked with, they may cooperate in the process of addressing such violations.

- • • **Domestic, International, and Regional Non-Judicial Remedial Procedures**

Domestic Mechanisms

OECD National Contact Point (NCP) procedures
 National Human Rights Commission of Korea's investigation and remedy for human rights violations and discriminatory acts
 Anti-Corruption and Civil Rights Commission's national ombudsman system
 National Labor Relations Commission's remedial procedures
 Remedial procedures by local governments through local human rights ordinances or associations

International Mechanisms

International Human Rights Treaty Bodies' individual communications
 International Labor Organization (ILO) complaints
 International Framework Agreements
 UN Global Compact's integrity measures

Regional Mechanisms

Individual complaints mechanisms by regional human rights bodies in Europe, Asia, and Africa
 European Bank for Reconstruction and Development's Independent Project Accountability Mechanism
 Asia Development Bank's Accountability Mechanism
 African Development Bank's Independent Review Mechanism
 Inter-American Development Bank's Independent Consultation and Investigation Mechanism

- • • **Non-Judicial Remedial Procedures through Industrial Mechanisms**

Fair Labor Association's third-party complaints procedure
 Voluntary Principles on Security and Human Rights
 Ethical Trading Initiative

(2) Cooperating with Judicial Procedures

Business enterprises should actively cooperate with judicial procedures, in addition to non-judicial procedures. Judicial procedures may be helpful when the enterprise and affected stakeholders fail to reach a settlement.

- As part of their duty to protect citizens from human rights violations related to business activities, States must allow affected individuals access to remedy through appropriate judicial, administrative, or legislative means in case of human rights violations within their territory or jurisdiction.
- Considering that victims may face difficulty accessing judicial procedures due to lack of financial resources, information, or technical knowledge, business enterprises have an obligation to faithfully cooperate in judicial procedures in order to provide effective remedy for victims.
- If the adverse impacts of business activities on victims constitute unlawful criminal or administrative acts, the enterprise may face sanctions.

5. Monitoring the Effectiveness of Grievance Mechanisms

The Committee or designated unit should monitor whether disputes related to human rights violations are being effectively prevented or addressed through the grievance mechanism, and report those results to senior management. Monitoring should be conducted regularly to continuously improve the grievance mechanism.

- The Committee or designated unit prepares to monitor whether the grievance mechanism is effective in preventing and addressing disputes related to human rights violations, in cooperation with relevant business units.
- Monitoring should utilize both quantitative indicators, such as the number of cases brought and resolved, and qualitative indicators, such as information from consultations or interviews with relevant stakeholders.
- For areas with low effectiveness, especially disputes that failed to provide victims with substantive remedy, conduct in-depth analysis on the reasons by communicating with stakeholders and receiving their feedback. Also,

D. Based on the analysis, prevent disputes or establish new preventive measures for unresolved areas. Receive feedback from relevant business units and stakeholders, and based on this, design new measures in cooperation with the relevant unit.

••• According a report entitled *Creating Shared Value Report Human Rights Reporting Framework Index (2018)*, Nestlé conducts monitoring to minimize the human rights risks in supply chains, after experiencing child rights-related disputes in cocoa supply chains in Cote d'Ivoire. In particular, Nestlé is cooperating with the Fair Labor Association to seek advice regarding preventing human rights risks, considering the difficulty of implementing grievance mechanisms due to relationships with business partners. Since 2013, the Fair Labor Association has annually conducted independent external monitoring of Nestlé's cocoa supply chain and grievance mechanisms in Cote d'Ivoire, and all results were disclosed through the reports of findings.

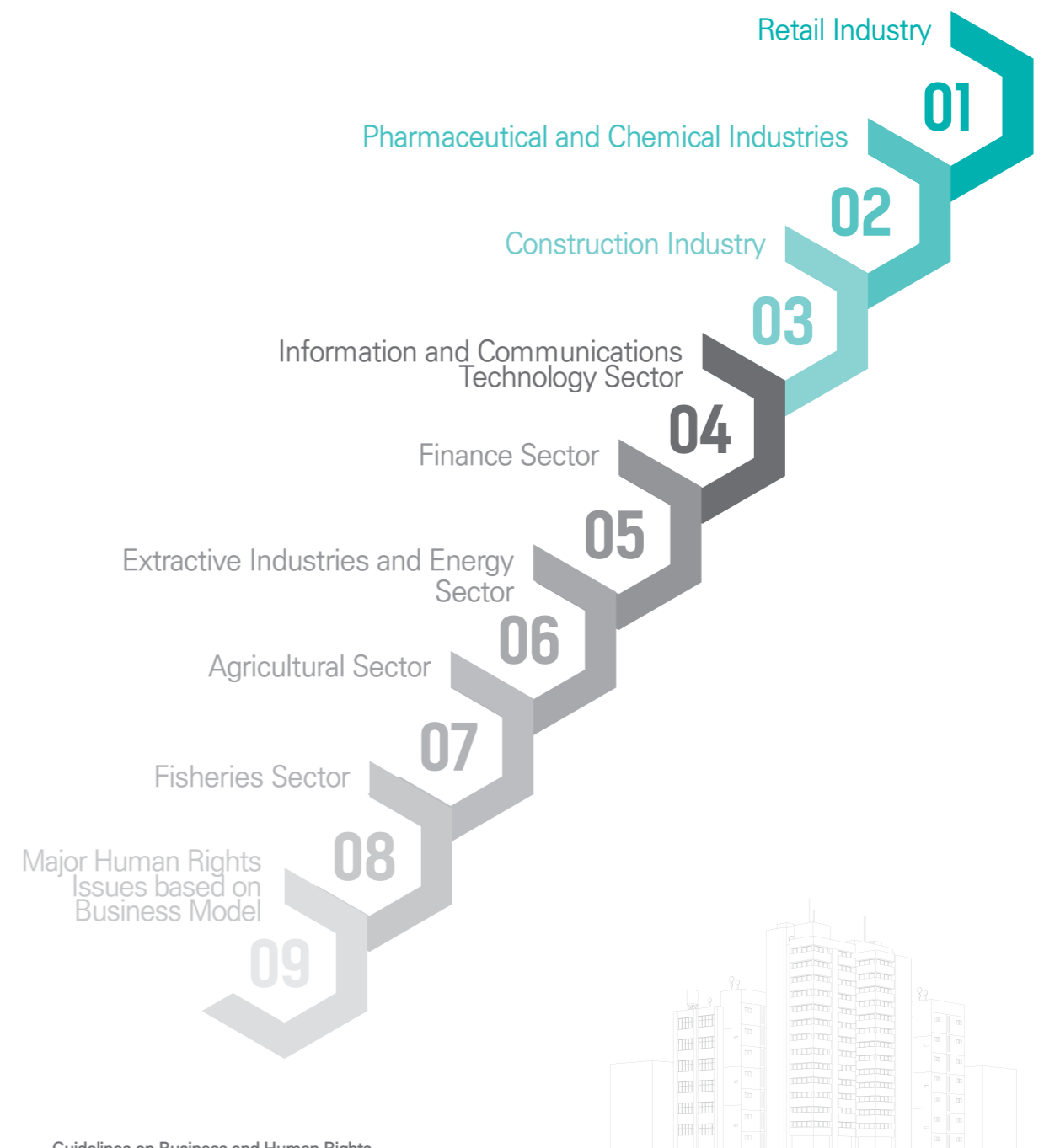
E. There may be some variations in grievance mechanisms depending on the size of the business enterprise or the method of conducting business activities. Even if the initial mechanism is not satisfactory, it is important to gradually improve it by referring to the table below.

Table 8 | Stage-by-Stage Roadmap for Remedial Procedures

Category	Stage 1 of Business and Human Rights	Stage 2 of Business and Human Rights	Stage 3 of Business and Human Rights
Establishment of internal policy on remedial procedures	Prepare simple internal policy	Establish and announce internal policy	Promote internal policy in the entire global supply chain
Establishment of a Human Rights Violation Remediation Committee	Resolve internally, such as through an internal audit team	Establish a Human Rights Violation Remediation Committee with mostly internal members, while considering the potential inclusion of external members	Form a Human Rights Violation Remediation Committee including external members
Implementation of remedial procedures	Utilize existing structures	Supplement necessary personnel and allocate resources	Implement in the entire global supply chain
Reporting on planning and implementation of remedial procedures	Report to senior management	Announce and report to senior management	Announce and report to senior and global management

V

Implementation of Human Rights Due Diligence by Industry



Business enterprises should conduct human rights due diligence suitable to the particular circumstances and characteristics of the industry.

- In order to prevent adverse human rights impacts, all business enterprises should conduct human rights due diligence focusing on the areas including: The establishment of a business and human rights framework, non-discrimination in employment, ensuring freedom of association and right to collective bargaining, prohibition of forced labor and child labor, guarantee of industrial safety, prevention of workplace harassment, responsible supply chain management, protection of local residents' human rights, guarantee of environmental rights, and the protection of consumers' human rights. (See <Table-4> for major areas and description of human rights due diligence.)
- Since various types of human rights violations may occur depending on the characteristics of each industry, business enterprises should pay special attention to human rights risks which may occur more frequently given those characteristics. Even within the same industry, there may be high variance in the types of human rights risks based on the specific nature of the business. Therefore, enterprises should select and focus on the most relevant areas for human rights due diligence.
- Business enterprises should recognize that human rights issues vary depending on the characteristics of each industry and conduct human rights due diligence suitable for each industry.

1. Manufacturing Industry

laws do not meet international standards, they should conduct sufficient monitoring to ensure all overseas activities meet international standards.

The manufacturing industry involves all processes for producing new products such as automobiles, aircrafts, textiles, electricity, and food distribution, and should be aware of workers' rights and safety and environmental issues.

(1) Major Human Rights Issues

- Safety and health of workers
- Forced labor and children's rights
- Labor issues in overseas manufacturing centers
- Responsible supply chain management
- Responsible product management, safety and health of consumers
- Impact on the environment and local community

(2) Major Areas of Human Rights Due Diligence

- A.** Safety and health of workers: The majority of cases filed with the OECD National Contact Point (NCP) in Korea occurred in the manufacturing industry, involving issues including the rights of labor unions, fair wages, unfair dismissal, use of harmful chemicals, labor issues in overseas manufacturing centers, and compliance with foreign labor laws, which illustrates the need to strengthen human rights due diligence in this area. The safety of workers and impacts on the environment should be assessed so that workers may work in a safe and healthy working environment.
- B.** Forced labor and children's rights: Take care not to commit human rights violations including physical or psychological injury to workers, mandatory overtime labor, and forced labor including indentured servitude. They should also conduct assessments on child labor and verify the age of candidates before recruitment.
- C.** Supply chain management: Manage supply chains and assess the occurrence of forced or child labor. Enterprises are not only responsible for human rights violations they directly caused, but should also manage the human rights risks within their sphere of influence, such as suppliers, subcontractors, subsidiaries, and major business partners. Therefore, enterprises can request the implementation of business and human rights principles by business partners and conduct monitoring. If human rights violations are identified in the supply chain, enterprises may take necessary measures including suspending transactions.
- D.** Management of overseas subsidiaries, business partners, and supply chains: As Korean manufacturers often have subsidiaries, joint ventures, offices, and factories overseas, they should be aware of various issues related to labor, health, safety, and supply chains during the overseas production process. Korean manufacturers operating overseas should first comply with the domestic laws of the country of operation, but if the local

••• International Initiatives

- Fair Labor Association
- Fair Trade Initiative
- Ethical Trading Initiative
- Responsible Labor Initiative

••• According to Nike, it adopted the Responsible Recruitment Policy to prevent forced labor that may occur in its supply chain. The policy prohibits agencies and brokers from charging recruitment fees, and the employer bears all relevant costs..

2. Pharmaceutical and Chemical Industries

The pharmaceutical and chemical industries involve all the processes of developing, producing, and selling licensed pharmaceutical products. They should assess the risks to health and safety and preempt potential adverse human rights impacts.

(1) Major Human Rights Issues

- Access to medicines
- Management of safety and health of workers
- Responsible supply chain management
- Biodiversity
- Water management
- Environmental issues
- Consumer safety and health
- Impact of raw materials sourcing on local community

(2) Major Areas of Human Rights Due Diligence

- A. Rights to health, hygiene, and safety related to the use of hazardous materials: Due diligence should be conducted on whether products negatively affect the health and hygiene of consumers and workers. In particular, assess the risks to the consumers' right to life, as in the humidifier disinfectant incident.
- B. Access to medicines: Assess whether minorities and vulnerable groups are guaranteed access to medicines. Considering the very low access to medicines in developing countries, human rights due diligence should be strengthened in developing countries.

• • • International Initiatives

- OHCHR Human Rights Guidelines for Pharmaceutical Companies in relation to Access to Medicines
- Responsible Care

• • • According to its statements, BASF announced a new sustainability strategy in 2011 to pursue human rights management. The chief executives designate a Director of Sustainability, and the Sustainability Strategy Team implements human rights management. Also, all internal departments have human rights focal points to assess the existence of potential elements of human rights violation at each stage of business projects.

BASF introduced the Responsible Care Management System to ensure the safety of all stakeholders, assess all human rights risks that may potentially arise from research and production processes, and assess the impacts on local residents. Through continuous monitoring, it ensures that the human rights due diligence process meets international standards, and includes human rights as an essential element when entering into contracts.

3. Construction Industry

The construction industry involves various production and construction activities to build social infrastructure facilities, and should be aware of worker's rights and safety and environmental issues.

(1) Major Human Rights Issues

- Management of workers' safety and health during construction
- Conservation of indigenous communities and traditional livelihoods
- Forced displacement and resettlement of indigenous people
- Migrants' rights
- Impact on the environment and local community

(2) Major Areas of Human Rights Due Diligence

- A. Management of workers' safety and health: The issue of workers' safety and health is the most serious in the construction industry due to factors such as lack of lawful procedures and insufficient risk assessments. Therefore, this is an area for heightened attention. Conduct thorough assessments and monitoring to comply with applicable laws such as the Occupational Safety and Health Act, by installing safety equipment and conducting appropriate safety training.
- B. Impact on the environment and local community: Through land use and discharge of hazardous materials, the construction industry may impact local residents' rights to life, health, residence, and education. Thus, there is a need to develop indicators to measure such impacts in order to minimize and prevent human rights risks.

• • • International Initiatives

- Sustainable Rural Infrastructure Improvement Project

4. Information and Communications Technology Sector

The information and communications technology (ICT) sector uses communications technology to efficiently produce, process, and provide information, and should be aware of issues including privacy and discrimination.

(1) Major Human Rights Issues

- Privacy and personal data protection
- Freedom of expression and discrimination
- Labor rights infringed by automation
- Accessibility

(2) Major Areas of Human Rights Due Diligence

- A. Privacy, personal data protection, and freedom of expression: When the government requests information about a particular individual or requests the deletion of particular data or information, there is a need to assess potential adverse human rights impacts. Excluding cases where it is legally required to comply with the government's request, ICT providers should prepare internal guidelines or rules to minimize the occurrence of human rights violations, and share this policy direction with stakeholders.

- B.** Accessibility: Assess whether access to ICT is equally guaranteed for all persons. In particular, there is a need to assess whether access is guaranteed for persons with disabilities or other vulnerable groups.
- C.** Right to informational self-determination: If enterprises collect, use, or transfer to third parties data including personal information during the course of business activities, they should assess whether the rights of the subjects of personal information, such as customers, are sufficiently protected. Monitor whether the subjects of information provide informed consent to the provision of their personal information and whether they can access how their personal information is actually used. Establish a framework to prevent and provide remedy for violations of the right to informational self-determination.

- ● ● International Initiatives

- Global Network Initiative

- ● ● Domestic Initiatives

- Korea Internet Self-Governance Organization (kiso.or.kr)

● ● ● According to its Salient Human Rights Issues (Report FY-17), Microsoft established in 2013 its Technology and Human Rights Center, tasked with preparing and conducting human rights due diligence. The Center identifies the risks and opportunities related to human rights, and ensures that all internal business units implement policies in line with human rights principles. Also, the Center makes efforts to actively engage with international human rights organizations, academia, and industrial institutions.

● ● ● Based on the results from the saliency mapping exercise, aimed at identifying major human rights risks, Microsoft identified high human rights risks in areas of accessibility, freedom of expression, privacy, online safety, and personal data protection.

Furthermore, Microsoft recently conducted a human rights impact assessment on artificial intelligence (AI) technology to identify the human rights impacts of its current research and development projects related to AI technology, and are taking steps to minimize and prevent those risks.

5. Finance Sector

The finance sector, which involves all profit-making activities of financing and supplying funds, should consider environmental and social governance elements based on sustainable and responsible standards for loan provision.

- (1)**
Major Human Rights Issues
- Environmental and social governance elements
 - Sustainable and responsible standards for financing
 - Corruption and bribery

(2)
Major Areas of Human Rights Due Diligence

- A.** Managing human rights risks when providing loans: There is a need to manage human rights risks that may arise when providing loans. There may be discriminatory practices based on the customer's race, religion, or gender, or unfair loan terms for vulnerable groups. Since the provision of loans may have various impacts on the customers' society and the environment, there is a need to assess all relevant human rights risks (for example, whether human rights violations may result from funded project).
- B.** As a condition for the loan, include compliance with business and human rights principles in the representations and warranties section, and set the consequences for violation, such as a trigger clause or exclusion from further loans.
- C.** Prevention of corruption and bribery: Manage loans to meet international anti-corruption and anti-bribery standards. Corruption may have severe adverse human rights impacts particularly on vulnerable groups. It may lead to funds earmarked for welfare and education of vulnerable groups being misused, or lead to their exclusion from democratic processes. Therefore, financial institutions should conduct relevant impact assessments to establish a transparent and responsible system to prevent involvement in corruption.

- ● ● International Initiatives

- Equator Principles
- Thun Group of Banks' Initiative
- UN Guiding Principles on Business and Human Rights in the context of the Banking Sector
- Bank Track Human Rights Campaign

6. Extractives Industries and Energy Sector

When initiating operations in developing countries, business enterprises in the extractive industries or the energy sector should consider the human rights situation of the country and be aware of various human rights, social, and environmental impacts.

(1) Major Human Rights Issues

Extractive industries and the energy sector involve activities including exploration, oil field development, production, oil refining, delivery, and distribution, and the following human rights issues may arise.

- Risks from local economy, society, and labor
- Forced displacement and resettlement of indigenous people
- Management of workers' safety and health
- Forced labor and children's rights
- Responsible supply chain management
- Migrants' rights
- Corruption and bribery
- Environmental issues
- Conservation of indigenous communities and traditional livelihoods

(2) Major Areas of Human Rights Due Diligence

- A.** Social and environmental impacts on the local community: Entering an undeveloped site for the mining of raw materials may lead to various social and environmental impacts in the region, so it is necessary to minimize and prevent human rights risks by developing indicators to measure such impacts. In addition to assessment of impacts on the safety, hygiene, food, and economic activities of the local environment and residents, also consider the issues of conservation of local culture and biodiversity.
- B.** Resettlement of indigenous people and managing compensation: Conducting business activities in an area traditionally owned by indigenous people may lead to issues related to indigenous people's rights to survival and economic activity. Therefore, enterprises should obtain a social license to operate before initiating substantive business activities and identify the impacts of their activities on the issues of the resettlement and compensation of indigenous people.
- C.** Supply chain management: Evaluate and manage whether forced labor and children's rights-related issues occur in the supply chain. Enterprises are not only responsible for human rights violations they directly caused, but should also manage the human rights risks within their sphere of influence, such as suppliers, subcontractors, subsidiaries, and major business partners. Therefore, enterprises can request the implementation of business and human rights principles by business partners and

conduct monitoring. If human rights violations are identified in the supply chain, enterprises may take necessary measures including suspending transactions. Through legislation related to conflict minerals, the United States regulates the prevention of forced labor and children's rights-related issues in the supply chains of major export destinations, and this regulatory trend is expected to expand globally.

••• International Initiatives

- The Extractive Industries Transparency Initiative
- Voluntary Principles on Security and Human Rights Initiative
- Kimberley Process
- International Council on Mining & Metals
- IPIECA (The global oil and gas industry association for advancing environmental and social performance)

••• It is necessary to conduct systematic impact assessments in foreign countries, considering there are cases filed with the Korea National Contact Point about Korean enterprises involved in issues of forced labor and resettlement of indigenous people while conducting mining projects in developing countries. In particular, human rights risks are heightened when operating in countries ruled by authoritarian regimes, so enterprises should strengthen human rights training for staff members and receive sufficient feedback through dialogue with local residents.

7. Agricultural Sector

The agricultural sector involves all production activities using land, and should be aware of workers' rights and safety and environmental issues.

(1) Major Human Rights Issues

- Modern slavery and human trafficking
- Forced labor and children's rights
- Human rights and health of workers
- Migrants' rights
- Responsible supply chain management

(2) Major Areas of Human Rights Due Diligence

- Human rights protection related to water
- Forced displacement of indigenous people
- Conservation of indigenous communities and traditional livelihoods

- A.** Workers' rights: Since the agricultural sector requires considerable labor and is sensitive to seasonality, there is high likelihood of short-term employment contracts that do not guarantee protections and benefits for workers. Also, since workers are often employed through recruitment agencies or brokers, they are exposed to the risk of human trafficking. Considering this, assess the impacts of business activities on the safety of workers and the environment to ensure that workers can work in a safe and healthy work environment and receive fair treatment.
- B.** Modern slavery and human trafficking: Develop relevant indicators and conduct impact assessments to avoid causing human rights violations including workers' physical or psychological injuries, mandatory overtime labor, modern slavery such as indentured servitude, or human trafficking.
- C.** Children's rights: According to the International Labor Organization, 60 percent of all global child labor occurs in the agricultural sector. There is a higher risk of children's rights violations in foreign plantations, since there are many instances of livelihoods maintained through child labor in developing countries. In order to prevent unlawful child labor, check the age of the candidate prior to recruitment and conduct assessments on the situation of child labor.
- D.** Conservation of indigenous communities and traditional livelihoods: Since agricultural activities may cause various social and environmental impacts on indigenous people and the surrounding area, enterprises should develop indicators to measure those impacts, in order to minimize and prevent human rights risks. In addition to assessment of impacts on the safety, hygiene, food, and economic activities of the local environment and residents, also consider the issues of conservation of local culture and biodiversity.

••• International Initiatives

- Fair Trade Initiative
- Fairtrade International
- The Better Cotton Initiative
- ECLT Foundation
- Ethical Trading Initiative
- UN-Indigenous Peoples' Partnership
- Sustainable Food Policy Alliance

8. Fisheries Sector

The fisheries sector involves all activities related to fishing, fish farming, and inland fisheries, and should be aware of human trafficking within supply chains, modern slavery, and children's rights issues.

(1) Major Human Rights Issues

- Modern slavery and human trafficking
- Forced labor and children's rights
- Migrants' rights and their health
- Conservation of indigenous communities and traditional livelihoods
- Responsible supply chain management
- Human rights violations due to piracy

(2) Major Areas of Human Rights Due Diligence

- A.** Impact assessments on modern slavery and human trafficking: Due to the lack of institutional structures to ensure their human rights, fisheries workers are exposed to high risk of human rights violation such as forced labor, human trafficking, and child labor. Therefore, enterprises should actively assess the likelihood of human rights violations by designing and developing relevant indicators.
- B.** Transparency assessment of supply chains: Since forced labor, human trafficking and children's rights issues mainly occur in supply chains, enterprises should assess how transparently their supply chains are being operated. Also, enterprises should manage their supply chains transparently by refusing to accept personnel from agencies or brokers involved with debt-bonded labor. If such human rights violations are identified, take necessary measures including suspending transactions with the supply chain.

••• International Initiatives

- Ethical Trading Initiative
- Human Rights at Sea
- The Sustainable Seafood Coalition

••• According to Thai Union, a Thai fisheries enterprise, it implements the Ethical Migrant Recruitment Policy to improve transparency by only hiring workers from formally licensed or registered third party recruitment agencies.

9. Major Human Rights Issues based on Business Model

- A. B2C (business to consumer) model: Business models based on direct transactions with consumers should pay special attention to the protection of consumer rights and ethical consumerism.
- B. B2B (business to business) model: Business models based on transactions with other enterprises should pay attention to management of supply chains. For example, human rights violations may occur during the process of being supplied raw materials.
- C. B2G (business to government) model: Enterprises should be aware of protection of labor rights, since low-cost bidding during B2G transactions may adversely impact workers' rights, and should also assess the human rights risks on local residents during large-scale construction projects.

Annex



Annex 1 | Self-Assessment Tool on the Urgency of Business and Human Rights

Category	Indicator	Description
Domestic Compliance Management	Existence of allegations of legal violations	Receiving inspection or investigation from relevant authorities, including the Fair Trade Commission, local labor office, or the prosecutor's office, on allegations of violation of domestic laws directly related to business and human rights, such as labor laws, the Monopoly Regulation and Fair Trade Act, and the Labor Standards Act.
Prevention of Workplace Harassment	Existence of complaints received due to human rights violation, discrimination, or workplace harassment	Complaints raised to relevant authorities, including the National Human Rights Commission, the Anti-Corruption and Civil Rights Commission, and Regional Offices of Employment and Labor, regarding human rights violation, discrimination, or workplace harassment.
Occupational Safety	Occurrence of work-related injury, disease, or death at the workplace	Cases of recognized industrial accidents.
Overseas Compliance Management	Existence of allegations of violations of foreign laws	Receiving inspection or investigation from relevant authorities, including foreign labor offices and prosecutors, on allegations of violations of foreign laws related to business and human rights.
Human Rights Risks in Supply Chains or in Countries of Operation	Trade with countries with statutory requirements to disclose non-financial information	Subsidiaries, branches, production centers, or local offices in countries with statutory requirements to disclose non-financial information, such as the EU or the US, or major subcontractors or suppliers located in such countries.
	Operation in countries assessed to have high human rights risks	Subsidiaries, branches, production centers, or local offices in the 15 countries ⁶ identified by the Business and Human Rights Resource Centre ⁷ as having frequent controversies on business and human rights, or in the 22 countries ⁸ with the highest scores on the Political Terror Scale. ⁹

Conduct a self-assessment on the urgency of introducing business and human rights principles based on the number of applicable indicators within the last three years. Since this tool presumes the necessity of eventually introducing business and human rights, it is recommended to make positive interpretations to accept the business and human rights Roadmap and achieve Stage 3 as soon as possible. If there are major changes to the business enterprise's circumstances, the self-assessment may be conducted again to formulate a new plan. Even in this situation, the introduction of business and human rights principles should not be delayed.

9. United States, China, Colombia, India, Mexico, Israel, Palestine, Myanmar, Philippines, Brazil, Indonesia, Peru, Cambodia, Democratic Republic of the Congo, South Africa, Bahrain (based on aggregated scores between 2000–2018).
 10. For more information and materials on this organization's business and human rights-related activities, please refer to their website at: <https://www.business-humanrights.org/>.
 11. Afghanistan, Democratic Republic of the Congo, Eritrea, North Korea, Libya, Myanmar, South Sudan, Syria, Yemen, Iraq, Nigeria, Philippines, Sudan, Burundi, Egypt, Ethiopia, Turkey, Venezuela, Bangladesh, Central African Republic, Iran, Mexico.
 12. The Political Terror Scale is a major international human rights indicator that annually assesses the human rights situation of each country on a scale of 1 to 5. The higher the score, the negative the assessment for the particular country's human rights situation. It was assumed that the local human rights risks were high in countries with a scale of 4 or higher based on figures from 2017. For more details on these indicators, please refer to this website: <http://www.politicalterroryscale.org/>.

Annex 2 | Application of the Roadmap based on Business Size

Category	Number of Indicators	Starting Stage
Middle Market and Large Enterprises	0–2	Stage 2
	More than 3	Stage 3
Small and Medium Enterprises	0–2	Stage 1
	More than 3	Stage 2 or 3

Regardless of its size, all business enterprises should work to eventually reach Stage 3 of the Roadmap. However, these Guidelines provide for the starting Stage and timeline for implementing the recommendation for each Stage based on the size of the enterprise and the urgency of business and human rights. Enterprises are recommended to keep track of changes to the corporate environment and periodically reassess the urgency of business and human rights, to adjust the speed of introduction accordingly.

- Middle market and large enterprises should play a leading role in introducing business and human rights principles. Middle market enterprises with three or more applicable indicators are recommended to start at Stage 3, but depending on the circumstances, may decide to start at Stage 1 and then progress through Stages 2 and 3 as quickly as possible (within 1–2 years).
- Middle market and large enterprises with 0–2 applicable indicators are recommended to start at Stage 2, and then progress to Stage 3 within 2–3 years according to its own roadmap.
- Small and medium enterprises also need to prepare for human rights risks, and thus should introduce business and human rights principles. Small and medium enterprises with three or more applicable indicators are recommended to start at Stage 2 or 3, but depending on the circumstances, may decide to start at Stage 1, then progress to Stages 2 as quickly as possible (within 2–3 years), and then progress to Stage 3.
- Small and medium enterprises with 0–2 applicable indicators are recommended to start at Stage 1, and then progress to Stages 2 and 3 within 3–4 years according to its own roadmap.

