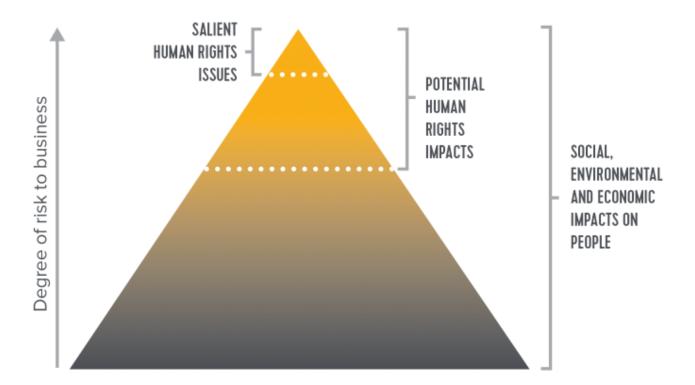


Salient Human Rights Issues

"Salience uses the lens of risk to people, not the business, as the starting point, while recognizing that where risks to people's human rights are greatest, there is strong convergence with risk to the business." – Shift and Mazars LLP, <u>UN Guiding Principles Reporting Framework "Salient Human Rights Issues"</u>.

Human rights are the freedoms inherent to every human being and are outlined in the <u>Universal</u> <u>Declaration of Human Rights</u>. Every human being is entitled to these rights, without discrimination, regardless of race, class, sex, nationality, ethnicity, or any other status. According to the <u>United Nations</u> <u>Guiding Principles Reporting Framework</u>, a company's salient human rights issues are "those human rights that stand out because they are at risk of the most severe negative impact through the company's activities or business relationships." Identifying a company's salient human rights issues is the first step of human rights due diligence under the UN Guiding Principles (UNGP).

Due diligence includes knowing where to focus the company's efforts and resources first, if it cannot address all impacts at once. It is not about ignoring less salient issues.



Source: Risk salience (Shift and Mazars LLP: UNGP Reporting Framework: Salient Human Rights Issues).





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

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

A company may better understand its salient human rights issues by:

- Identifying the full range of human rights that potentially could be negatively impacted by its activities or through its business relationships:
 - o Involving all relevant functions and units across the business.
 - o Informed by the perspectives of those who may be negatively impacted.
- Prioritizing potential negative impacts for attention:
 - Primarily based on their potential severity, as defined in the UNGP, namely with regard to the:
 - Gravity of the impact.
 - Extent and spread of the impact.
 - Difficulty of righting the resulting harm.
 - Secondarily based on their likelihood, retaining due attention to high-severity, low-likelihood impacts.
- Engaging with internal and external stakeholders to explain the company's conclusions and check whether any considerations have been missed.

Further considerations for identifying salient human rights issues are set out in the <u>implementation</u> guidance to section B1 of the UNGP Reporting Framework.

There is strong convergence between the most severe human rights impacts and risk to business. It is important for companies to understand how to assess human rights risks occurring in their supply chains, including:

- Conducting an assessment of human rights risks.
- Gathering additional information on the ground.
- Engaging global and local stakeholders to expand assessment of working conditions.
- If the appropriate safeguards are in place, engaging directly with workers.

