



**Report of the Special Representative of the Secretary-General
on the issue of human rights and transnational corporations
and other business enterprises, John Ruggie**

**GUIDING PRINCIPLES FOR THE IMPLEMENTATION OF THE
UNITED NATIONS ‘PROTECT, RESPECT AND REMEDY’ FRAMEWORK**

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1. Business is the major source of investment and job creation, and markets can be highly efficient means for allocating scarce resources, capable of generating economic growth, reducing poverty, and increasing demand for the rule of law, thereby contributing to the realization of a broad spectrum of human rights. But recent decades also have witnessed growing institutional misalignments, from local levels to the global, between the scope and impact of economic forces and actors, and the capacity of societies to manage their adverse consequences. Indeed, the modern corporation itself has evolved at an accelerated pace, and embodies complex forms that challenge conventional understanding and policy designs. As a result of these epochal changes, once stable expectations about the respective roles of government and business in minding and mending the broader social fabric are now less predictable, have frayed or unraveled altogether. No country or region is immune.

2. The business and human rights domain is a microcosm of this transformation. Institutional misalignments create the permissive environment within which blameworthy acts by business enterprises may occur, inadvertently or intentionally, without adequate sanctioning or reparation. The worst corporate-related human rights abuses, including acts that amount to international crimes, take place in areas affected by conflict, or where governments otherwise lack the capacity or will to govern in the public interest. But companies can impact adversely just about all internationally recognized human rights, and in virtually all types of operational contexts. Recognizing these escalating risks, in 2005 the then United Nations Commission on Human Rights requested the Secretary-General to appoint a Special Representative on the issue of human rights and transnational corporations and other business enterprises, to map the challenges and recommend effective means to address them.

3. The idea of human rights is as simple as it is powerful: treating people with dignity. But the Special Representative soon found that there is no single silver bullet solution to the multi-faceted challenges of business and human rights. A successful strategy must identify the ways whereby all relevant actors can and must learn to do many things differently. This requires operational and cultural changes in and among governments as well as business enterprises—to create more effective combinations of existing competencies as well as devising new ones. The aim must be to shift from institutional misalignments onto a socially sustainable path.

4. The international community is still in the early stages of this journey. In addition to it being a relatively new policy domain, business and human rights differs significantly from the traditional human rights agenda. It is not comparable to States recognizing a particular right, as the General Assembly has now done in the case of access to safe water and sanitation, for example, because business and human rights involves all rights that enterprises can affect. It is not comparable to States recognizing the rights of a particular group, as in the Declaration on the Rights of Indigenous Peoples, because business and human rights includes all rights holders. Moreover, the tools available for dealing with business and human rights differ from those addressing State-based human rights violations, where only public international law can impose binding obligations.

5. The business and human rights domain is considerably more complex. Some of the most serious corporate-related human rights abuses have involved companies in acts committed by official entities, rendering established means for victims to seek redress problematic. Even where that is not a problem, States are under competing pressures when it comes to business, not only because of corporate influence but also because so many other legitimate policy demands come into play, including the need for investment, jobs, as well as access to markets, technology and skills. In addition, in the area of business and human rights States are simultaneously subject to several other bodies of international law, such as investment law and trade law. Of course, none of these factors absolves States of their human rights obligations. But absent any internationally-recognized hierarchy of treaty obligations, States are unlikely to place every single human right they have recognized above their legal obligations in those other areas. At the same time, business conduct is shaped directly by laws, policies and sources of influence other than human rights law: for example, corporate law, securities regulation, forms of public support such as export credit and investment insurance, pressure from investors, and broader social action. Success in dealing with business and human rights requires that these multiple constraints and opportunities are factored into the equation.

6. But the journey has begun. Most States long ago adopted individual measures relevant to business and human rights, including labor standards, health and safety provisions, and non-discrimination policies. However, States have been slow to address the more systemic challenge of fostering human rights-respecting corporate cultures and conduct. State practices exhibit substantial legal and policy incoherence and gaps. The most common gap is the failure to enforce existing laws, although for vulnerable and marginalized groups, there may be inadequate legal protection in the first place. The most prevalent cause of legal and policy incoherence is that the units of Governments that directly shape business practices—in such areas as corporate law and securities regulation, investment promotion and protection, and commercial policy—typically operate in isolation from, are uninformed by, and at times undermine the effectiveness of their Government's own human rights obligations and agencies.

7. At present, States are not generally required under international human rights law to regulate the extraterritorial activities of businesses domiciled in their territory and/or jurisdiction. But nor are they prohibited from doing so provided there is a recognized jurisdictional basis and that the exercise of jurisdiction is reasonable. Nevertheless, within this permissible space, States have chosen to act only in exceptional cases, and unevenly. This is in contrast to the approaches adopted in other areas related to business, such as anti-corruption, money-laundering, some environmental regimes, and child sex tourism, many of which are today the subject of multilateral agreements.

8. There are sound policy rationales for States seeking to ensure that enterprises which are domiciled in their territory and/or jurisdiction respect human rights abroad, especially if the State itself is involved in the business venture, for example, as the owner of the enterprise in question or because it has promoted the particular investment. This enables a “home” State to avoid being associated with possible overseas corporate abuse. It can also provide much-needed support to “host”

States that may lack the capacity to implement fully effective regulatory regimes on their own.

9. The business community, too, has devised responses to business and human rights challenges. The number of corporate initiatives has increased in recent years, and their geographical base is expanding. Business associations, multi-stakeholder undertakings and responsible investment funds now address human rights concerns. Business consultancies and corporate law firms are establishing practices to advise clients on the requirements not only of their legal, but also their social, license to operate, which may be as significant to an enterprise's success. However, these developments have not acquired sufficient scale to reach a tipping point of truly shifting markets. Moreover, the standards that business initiatives incorporate are typically self-defined rather than tracking internationally recognized human rights. And accountability mechanisms for ensuring adherence to the standards tend to remain weak and decoupled from firms' own core oversight and control systems.

10. One major reason that past public and private approaches have fallen short of the mark has been the lack of an authoritative focal point around which the expectations and actions of relevant stakeholders could converge. Therefore, when the Special Representative was asked to submit recommendations to the Human Rights Council in 2008 he made only one: that the Council endorse the 'Protect, Respect and Remedy' Framework he had proposed, following three years of extensive research and inclusive consultations on every continent.

11. The Framework rests on three pillars: the State duty to protect against human rights abuses by third parties, including business, through appropriate policies, regulation, and adjudication; the corporate responsibility to respect human rights, which means to act with due diligence to avoid infringing on the rights of others and to address adverse impacts that occur; and greater access for victims to effective remedy, judicial and non-judicial. Each pillar is an essential component in supporting what is intended to be a dynamic system of preventative and remedial measures: the State duty to protect because it lies at the very core of the international human rights regime; an independent corporate responsibility to respect because it is the basic expectation society has of business in relation to human rights; and access to remedy because even the most concerted efforts cannot prevent all abuse.

12. In resolution 8/7 (June 2008), the Council was unanimous in welcoming this policy Framework, and in extending the Special Representative's mandate to 2011 in order for him to "operationalize" and "promote" it. While in itself this endorsement did not resolve all business and human rights challenges, it has enabled the Framework to become a common foundation on which thinking and action by stakeholders can build over time. Thus, the Framework has already influenced policy development by Governments and international institutions, business policies and practices, as well as the analytical and advocacy work of trade unions and civil society organizations. The Guiding Principles that follow constitute the next step, providing the "concrete and practical recommendations" for the Framework's implementation requested by the Council. Like the Framework, the Guiding Principles draw on extensive research and pilot projects carried out in several industry sectors and countries, as well as several rounds of consultations with States, businesses, investors,

affected groups and other civil society stakeholders. All told, the mandate will have conducted 47 international consultations from beginning to end.

13. The Guiding Principles' normative contribution lies not in the creation of new international law obligations but in elaborating the implications of existing standards and practices for States and businesses; integrating them within a single, coherent and comprehensive template; and identifying where the current regime falls short and how it should be improved. Each Principle is accompanied by Commentary, further clarifying its meaning and implications.

14. At the same time, the Guiding Principles are not a tool kit, simply to be taken off the shelf and plugged in. While the principles themselves are universally applicable, the means by which they are realized will reflect the fact that we live in a world of 192 United Nations Member States, 80,000 transnational enterprises, ten times as many subsidiaries and countless millions of national firms, most of which are small and medium-sized enterprises. When it comes to means for implementation, therefore, one size does not fit all.

15. The Special Representative is truly honored to submit these Guiding Principles to the Human Rights Council. In doing so, he wishes to acknowledge the extraordinary contributions of literally hundreds of individuals, groups, and institutions around the world, representing different segments of society and sectors of industry, who gave freely of their time, openly shared their experiences, debated options vigorously, and came to constitute a global movement of sorts in support of a successful mandate—helping to secure the development of universally applicable and yet practical Guiding Principles in order to achieve the more effective prevention of and remedy for corporate-related human rights harm.

ANNEX:

**A: GUIDING PRINCIPLES FOR THE IMPLEMENTATION OF
THE ‘PROTECT, RESPECT AND REMEDY’ FRAMEWORK**

I. INTRODUCTION

These Guiding Principles are grounded in recognition of:

- a. States’ primary role in promoting and protecting all human rights and fundamental freedoms, including with regard to the operations of business enterprises;
- b. The role of business enterprises as specialized organs of society performing specialized functions, required to comply with all applicable laws and meet the societal expectation to not infringe on the human rights of others;
- c. The reality that rights and obligations have little meaning unless they are matched to appropriate and effective remedies when breached.

These Guiding Principles should be understood as a coherent whole and should be read, individually and collectively, in terms of their objective of enhancing standards and practices with regard to business and human rights so as to achieve tangible results for affected individuals and communities, and to support the social sustainability of business enterprises and markets.

Nothing in these Guiding Principles limits or undermines any legal obligations a State may have undertaken or be subject to under international law with regard to human rights.

These Guiding Principles should be implemented in a non-discriminatory manner, with particular attention to the rights and needs of, and challenges faced by, vulnerable and marginalized groups, and with due regard to gender considerations.

II. THE STATE DUTY TO PROTECT HUMAN RIGHTS

FOUNDATIONAL PRINCIPLES

- 1. States must protect against business-related human rights abuse within their territory and/or jurisdiction by taking appropriate steps to prevent, investigate, punish and redress such abuse through effective policies, regulation, and adjudication.**

Commentary

The State duty to protect against business-related human rights abuse has both legal and policy dimensions. The legal foundation of the State duty to protect against business-related human rights abuse is grounded in international

human rights law. The specific language in the main United Nations human rights treaties varies, but all include two sets of obligations for States Parties: first, to refrain, themselves, from violating the enumerated rights of persons within their territory and/or jurisdiction, generally known as the State duty to respect human rights; second, to “ensure” (or some functionally equivalent verb) the enjoyment or realization of those rights. Where private actors, including business enterprises, are capable of impairing human rights, “ensuring” the enjoyment of those rights includes States protecting against such abuse. This is without prejudice to other State duties usually associated with human rights, such as the duties to promote and fulfill.

The State duty to protect is a standard of conduct. Therefore, States are not per se responsible for human rights abuse by private actors. But States may breach their treaty obligations where they fail to take appropriate steps to prevent, investigate, punish and redress such abuse. While States have discretion in deciding upon these steps, they should consider the full range of permissible preventative and remedial measures, including policies, regulation and adjudication.

This chapter focuses on preventative measures while Chapter IV explores remedial measures.

- 2. States should encourage business enterprises domiciled in their territory and/or jurisdiction to respect human rights throughout their global operations, including those conducted by their subsidiaries and other related legal entities.**

Commentary

The role that States should play to ensure that business enterprises domiciled in their territory and/or jurisdiction do not commit or contribute to human rights abuses abroad is a complex and sensitive issue. States are not at present generally required under international human rights law to regulate the extraterritorial activities of businesses domiciled in their territory and/or jurisdiction, nor are they generally prohibited from doing so provided there is a recognized jurisdictional basis, and that the exercise of jurisdiction is reasonable. Various factors may contribute to perceived and actual reasonableness of States’ actions, including whether they are grounded in multilateral agreement.

Furthermore, the exercise of extraterritorial jurisdiction is not a binary matter but comprises a range of measures, not all equally controversial under all circumstances. The permissible options which may be available range from domestic measures with extraterritorial implications, such as requirements on “parent” companies to report on their operations at home and abroad, to direct extraterritorial jurisdiction such as criminal regimes which rely on the nationality of the perpetrator no matter where the offense occurs. Indeed, strong policy reasons exist for home States to encourage businesses domiciled in their territory and/or jurisdiction to respect human rights abroad, especially if the State is involved in the business venture.

ENSURING POLICY COHERENCE

- 3. States should ensure that governmental departments, agencies and other State-based institutions that shape business practices, at both the national and sub-national levels, are aware of and observe the State's human rights obligations in fulfilling their respective mandates, including by providing them with relevant information, training and support.**

Commentary

Governments have to make the difficult balancing decisions to reconcile different societal needs. But to ensure the appropriate balance, States need to take a broad approach to managing the business and human rights agenda aimed at ensuring both vertical and horizontal domestic policy coherence.

Vertical policy coherence entails States having the necessary policies, laws and processes to implement their international human rights obligations. Horizontal policy coherence means supporting and equipping departments and agencies that shape business practices – including corporate law and securities regulation, investment, export credit and insurance, and trade - to be informed of and act in a manner compatible with their governments' own human rights obligations.

- 4. States should maintain adequate domestic policy space to meet their international human rights obligations when pursuing business-related policy objectives with other States or business enterprises, particularly when they enter into investment treaties or contracts.**

Commentary

Economic agreements concluded by States, either with other States or with business enterprises, such as bilateral investment treaties, free-trade agreements or contracts for private investment projects, by definition affect the domestic policy space of governments. When entering into such agreements, therefore, States should ensure that they retain their policy and regulatory ability to protect human rights while providing the necessary investor protection.

FOSTERING BUSINESS RESPECT FOR HUMAN RIGHTS

- 5. As part of their policy and regulatory functions, States should set out clearly their expectation for all business enterprises operating or domiciled in their territory and/or jurisdiction to respect human rights, and take the necessary steps to support, encourage and where appropriate require them to do so, including by:**
 - a. Enforcing laws that require business enterprises to respect human rights;**
 - b. Ensuring that laws and policies governing the creation and ongoing operation of business enterprises, such as corporate law, do not constrain but enable business respect for human rights;**

- c. **Providing effective guidance to business enterprises on how to respect human rights;**
- d. **Encouraging, and where appropriate requiring, business enterprises to provide adequate communication on their human rights performance.**

Commentary

States should not assume that businesses invariably prefer, or benefit from, State inaction, and they should consider a smart mix of measures—national and international, mandatory and voluntary – to foster business respect for human rights.

The failure to enforce existing laws that directly or indirectly regulate business respect for human rights is a significant legal gap in current State practice. Such laws might range from non-discrimination and labor laws to environmental, property or privacy laws. It is therefore important for States to consider which relevant laws are not currently being effectively enforced, why this is the case, and what measures may reasonably correct the situation.

Laws and policies that govern the creation and ongoing operation of business enterprises, such as corporate and securities laws, directly shape business behavior. Yet their implications for human rights remain poorly understood. For example, there is a lack of clarity in corporate and securities law regarding what companies and their officers are permitted, let alone required, to do regarding human rights. Laws and policies in this area should provide sufficient guidance to enable businesses to respect human rights, with due regard to the role of existing governance structures such as corporate boards.

Greater clarity in other relevant laws and policies, such as those governing title to land, is also necessary to protect both rights-holders and business enterprises.

Guidance to business enterprises on respecting human rights should indicate expected outcomes; advise on appropriate methods, including human rights due diligence; and help share best practices.

Encouraging, or where appropriate requiring, businesses to communicate on their human rights performance is important in fostering corporate respect for human rights. Policies or laws in this area can usefully clarify what and how businesses should communicate, helping to ensure both the accessibility and accuracy of communications.

Any stipulation of what would constitute adequate communication should take into account risks that it may pose to the safety and security of stakeholders, personnel and facilities; the legitimate requirements of commercial confidentiality; and variations in companies' size and structures. It also should allow for the reasonable expectation that businesses doing the right thing will not add to their litigation risks as a result.

Financial reporting requirements should clarify that human rights impacts in some instances may be “material” or “significant” from the investors' point of view and indicate when they should be disclosed.

THE STATE-BUSINESS NEXUS

- 6. States should take steps to ensure that human rights are respected by business enterprises that are owned or controlled by the State. This includes encouraging, and, where appropriate, requiring, such enterprises to undertake effective human rights due diligence processes.**

Commentary

States individually are the primary duty-bearers under international human rights law, and collectively they are the trustees of the international human rights regime. Therefore, the closer a business enterprise is to the State, or the more it relies on statutory authority or taxpayer support, the stronger the State's policy rationale becomes for ensuring that the enterprise respects human rights, quite apart from any legal obligations States may have in certain circumstances.

States should find it easiest to ensure respect for rights by State-owned or controlled enterprises. Senior management typically reports to State agencies, and associated government departments have greater scope for scrutiny. These enterprises are subject independently to the corporate responsibility to respect. But States themselves should take appropriate steps to ensure that these enterprises' respect human rights.

- 7. Because States do not relinquish their international human rights obligations by outsourcing the delivery of services, they should ensure that they continue to exercise adequate oversight in order to meet those obligations when they contract with, or legislate for, business enterprises to provide services that may impact upon the enjoyment of human rights.**

Commentary

Failure by States to ensure that business enterprises performing services that they outsource respect human rights may entail both reputational and legal consequences for the State itself, given its continuing human rights obligations. Therefore, the relevant service contracts or enabling legislation should clarify the State's expectations that these enterprises respect human rights. States should ensure that they can effectively oversee the enterprises' activities, including through the provision of adequate independent monitoring and accountability mechanisms.

- 8. States should take appropriate steps to ensure respect for human rights by business enterprises that receive support and services from the State, including through export credit agencies and official investment insurance or guarantee agencies.**

Commentary

A range of agencies linked formally or informally to the State may provide support and services to business activities. Despite these close links to the State, relatively few of those agencies, such as export credit agencies and official investment insurance or guarantee agencies, explicitly consider their

ventures' human rights impacts. Yet these agencies themselves risk exposure to reputational, financial, political and potentially legal implications where a business whose activities or relationships they support contributes to human rights abuses abroad.

Faced with these risks, States should encourage and where appropriate, require human rights due diligence—of the agencies themselves and, wherever their access allows, of project clients. States should individually and collectively help to build capacity of such agencies to this end.

COMMERCIAL TRANSACTIONS OF THE STATE

9. States should seek to ensure respect for human rights by business enterprises when they conduct commercial transactions with them.

Commentary

States conduct a variety of commercial transactions with businesses, not least through their procurement activities. This provides States – individually and collectively – with unique opportunities to promote awareness of and respect for human rights by those businesses.

SUPPORTING BUSINESS RESPECT FOR HUMAN RIGHTS IN CONFLICT-AFFECTED AREAS

10. Because the risk of gross human rights abuses is heightened in conflict-affected areas, States should help ensure that business enterprises operating in those contexts do not commit or contribute to such abuses, including by:

- a. Engaging at the earliest stage possible with business enterprises to help them identify and mitigate the human rights related risks of their activities and relationships;**
- b. Providing adequate assistance to business enterprises to assess and address the heightened risks of abuse;**
- c. As appropriate, reducing or withdrawing access to public support and services for a business enterprise that is involved in gross human rights abuse and fails to cooperate in addressing the situation;**
- d. Ensuring that their current policies, regulation and enforcement measures are effective in addressing the risk of business involvement in situations which could amount to the commission of international crimes.**

Commentary

The worst business-related human rights abuses occur amid armed conflict over the control of territory, resources or a government itself – where the human rights regime cannot be expected to function as intended. Responsible businesses increasingly seek guidance from States about how to avoid

contributing to human rights harm in these difficult contexts. Innovative and practical approaches are needed.

It is important for all States to address issues early before situations on the ground deteriorate. The primary duty to ensure that business enterprises do not contribute to human rights harms, whether knowingly or inadvertently, remains with “host” States even where they are unable to exercise effective control in all circumstances. But in such circumstances, “home” States also have specific roles to play in assisting both their transnational corporations and host States in this regard, while neighboring States can provide important additional support.

To ensure greater policy coherence and adequately assist business in such situations, States should foster closer cooperation among home State development assistance agencies, foreign and trade ministries, and export finance institutions in their capitals and within their embassies, as well as between these agencies and host government actors; develop early warning indicators to alert government agencies and business enterprises; and attach appropriate consequences to businesses’ failure to cooperate in these contexts, including by denying or suspending public support or services.

Because there is a heightened risk of businesses committing or contributing to international crimes in conflict-affected areas, States also should review whether their policies, regulation and enforcement measures effectively address this heightened risk. Where they do not, States should take appropriate steps to address such gaps. This may include exploring civil, administrative or criminal liability for businesses domiciled or operating in their territory and/or jurisdiction that commit or contribute to international crimes. Moreover, States should consider multilateral approaches to prevent and address such acts, as well as support effective collective initiatives.

MULTILATERAL INSTITUTIONS

- 11. States, when acting as members of multilateral institutions that deal with business-related issues, should:**
 - a. Seek to ensure that those institutions neither restrain the ability of their member States to meet their duty to protect nor hinder business enterprises from respecting human rights;**
 - b. Encourage those institutions, within their respective mandates and capacities, to promote business respect for human rights and to help States meet their duty to protect against business-related abuse, including through technical assistance, capacity building and awareness-raising;**
 - c. Draw on the “Protect, Respect and Remedy” Framework to promote shared understanding and advance international cooperation in the management of business and human rights challenges.**

Commentary

Greater policy coherence is also needed at the international level, including where States participate in multilateral institutions that deal with business-related issues, such as international trade and financial institutions.

Capacity-building and awareness-raising through such institutions can play a vital role in helping all States to fulfill their duty to protect, including by enabling the sharing of information about challenges and best practices, thus promoting more consistent approaches.

Collective action through multilateral institutions can help level the playing field with regard to business respect for human rights, but it should do so by raising the performance of laggards.

The “Protect, Respect and Remedy” Framework provides a common reference point in this regard, and could serve as a useful basis for building a cumulative positive effect that takes into account the respective roles and responsibilities of all relevant stakeholders.

III. THE CORPORATE RESPONSIBILITY TO RESPECT HUMAN RIGHTS

FOUNDATIONAL PRINCIPLES

12. Business enterprises should respect human rights, which means to avoid infringing on the human rights of others and to address adverse human rights impacts they may cause or contribute to. The responsibility to respect human rights:

- a. Refers to internationally-recognized human rights, understood, at a minimum, as the principles expressed in the International Bill of Human Rights and in the eight International Labor Organization core conventions;**
- b. Applies across a business enterprise’s activities and through its relationships with third parties associated with those activities;**
- c. Applies to all enterprises regardless of their size and ownership structure and of how they distribute responsibilities internally or between entities of which they are constituted.**

Commentary

The corporate responsibility to respect human rights constitutes a standard of expected conduct for all business enterprises. It exists independently of States’ abilities and/or willingness to fulfill their human rights duties, and does not diminish those duties.

Because business enterprises can have an impact on virtually the entire spectrum of internationally recognized human rights, their responsibility to respect applies to all such rights. In practice, some human rights may be at greater risk than others in particular industries or contexts, and therefore will

be the focus of heightened attention. However, situations may change, so all rights should be the subject of periodic review.

An authoritative list of the core internationally recognized human rights is contained in the International Bill of Human Rights (consisting of the Universal Declaration of Human Rights and the main instruments through which it has been codified: the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural rights), coupled with the principles concerning fundamental rights in the eight ILO core conventions, as set out in the Declaration on Fundamental Principles and Rights at Work. While these instruments do not impose direct legal obligations on business enterprises, enterprises can infringe on the rights these instruments recognize. Moreover, those rights are the core standards against which other social actors hold enterprises to account for their adverse impacts. This is distinct from the question of legal liability, which remains defined largely by national law provisions in relevant jurisdictions.

Depending on circumstances, companies may need to consider additional standards: for instance, they should also respect international humanitarian law in conflict-affected areas; and those rights specific to vulnerable and/or marginalized groups, such as indigenous peoples, women, ethnic and religious minorities, and children.

The scope of the corporate responsibility to respect human rights extends across a business enterprise's own activities and through its relationships with other parties, such as business partners, entities in its value chain, other non-State actors and State agents. Particular country and local contexts may affect the human rights risks of an enterprise's activities and relationships.

'Influence', where defined as 'leverage', is not a basis for attributing responsibility to business enterprises for adverse human rights impacts. Rather, a business enterprise's leverage over third parties becomes relevant in identifying what it can reasonably do to prevent and mitigate its potential human rights impacts or help remediate any actual impacts for which it is responsible.

A corporate group may consider itself to be a single business enterprise, in which case the responsibility to respect human rights attaches to the group as a whole and encompasses both the corporate parent and its subsidiaries and affiliates. Alternatively, entities in a corporate group may consider themselves distinct business enterprises, in which case the responsibility to respect attaches to them individually and extends to their relationships with other entities – both within the group and beyond – that are connected to their activities.

The responsibility to respect does not preclude business enterprises from undertaking additional commitments or activities to support and promote human rights. But such desirable activities cannot offset an enterprise's failure to respect human rights throughout its operations and relationships.

13. In order to meet their responsibility to respect human rights, business enterprises should have in place policies and processes appropriate to

their size and circumstances that enable them to identify, prevent, mitigate and remediate any adverse human rights impacts they cause or contribute to through their activities and relationships, and to account for their human rights performance.

Commentary

Business enterprises cannot know and show that they respect human rights unless they have certain policies and processes in place. These include a statement of policy to respect human rights that is embedded throughout the enterprise; human rights due diligence; and remediation. The following principles elaborate upon these policies and processes.

While the corporate responsibility to respect human rights applies to all business enterprises, the means through which a business enterprise meets its responsibility will be proportional to its size and the gravity or scale of its human rights impacts. Small and medium-sized enterprises may have less capacity as well as more informal processes and management structures than larger companies, so their respective policies and processes will take on different forms. But some small and medium sized enterprises can have significant human rights impacts, which will require corresponding measures regardless of their size.

POLICY COMMITMENT

- 14. As the foundation for embedding their responsibility to respect human rights, business enterprises should express their commitment through a statement of policy that:**
- a. Is approved at the most senior level of the business enterprise;**
 - b. Is informed by appropriate consultation with relevant internal and external expertise;**
 - c. Stipulates the enterprise's expectations of personnel and business partners;**
 - d. Is communicated internally and externally to all personnel, business partners and relevant stakeholders;**
 - e. Is reflected in appropriate operational policies and procedures to embed it throughout the business enterprise.**

Commentary

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

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

Just as States should work towards policy coherence, so business enterprises need to provide for coherence between their responsibility to respect human rights and policies and procedures that govern their wider activities and relationships. Such policies and procedures should be aligned with their public human rights commitment so as to enable its effective implementation. This alignment should include, for example, policies or procedures that set financial and other performance incentives for personnel, as well as those that shape procurement decisions and lobbying practices.

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

HUMAN RIGHTS DUE DILIGENCE

15. In order to identify, prevent and mitigate adverse human rights impacts, and to account for their performance, business enterprises should carry out human rights due diligence. The process should include assessing actual and potential human rights impacts, integrating and acting upon the findings, and tracking as well as communicating their performance. Human rights due diligence:

- a. Will vary in scope and complexity with the size of the business enterprise, the severity of its human rights risks, and the context of its operations;**
- b. Must be on-going, recognizing that the human rights risks may change over time as the business enterprise's operations and operating context evolve;**
- c. Should extend beyond a business enterprise's own activities to include relationships with business partners, suppliers, and other non-State and State entities that are associated with the enterprise's activities.**

Commentary

The aim of human rights due diligence is to identify and prevent or mitigate any adverse human rights impacts that its activities and associated relationships may have on individuals and communities. Human rights due diligence can be included within broader enterprise risk management systems provided that it goes beyond simply identifying and managing material risks to the company itself to include the risks a company's activities and associated relationships may pose to the rights of affected individuals and communities.

Due diligence should be initiated as early as possible in the development of a new activity or relationship, given that human rights risks can be increased or mitigated already at the stage of defining contracts or other agreements, and may be inherited through mergers or acquisitions.

Where business enterprises have large numbers of suppliers, this may render it impossible to conduct human rights due diligence with regard to them all. If

so, they should identify general areas of heightened human rights risk, whether due to certain suppliers' operating context, the particular products or services involved, or other relevant considerations, and prioritize those suppliers for human rights due diligence.

Questions of complicity may arise when a business enterprise contributes to, or is seen as contributing to, adverse human rights impacts caused by third parties. Complicity has both legal and non-legal meanings. Many jurisdictions prohibit knowingly providing assistance to the commission of a crime and a number allow for criminal liability of legal entities in such cases. Typically, civil actions can also be based on an enterprise's alleged contribution to a harm, although these are often not framed in human rights terms. In relation to complicity in international crimes, the weight of international legal opinion indicates that the relevant standard for aiding and abetting such crimes is knowingly providing practical assistance or encouragement that has a substantial effect on the commission of a crime. Of course, business enterprises may be perceived as being 'complicit' in the acts of another entity whether or not they can be held legally responsible, for example, where they are seen to benefit from an abuse.

Conducting appropriate human rights due diligence should help business enterprises address the risk of legal claims against them by showing that they took every reasonable step to avoid involvement with an alleged human rights abuse. However, business enterprises conducting such due diligence should not assume that, by itself, this will automatically and fully absolve them from liability for causing or contributing to human rights abuses.

The specific components of human rights due diligence are elaborated in the principles that follow.

16. In order to become aware of human rights risks generated through their activities and relationships, business enterprises should identify and assess the actual and potential adverse human rights impacts of those activities and associated relationships. This process should:

- a. Draw on internal or external human rights experts and other resources;**
- b. Involve meaningful engagement with potentially affected groups and other relevant stakeholders, as appropriate to the size of the business enterprise and the nature and context of its operations.**

Commentary

The initial step in conducting human rights due diligence is to identify and assess the nature of the actual or potential human rights impacts of a business enterprise's activities and associated relationships. Typically this includes assessing the human rights context prior to the proposed business activity, where possible; identifying the people whose human rights might be affected; cataloguing the relevant human rights standards and issues; and projecting how the proposed activity could adversely affect their existing enjoyment of those rights. During this process, particular attention should be paid to

identify any actual or potential human rights impact on marginalized and vulnerable groups, who may face particular human rights risks.

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

To enable business enterprises to assess their human rights impacts accurately, they should seek to understand the concerns of potentially affected stakeholders by engaging directly with them. In situations where such engagement is not possible, business enterprises should consider reasonable alternatives such as consulting credible expert resources, including from civil society.

The assessment of human rights impacts informs subsequent steps in the human rights due diligence process.

17. In order to prevent and mitigate potential adverse human rights impacts, business enterprises should integrate the findings from their impact assessments across relevant internal functions and processes and take appropriate action. Effective integration requires that:

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

Commentary

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

In assessing human rights impacts, business enterprises will have looked for both actual and potential adverse impacts. Potential impacts should be prevented or mitigated through this process of horizontal integration of findings across the business enterprise, while actual impacts that have already occurred should be a subject for remediation (see Principle 20).

Where a business enterprise identifies that it has contributed through its own actions or decisions to acts by a supplier that harm human rights, it should take steps avoid or mitigate the continuation of those contributions.

Where a business enterprise identifies that it is associated with adverse human rights impact by a supplier solely because it procures the goods or services that are provided in abusive conditions, it should carefully assess what appropriate action to take going forward, based on a combination of what

leverage it possesses to change the wrongful practices of the supplier, how crucial that supplier is to its business, and the implications for human rights of any course of action.

- 18. In order to verify whether adverse human rights impacts are being effectively addressed, business enterprises should track their performance. Tracking performance should:**
- a. Be based on appropriate qualitative and quantitative metrics;**
 - b. Draw on feed-back from both internal and external stakeholders;**
 - c. Inform and support continuous improvement processes.**

Commentary

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

The tracking of human rights performance also creates a critical feedback loop for business enterprises, which enables them to understand better the concerns of relevant stakeholders. Business enterprises should make particular efforts to track their human rights performance with regard to vulnerable and/or marginalized groups, such as indigenous peoples; women; national, ethnic and religious minorities; and children.

Tracking human rights performance should be integrated into relevant internal reporting processes. Business enterprises might employ tools they already use to track their performance on other issues, including performance contracts, reviews, surveys and audits. Operational-level grievance mechanisms can also provide important feedback on the business enterprise's human rights performance from those directly affected.

- 19. In order to account for their human rights performance, business enterprises should be prepared to communicate publicly on their response to actual and potential human rights impacts when faced with concerns of relevant stakeholders. Those business enterprises with significant human rights risks should report regularly on their performance. The frequency and form of any communications on performance should:**
- a. Reflect and respond with adequate information to an enterprise's evolving human rights risks profile;**
 - b. Be subject to any risks such communications pose to stakeholders themselves, to personnel or to the legitimate requirements of commercial confidentiality.**

Commentary

The responsibility to respect human rights requires that business enterprises have in place policies and processes through which they can both know and show that they respect human rights in practice; showing involves communication. Therefore, an appropriate level of transparency is required at

a minimum when relevant stakeholders raise concerns about a business enterprise's human rights performance.

Communications can take on a variety of forms, such as reports, online dialogues, in-person meetings, and stakeholder review panels. Communication that focuses on particular countries or business lines might also be useful where those parts of the business enterprise's operations pose particular human rights risks.

Periodic public reporting is expected of those business enterprises whose activities pose significant risks to human rights, whether this is due to the nature of the industry or the operating environment. Reporting provides a measure of accountability to groups or individuals who may be impacted and to other relevant stakeholders, including investors. The reporting should cover topics and indicators that reflect the business enterprise's actual and potential adverse impacts on human rights. Third party assurance of human rights reporting can strengthen its content and credibility. Sector-specific indicators can provide helpful additional detail.

REMEDIATION

- 20. Where business enterprises identify that they have been responsible for adverse impacts, they should provide for or cooperate in their remediation through legitimate processes.**

Commentary

Even with the best policies and practices in place, a business enterprise may cause or contribute to an adverse impact that it has not foreseen or been able to prevent. Where a business enterprise identifies such a situation, whether through its human rights due diligence process or other means, its responsibility to respect human rights requires that it should help ensure that the impact can be remediated.

Business enterprises should have procedures in place to respond to such situations directly, where appropriate, and where possible should address problems before they escalate. Operational-level grievance mechanisms for those potentially impacted by the business enterprise's activities can be an effective means of providing for such procedures when they meet certain core criteria, as set out in Principle 29.

ISSUES OF CONTEXT

- 21. While the scale and complexity of policies and processes for ensuring that business enterprises respect human rights will vary according to the enterprises' size and the severity of their human rights impacts, in all cases enterprises should:**
- a. Observe internationally recognized human rights also where national law is weak, absent or not enforced;**

- b. Seek ways to honor the principles of internationally recognized human rights where domestic legal compliance may undermine their responsibility to respect;**
- c. Respect the principles of international humanitarian law when operating in conflict-affected areas;**
- d. Treat the risk of causing or contributing to international crimes as though it were a legal compliance issue.**

Commentary

All business enterprises have the same responsibility to respect human rights wherever they operate. They are expected to respect the principles of internationally recognized human rights to the greatest extent possible in the circumstances and to be able to demonstrate their efforts in this regard.

Where legal compliance with domestic law puts the business enterprise in the position of potentially being involved in gross abuses such as international crimes, it should consider whether or how it can continue to operate with integrity in such circumstances.

Some operating environments, such as conflict affected areas, may increase the risks of enterprises contributing to, or being complicit in, international crimes committed by other actors (for example, war crimes by security forces). Prudence suggests that companies should treat this risk as a legal compliance issue, given the expanding web of potential corporate legal liability arising from extraterritorial civil claims, and in the criminal sphere from the incorporation of the provisions of the Rome Statute of the International Criminal Court in jurisdictions that provide for corporate criminal responsibility. In jurisdictions where business enterprises themselves cannot be held criminally liable, or where international standards are interpreted so as not to include civil liability of business enterprises as legal entities, corporate directors, officers and employees nevertheless may be subject to individual responsibility for acts that amount to international crimes.

In complex situations such as these, business enterprises will often be well advised to draw not only on expertise and cross-functional consultation within the enterprise, but also to consult externally with respected experts, including from governments, civil society and national human rights institutions, in assessing how best to respond, and to understand how the approaches they might take to addressing dilemmas are likely to be perceived.

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

Commentary

It may not always be possible for business enterprises to address simultaneously all adverse human rights impacts their activities and relationships may generate. In the absence of specific legal guidance, if prioritization is necessary, business enterprises should begin with those

human rights impacts that would be most severe, or where the risk of irremediable impact is high. Severity is not an absolute concept in this context, but is relative to the other human rights impacts the business enterprise has identified.

IV. ACCESS TO REMEDY

FOUNDATIONAL PRINCIPLE

- 23. As part of their duty to protect against business-related human rights abuse, States must take appropriate steps to ensure that when such abuses occur within their territory and/or jurisdiction, those affected have access to effective remedy through judicial, administrative, legislative or other appropriate means.**

Commentary

Unless States take appropriate steps to investigate, punish and redress business-related human rights abuses when they do occur, the State duty to protect can be rendered weak or even meaningless.

The more recent international human rights treaties expressly contemplate States taking steps to eliminate abuse by business enterprises or establishing liability for legal persons, beginning with the Convention on the Elimination of All Forms of Discrimination Against Women, adopted in 1979, and including the Optional Protocol on the Sale of Children, Child Prostitution and Child Pornography to the Convention on the Rights of the Child and the Convention on the Rights of Persons with Disabilities.

With respect to earlier treaties, which require in more general terms that States investigate, punish and redress human rights abuse by third parties, commentary from the UN Treaty Bodies and relevant regional human rights commissions and courts has provided some clarification of how these provisions can apply to abuse by business enterprises.

An effective remedy has both procedural and substantive aspects. The remedies provided by the grievance mechanisms discussed in this section may take a range of substantive forms the aim of which, generally speaking, will be to counteract or make good any human rights harms that have occurred. Remedy may include apologies, guarantees of non-repetition, restitution of property, financial or non-financial compensation and punitive sanctions (whether criminal or administrative, such as fines).

State-based grievance mechanisms may be administered by a branch or agency of the State, or by an independent body on a statutory basis. They may be judicial or non-judicial. Examples include the courts, labor tribunals, national human rights institutions, National Contact Points under the OECD Guidelines for Multinational Enterprises, many ombudsperson offices, and government-run complaints offices.

Ensuring access to remedy for business-related human rights abuses requires also that States facilitate public awareness and understanding of these mechanisms, how they can be accessed and any support (financial or expert) for doing so.

State-based judicial and non-judicial mechanisms should form the foundation of a wider system of remedy for business-related human rights abuse. Within such a system, operational-level grievance mechanisms can provide early-stage recourse and possible resolution. State and operational-level mechanisms, in turn, can be supplemented or enhanced by the remedial functions of collaborative initiatives as well as those of international and regional human rights mechanisms.

STATE-BASED JUDICIAL MECHANISMS

- 24. States should take appropriate steps to ensure the effectiveness of domestic judicial mechanisms when addressing human rights-related claims against business, including considering ways to reduce legal, practical and other relevant barriers that could lead to a denial of access to remedy.**

Commentary

The effectiveness with which judicial systems can handle business-related human rights claims reflects their broader independence and integrity. For claims of this kind it is particularly important that courts be independent of economic or political pressures from other State agents and from business actors, and that the legitimate and peaceful activities of human rights defenders are not obstructed.

States should ensure that they do not erect barriers to prevent legitimate cases from being brought before the courts in situations where judicial recourse is an essential part of such remedy or alternative sources of effective remedy are unavailable.

Legal barriers that can prevent legitimate claimants from accessing judicial remedy for business-related human rights abuse can arise where, for example:

- *the way in which legal responsibility is attributed among members of a corporate group under domestic criminal and civil laws facilitates the avoidance of appropriate accountability;*
- *where claimants face a denial of access to effective remedy in a host State and cannot access home state courts regardless of the merits of the claim.*

Practical and procedural barriers to accessing judicial remedy can arise where, for example:

- *State prosecutors lack adequate resources, expertise and support to meet the State's own obligations to investigate individual and corporate involvement in human rights-related crimes;*

- *the costs of bringing claims go beyond being an appropriate deterrent to unmeritorious cases and/or cannot be reduced to reasonable levels through government support, “market-driven” mechanisms (such as litigation insurance and legal fee structures), or other means;*
- *claimants experience difficulty in securing legal representation, due to a lack of resources or of other incentives for lawyers to advise claimants in this area;*
- *there are inadequate options for aggregating claims or enabling representative proceedings (such as class actions and other collective action procedures), thereby preventing effective remedy for individual claimants.*

Additional barriers to access for business-related human right claims may exist within some jurisdictions and legal systems. For example, whether through active discrimination or as the unintended consequences of the way judicial mechanisms are designed and operate, vulnerable and marginalized groups often face additional cultural, social, physical and financial impediments to accessing, using and benefiting from them. Particular attention should be given to the rights and specific needs of such groups at each stage of the remedial process: access, procedures and outcome.

STATE-BASED NON-JUDICIAL GRIEVANCE MECHANISMS

25. States should provide effective and appropriate non-judicial grievance mechanisms, alongside judicial mechanisms, as part of a comprehensive State-based system for the remedy of business-related human rights harms.

Commentary

Administrative, legislative and other non-judicial mechanisms play an essential role in complementing and supplementing judicial mechanisms. Even where judicial systems are effective and well-resourced, they cannot carry the burden of addressing all legitimate claims; judicial remedy is not always required or necessary; nor is it always the favored approach for all claimants.

Gaps in the provision of remedy for business-related human rights harms could be filled, where appropriate, by expanding the mandates of existing non-judicial mechanisms and/or by adding new mechanisms. These may be mediation-based, adjudicative or follow other culturally-appropriate and rights-compatible processes - or involve some combination of these – depending on the issues concerned, any public interest involved, and the potential needs of the parties.

National Human Rights Institutions have a particularly important role to play in this regard.

As with judicial mechanisms, vulnerable and marginalized groups often face particular barriers in accessing, using and benefiting from non-judicial grievance mechanisms, which should be taken into account at each stage of the remedial process.

NON-STATE-BASED GRIEVANCE MECHANISMS

26. States should consider ways to facilitate access to effective non-state-based mechanisms dealing with business-related human rights grievances.

Commentary

One category of non-state-based grievance mechanisms encompasses those administered by a business enterprise alone or with stakeholders, by an industry association or a multi-stakeholder group. They are non-judicial, but may use adjudicative, dialogue-based or other culturally-appropriate and rights-compatible processes. These mechanisms may offer particular benefits such as speed of access and remediation, reduced costs and/or transnational reach.

Another category comprises regional and international human rights bodies. While they focus primarily on remedies for human rights violations by the State, some are also able to address certain alleged human rights abuses by business enterprises.

States can play a helpful role in raising awareness of, or otherwise facilitating access to, such options, alongside the mechanisms provided by States themselves.

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

Commentary

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

Operational-level grievance mechanisms perform two key functions regarding the corporate responsibility to respect.

- *First, they support the ‘tracking’ of human rights performance as part of the enterprise’s on-going human rights due diligence. They do so by providing a channel for those directly impacted by the enterprise’s operations to raise concerns when they believe they are being or will be harmed. By analyzing trends and patterns in complaints, business enterprises also can identify systemic problems and adapt their practices accordingly.*

- *Second, these mechanisms make it possible for grievances, once identified, to be addressed and for harms to be remediated early and directly by the business enterprise, whether alone or in collaboration with others involved, thereby preventing harms from compounding and grievances from escalating.*

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

Operational-level grievance mechanisms should reflect certain criteria to ensure their effectiveness in practice (see Principle 29). These criteria can be met through many different forms of grievance mechanism according to the demands of scale, resource, sector, culture and other parameters.

Operational-level grievance mechanisms should not be used to undermine the role of legitimate trade unions in addressing labor-related disputes, or to preclude access to judicial or non-judicial grievance mechanisms.

28. Collaborative industry or multi-stakeholder initiatives in this domain should also provide for effective grievance mechanisms.

Commentary

Human rights-related standards are increasingly reflected in commitments undertaken by industry bodies and multi-stakeholder groups, through codes of conduct, performance principles and similar undertakings.

Such collaborative initiatives should ensure the availability of effective mechanisms through which affected parties or their legitimate representatives can raise concerns when they believe the commitments in question have not been met. The mechanisms could be at the level of individual members, of the collaborative initiative, or both. These mechanisms should provide for accountability and enable remediation of harms.

EFFECTIVENESS CRITERIA FOR NON-JUDICIAL GRIEVANCE MECHANISMS

29. Non-judicial grievance mechanisms, whether state-based or non-state-based, should be:

- a. Legitimate: having a clear, transparent and sufficiently independent governance structure to ensure that no party to a particular grievance process can interfere with the fair conduct of that process;**
- b. Accessible: being publicized to those who may wish to access it and provide adequate assistance for aggrieved parties who may face barriers to access, including language, literacy, awareness, finance, distance, or fear of reprisal;**

- c. **Predictable:** providing a clear and known procedure with a time frame for each stage and clarity on the types of process and outcome it can (and cannot) offer, as well as a means of monitoring the implementation of any outcome;
- d. **Equitable:** ensuring that aggrieved parties have reasonable access to sources of information, advice and expertise necessary to engage in a grievance process on fair and equitable terms;
- e. **Rights-Compatible:** ensuring that its outcomes and remedies accord with internationally recognized human rights standards;
- f. **Transparent:** providing sufficient transparency of process and outcome to meet the public interest concerns at stake and presuming transparency wherever possible; non-State mechanisms in particular should be transparent about the receipt of complaints and the key elements of their outcomes.

Operational-level mechanisms also should be:

- g. **Based on Dialogue and Engagement:** focusing on processes of direct and/or mediated dialogue to seek agreed solutions, and leaving adjudication to independent third-party mechanisms, whether judicial or non-judicial.

[Note: Effectiveness criteria may be further refined in light of grievance mechanism pilot project]

Commentary

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

B. DEFINITIONS

For the purposes of these guiding principles:

The term **business enterprise** refers to all companies, both transnational and others, regardless of sector or country of domicile or operation, of any size, ownership form or structure.

The term **corporate** is used in the non-technical sense, interchangeably with 'business enterprises', regardless of their form.

Internationally recognized human rights refers at a minimum to the principles contained in the International Bill of Human Rights (consisting of the Universal Declaration of Human Rights and the main instruments through which it has been codified: the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural rights), coupled with the eight ILO core conventions that form the basis of the Declaration on Fundamental Principles and Rights at Work.

Human rights risks refer to potential adverse impacts on human rights through a business enterprise's activities or relationships. Identifying human rights risks comprises an assessment both of impacts and – where they have not occurred – of their likelihood.

A **grievance** is understood as a perceived injustice evoking an individual's or a group's sense of entitlement, which may be based on law, explicit or implicit promises, customary practice, or general notions of fairness of aggrieved communities.

The term **grievance mechanism** is used to indicate any routinized, state-based or non-state-based, judicial or non-judicial process through which grievances related to business abuse of human rights can be raised and remedy can be sought.