

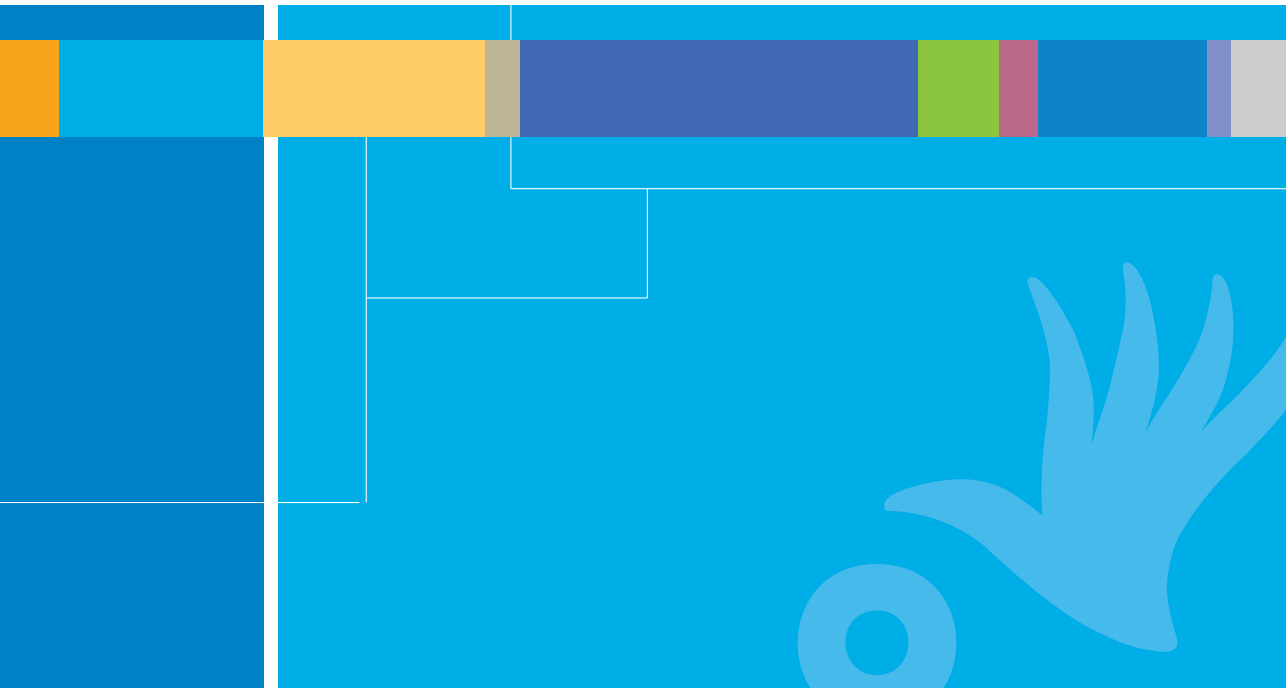
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Guidelines for Human Rights Management, and Check List

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National Human Rights Commission of Korea



Guidelines for Human Rights Management, and Check List



National Human Rights Commission of Korea

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Publication Remarks

As businesses' social impacts have been growing, human rights infringement related to business activities has become one of the serious social issues worldwide. International organizations including the UN and the OECD have devoted efforts to tackling human rights violations by establishing international rules and laws, to thereby prevent human rights infringement caused by business activities while further strengthening Businesses' responsibilities to respect human rights.

To this end, the UN Human Rights Council in June 2011 adopted the 'Guiding Principles on Business and Human Rights', which have become the international standards for human rights management. The Principles emphasize that businesses have obligations to respect human rights on their own accord, while exerting due diligence in taking proactive steps to prevent, mitigate and, where appropriate, remediate any adverse impacts on human rights that they may have had.

The National Human Rights Commission of Korea has issued 'Guidelines for Human Rights Management' and a 'Checklist,' to urge businesses in Korea to implement international rules and laws such as the UN's 'Guiding Principles on Business and Human Rights,' and enable them to keep pace actively with the global trends in human rights management.

The 'Guidelines for Human Rights Management' and the 'Checklist' suggest the general and operational principles with which businesses should comply when introducing and putting into practice the concept of human rights management, and provide a self-checklist enabling them to reflect on potential problems linked to various human rights infringements, thereby helping them to avoid human rights violations and to recognize the importance of human rights management.

At present a business can no longer achieve sustainable management without the adoption of human rights management practices. The National Human Rights Commission of Korea hopes that the introduction of the 'Guidelines for Human Rights Management' and the 'Checklist' will serve as a stepping stone for businesses to the introduction and implementation of the concept of human rights management, leading thereby to dissemination of a culture of respect for human rights in corporate management in Korea.

Chair, National Human Rights Commission of Korea

Hyun, Byung-Chul

I

Guidelines for Human Rights Management

1

Introduction

Businesses produce goods and services and thereby bring abundance to human life. They also contribute to society by for instance providing people so urces of income through their creation of jobs, making possible abundant national budget expenditure through their payment of taxes, and expanding knowledge and experience through their conduct of R&D related to their various products.

At the same time, however, businesses sometimes cause many problems such as human rights violations and environmental degradation. These are problems occurring around the world in this era of globalization, and some businesses has become like authoritative institutions and even undermine the sustainability of our global community, exerting stronger power with their enormous assets even than national institutions. The scope of problems caused by such threats to sustainability goes beyond resource depletion and environmental degradation to include social instability resulting from economic bipolarization and poverty.

Social expectations of businesses have accordingly changed. Society calls for more accountability on the part of businesses that threaten sustainability. And businesses thus need to evaluate any potential problems including human rights violations caused by their business activities, and take actions to prevent or minimize the related negative impacts, while working to remediate any human rights violations and improve the related situations to thereby live up to society's expectations of them.

Human rights management refers to management practices that place priority on human beings, i.e. those that respect and protect the dignity and value of employees as humans. To this end, businesses must abandon their old management practices focused on profit maximization only, and instead give greater consideration to their social responsibilities and impacts. This means that businesses need to introduce management practices that respect the human rights of their employees, along with those of their subsidiaries, consumers, local residents and all other stakeholders related to their business activities.

Many international rules and laws express the social demand for human rights management. It is proclaimed in the Universal Declaration of Human Rights that all human beings are born free and equal in terms of their dignity and rights, and that not only a nation but also all members of and organizations in society have the obligation to respect human rights. In line with this, the nation has the primary responsibility to protect and promote human rights, while as members of society businesses are also charged with the same responsibilities.

Since the 1970s the international community has discussed the corporate responsibility to respect human rights. Examples include the 'OECD Guidelines for Multinational Enterprises (1976)' and the 'Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy (1977)'. In the 2000s the UN became more active in dealing with human rights management issues, by launching the 'UN Global Compact'. It also announced the United Nations 'Protect, Respect and Remedy' Framework (referred to hereinafter as the 'Framework') and the 'UN Guiding Principles on Business and Human Rights' (hereinafter the 'Guiding Principles'), in 2008 and 2011 respectively. NGOs have also made numerous achievements in promoting human rights management. In particular, the GRI (Global Reporting Initiative)¹⁾ provides a standardized framework for reporting business activities to promote corporate social responsibility, and the ISO (International Organization for Standardization) has announced ISO 26000, providing standard

guidance on social responsibility by summing up the relevant discussions so far.

As a result of these efforts, the social expectations for businesses have grown clearer. The Guiding Principles of the UN introduced in 2011 have become the most recognized document related to human rights management. The key of the Guiding Principles lies in the due diligence of businesses concerning adoption of policies respecting human rights and the taking of actions to check and monitor any adverse human rights impacts that they may have had. Many inter-governmental organizations including the UN, the ILO, the OECD, the EU and the WB, as well as other international organizations including the ISO, the GRI and the IFC (International Financial Corporation), have devoted efforts to implementing human right management practices as defined by the Guiding Principles.

These Guidelines for Human Rights Management aim to suggest basic principles that businesses should consider when introducing and implementing human rights management, based upon the changes in and related achievements of the international community. Despite the already existing other global documents providing good guidance on human rights management, these guidelines are newly designed to help businesses in Korea to understand and implement human rights management properly, thereby enabling them to establish practices in line with the global status of Korea and develop into global role models. These guidelines are not characterized as a law, but reflect the obligations to respect human rights of businesses receiving recognition

1) The Global Reporting Initiative (GRI) is a research institution on sustainable management, established in 1997 under the initiatives of the United Nations Environmental Plan (UNEP) and the Coalition for Environmentally Responsible Economics (CERES). Please refer to the GRI website (<https://www.globalreporting.org>) for details.

2

General Principles

- Businesses should respect and protect the human rights of all stakeholders who are affected negatively by their activities. Businesses should of course place priority on respecting the human rights of their employees, but should also consider the human rights of consumers who purchase their goods and services, and of residents in the regions in which they are located. Businesses should in addition not be involved in human rights infringements either of their own, or of their subsidiaries or affiliates.
- The scope of the human rights that businesses should protect and respect includes not only those set forth in the Korean Constitution and the relevant laws, but also those stipulated in various international and other human rights laws. Some human rights that are not explicitly set forth in various rules and laws should also be respected.

3

Operating Principles

1) Establishment of Human Right Management System

- Businesses should announce their policies to support human rights management, by determination of their primary decision-makers.
- Businesses should conduct human rights impact assessments on regular bases, in order to ensure that their business activities do not have any negative impacts on human rights.

- Businesses should take necessary measures to systemize human rights management practices.
- Businesses should establish systems for announcing information on human rights management publicly, and report their progress in implementation of such management practices both internally and externally.
- Businesses should establish procedures to help relieve any human rights violations taking place in the processes of their business activities.

2) Non-discrimination in employment

- Businesses should not discriminate against job seekers on grounds of race, religion, physical disability, gender, place of birth or political views.

3) Guarantee of freedom of association and collective bargaining

- Businesses should guarantee their employees freedom to associate in unions, and not impose any disadvantages on them due to any union activities that they may undertake.
- Businesses should guarantee their employees the right of collective bargaining represented by union leaders. Businesses should not interfere with such collective bargaining without justifiable reasons, and should respect and implement the agreements reached through collective bargaining in good faith.

4) Prohibition of forced labor

- Businesses are prohibited from using any forms of forced labor, and should not gain any advantages from forced labor even though not using it directly themselves.

5) Prohibition of child labor

- Businesses should not hire minors under the age of 15 and use their labor. When businesses use the labor of minors within legal arrangements, they should devote extra efforts to guaranteeing the minors' safety and educational opportunities.

6) Guarantee of industrial safety

- Businesses should guarantee safe and amenable working environments to their employees. If employees must work in dangerous working environments, businesses should provide them with safety training programs.
- Businesses should provide proper compensation for any accidents or diseases arising in their working places, in a rapid manner.

7) Responsible supply chain management

- Businesses should take proper measures to ensure that their affiliates or subsidiaries implement human rights management practices. Businesses should end business transactions with subsidiaries that do not resolve violations of human rights.
- Businesses should pay extra attention to preventing any human rights infringements by security personnel. In cases where

security personnel are employed via outsourcing, they should also take measures to prevent any human right infringements by the outsourced personnel.

8) Protection of local residents' human rights

- Businesses should ensure that they do not infringe on the human rights of local residents in regions where their business activities are carried out. In particular, businesses should respect and protect the lives, freedom to move and safety of local residents.

9) Guarantee of environmental rights

- Businesses should establish and maintain environmentally friendly management systems, and make public their information related to the environment.
- Businesses should adhere to preventive approaches to environmental problems, and should develop emergency plans to prevent, reduce and control environmental degradation and disasters.

10) Protection of consumers' human rights

- Businesses should not undermine the health or safety of consumers when producing and providing their goods and services.
- Businesses should not exaggerate or mislead consumers in conducting their advertising or marketing activities.
- Businesses should respect the privacy of consumers to the extent possible, and take the measures necessary to protect the personal information of consumers that they have collected and saved.

II

Human rights management checklist

Background behind development of human right management checklist

In this era of globalization the economy has also been globalized, and businesses have come to have unprecedented influence over society. In particular, some multinational businesses gain revenues that are even higher than the GDPs of developing countries, enabling them to exert significant influence over not only the economy, but also the social and political areas. They play critical roles for the sake of the development and prosperity of society, by producing enormous amounts of goods and services. At the same time, however, there have been reports of human rights infringements by such multinationals, giving rise to great concern.

Against this backdrop, the international community has focused attention on the social impacts of multinational businesses since the 1970s, and explored solutions to the related problems. In particular, the announcement of the 'Framework' and the 'Guiding Principles' is considered to have opened a new horizon in terms of the business obligation to respect human rights. Previously existing international documents had emphasized the corporate social responsibility of businesses to contribute positively to society, while the Guiding Principles focus rather on the adverse impacts on human rights of businesses. That is, they state that a business should be in a position to strongly oppose any human rights violations in its business activities, and should focus its efforts on preventing and reducing any negative

impacts on human rights caused by these activities. The Guiding Principles are widely supported by countries, businesses, civil society and the international community, and have become the international standards for human rights management. Multinational businesses and other stakeholders have engaged in discussions on how to implement the Guiding Principles, and it thus seems clear that the Guiding Principles will be a core tool for inducing and measuring the human rights management practices of businesses. The changes so far in this regard have been led mainly by the international community, but Korean businesses, inasmuch as they do business in the global market, should be no exception in following this trend. Passive approaches to human rights management may in addition isolate them from the global market, and damage their credibilities and reputations, affecting their financial achievements directly. As Korea is no exception to the related global trends, it should devote efforts to identifying the social requirements of business and take proper measures accordingly. This will be a new challenge for businesses in Korea, but they can no longer postpone or avoid the adoption of management practices for the respect of human rights.

This 'Human Rights Management Checklist' (hereinafter referred to as the 'Checklist') was developed to provide guidelines to businesses facing these challenges. The Checklist is designed to help businesses seeking ways of identifying the changing social expectations for them regarding human rights management, so that they can live up to such expectations. The Checklist focuses particularly on helping businesses to identify their current conditions of human rights management, to enable them to respond properly to any human rights risks in their business operations.

The Checklist is designed as a self-checklist for businesses on their human rights management practices. It therefore does not provide tools for measuring levels of human rights management based upon numerical values, but rather enables businesses to identify vulnerable

areas in their human rights management practices.

The Checklist is not independent from outside evaluations of human right management practices, however, since many outside stakeholders will be interested in the human rights management practices of a business no matter whether the business want this or not, and will do their own evaluations of individual businesses. Most such outside evaluations will check the same points more or less, and these checklists will thus become useful to businesses in preparing for evaluations from outside.

Method of human rights management checklist development

This checklist was developed with the following focuses:

First, it was developed in full consideration of the achievements of previous checklists. This is in fact not the first time a checklist of this kind has been developed. The National Human Rights Commission of Korea had already developed a checklist through its report 'A Study of Role Model Business Human Rights Management Cases, and Development of A Self-checklist Tool' (hereinafter the '2009 report'). This report collected basic data, from relevant domestic and international rules and laws, to develop and derive a detailed checklist for human rights management. However, its checklist was considered too complicated and broad for practical implementation, and the current checklist has thus been developed with more clarity and simplicity. It is also not a mere abbreviation of that in the 2009 report, however, but has been changed significantly in detail and structure to enable easier use by businesses. It has also been developed in consideration of major relevant documents that have appeared since the release of the 2009 report, including ISO 26000, the OECD Guidelines for Multinational Enterprises, and the UN Framework and Guiding Principles (2008 and 2011).

Second, this checklist was developed in consideration of the Guiding Principles. It is no exaggeration to say that the global paradigm in terms of human rights management has changed since the Guiding Principles' announcement. Previous checklists had dealt mainly with practical details on the human rights that businesses should respect. The paradigm has changed since release of the Guiding Principles, however, to one placing more emphasis on procedural aspects of human rights management. These days human rights management means the proper establishment and operation of relevant systems to protect human rights in business activities, and only when they do so are businesses considered to have satisfied the requirements of human rights management. In this regard, the procedural requirements for implementation of human rights management can be said to shape the practical details of the related rules and laws. Among many items for examination, this checklist has placed first priority on those in the Guiding Principles, in consideration of their influence and importance.

Third, although a large number of points need to be considered for a comprehensive check, this checklist was developed to be as simple as possible by minimizing the number of items to be checked. It has a very simple format compared to the human rights checklist developed by the Human Rights Commission of Denmark, which includes 350 questions and 1,000 relevant indicators. This level of simplification has been pursued out of a desire to ensure that more businesses are able to utilize this checklist widely in their businesses, and in consideration of the fact that the level of recognition of human right management among businesses in Korea is as of yet not so high.

Fourth, this checklist was developed in consideration of the situation in Korea, which is in consideration of the businesses doing business in Korea rather than multinational businesses in the global market. Accordingly, it makes references to relevant laws, precedents and cases when explaining the principles related to each issue and when establishing its indicators.

Fifth, human rights management practices are based upon the observation of law while they at the same time pursue humanistic values going beyond the legal framework. This checklist was hence developed in view of the relevant practices, in addition to the relevant rules and laws. In particular, internationally recognized human rights laws are reflected. This approach is inevitable, since issues related to human rights management are not limited just to legal compliance but also include public opinion, and businesses are sometimes judged in the ‘court of public opinion’.

Sixth, this checklist introduces several cases of human rights management to help the practical understanding of readers. The cases cited are selected from decisions of the National Human Rights Commission of Korea, and from other precedents and well-known exemplary cases.

Structural composition of human rights checklist

This checklist is composed to consider 10 issues: the establishment of human rights management systems, non-discrimination in workforce hiring, freedom of association and collective bargaining, prohibition of forced labor, prohibition of child labor, industrial safety, supply chain management, the human rights of local residents, environmental rights and the human rights of consumers. For each issue, the relevant ‘principles’ are presented. Principles are summarizations of rules that businesses should comply with in respect to each issue. A brief explanation and relevant sources are given below each principle. The sources of each principle are mainly relevant domestic and international rules, showing thereby that the principles are based upon officially recognized domestic and international rules.

This is followed by questions for checking the practices related to each issue. For each issue there are from three to six such questions, and the total number of questions comes to 38. Each question is asked in careful consideration of the points that are important in connection with the issue concerned.

All questions are accompanied with 'indicators' below them, which help to identify the questions' meanings. Businesses will be able to determine whether they satisfy each question reasonably and objectively. When deemed necessary, additional explanations and relevant cases are provided below each indicator.

A checklist form is attached in the last part of this document, to enable businesses to comprehensive evaluate the results.

Utilizing the human rights management checklist

The checklist is a tool for use by businesses to check their human rights management practices and relevant risks. If they bear this intended use in mind, businesses will have no difficulties in using this checklist.

First, businesses should make sure that they understand the broad principles surrounding each issue. They should then look through the major rules that are the sources of these principles, to try to understand and recognize the importance of each issue. Sources can be used if businesses wish to know in more detail about each issue and carry out their self-checks in depth. They should read the questions on each issue, and before answering a question read the 'indicators' to identify the meaning of that question in greater detail. If a business does not satisfy a certain indicator, it should check (✓) in the box for that indicator. After finishing, it should answer the questions based upon the indicators in consideration of the number of boxes checked.

Each question provides five possible answers. Respondents are to check “yes” for each answer that corresponds to their situation related to the question, and “no” for each that does not. If the current situation is not sufficient to merit a “yes,” but can be sufficient after some supplementation, the respondent should check “necessary to supplement”. If there is no information for responding, “no information” should be checked, and if a question is not relevant to the business responding, “N/A”. There will be cases where businesses will check “yes” even if they have checked one or two indicators. The checklist is not designed for comparison with other businesses or for public announcement. A business should thus not feel forced to check “yes” when it does not satisfy an indicator, as this will prevent precise diagnosis of its current situation. If it has checked “necessary to supplement” or “no”, then to make up for the shortcoming “additional considerations” can be checked.

Some businesses may check “N/A” in answer to many questions. This is inevitable, since this checklist has been developed in consideration of all kinds of businesses rather than only a certain type or types. This means that it provides uniform criteria without consideration of differences across businesses in terms of their sizes, industries or regions of operation. The most important thing for businesses to consider lies in taking preemptive measures in response to items checked “no,” rather than in checking as many items as possible “N/A” or “yes.” In other words, the purpose of this checklist lies in identifying vulnerable points in human rights management at businesses.

The questions in this checklist have been selected objectively, but the evaluation results may differ significantly depending upon the personal judgments of those doing the evaluating. This is a limitation of this checklist, which may undermine its credibility and practicality. To address this limitation, self-checklists may be reviewed jointly with other stakeholders including union members or outside experts. It might be possible to identify vulnerable points much better by deriving

conclusions from evaluations of human rights management practices by two different independent groups.

All questions are to be answered in accordance with this method. After they all have been, the respondent should calculate the statistics for the answers using the form attached to the final page. This will clearly show the overall strengths and weaknesses of the business, and can be used as basic data for the implementation of human rights management by the business in the future. If the same evaluation is carried out repeatedly every year, the business will be able to demonstrate its improvement in human rights management. Comparisons among businesses will also be possible if they have evaluated their human right management practices using this self-checklist and based upon the same, strict criteria.

Statistical improvement, however, does not always guarantee the success of human rights management. Human rights violations may occur even if statistics show few problems, whereas businesses may have no human rights-related disputes even despite significant shortages in statistical evidence. Considering this, the true usefulness of this checklist lies in providing businesses a tool for identifying vulnerable areas in their human rights management practices, rather than for making statistical improvements in their human rights management. The desirable role of this checklist is enabling businesses to recognize the importance of human rights management and to make improvements by identifying problems, leading them thereby to prevention and improvement of their management practices before any human rights violations can potentially take place.

This checklist is not complete because it is a 'brief' one and has not been fully tested yet (but conducting a full test is in any case impossible because human rights are not fixed issues and change constantly). The levels of emphasis moreover differ in accordance with the industry concerned, the place of operation and the individual business. Each

business should accordingly use this checklist in consideration of its individual situation, while trying to increase the checklist's suitability to its situation through the exclusion or addition of elements (ir) relevant to that situation. We hope that this checklist will provide a good starting point for more systematic human rights management for businesses.

1

Establishment of a human rights management system

Principles

- Businesses should proclaim policies to support human rights management, through decisions of their primary decision-makers.
- Businesses should conduct human rights impact assessments on regular bases, in order to ensure that their business activities do not have any negative impacts on human rights.
- Businesses should take necessary measures to systemize human rights management practices.
- Businesses should establish systems for announcement of information on human rights management publicly, and report their progress in the implementation of such management practices both internally and externally.
- Businesses should establish procedures to help relieve any human rights violations taking place in the processes of their business activities.

In the past there has been much discussion on human rights management, which has however failed to derive a unified opinion on what exactly human rights management is. This discussion has now come to a conclusion to some extent, however, since the completion of the Guiding Principles on Businesses and Human Rights.

The Guiding Principles point out that business should live up to objective criteria to practically implement human rights management, rather than merely depending upon personal decisions of their CEOs. In other words, human rights management is now not merely determined by individual commitment, but should be established as a system to be consolidated into the daily business activities of companies.

The Guiding Principles have made it clear that businesses should at least declare comprehensive policies and establish procedures to practically implement human rights management practices. The due diligence²⁾ required of companies in implementing and checking their practices includes four stages: planning, implementation, evaluation and reporting. These four stages establish a framework for constant development; they are to be implemented in order, and not just one time but repeatedly. The respective stages can be summarized as follows:

- a) Businesses should identify and evaluate any negative impacts of their business activities, real or potential, on human rights—in consideration of the advice of independent human rights experts or other stakeholders.
- b) To tackle any identified negative impacts they should transmit the relevant information to all departments of the company, and also consider such information in their processes of internal decision-making, budget allocation and supervision.
- c) They should track and record the results, to verify whether the negative impacts concerned are being addressed properly.
- d) They should make public the results, while working to ensure that those concerned can easily access these results, with information

2) ISO 26000 defined the “due diligence” as “comprehensive, proactive process to identify the actual and potential negative social, environmental and economic impacts of an organization’s decision and activities over the entire life of a project or organizational activity, with the aim of avoiding and mitigating negative impacts.”

sufficient to enable them to evaluate the appropriateness of the company's responses.

The 'Guiding Principle' also require businesses to put into place an additional procedure to help victims of human rights violations that may occur even if the business has adhered to its due diligence obligation.

The due diligence of the 'Guiding Principles' also emphasizes the importance of stakeholders' participation, to ensure that the overall due diligence process functions meaningfully and effectively.

This approach is different from the previously discussed one emphasizing the importance of the company's role in upholding human rights. The 'Guiding Principles' declare that businesses should respect all varieties of human rights, ending the dispute over the types of human rights that they should respect, and require that businesses establish management systems that respect human rights.

This means that the criteria for evaluating a company's human rights are not based on the number of human rights disputes occurring there, but on whether it has established a system to promote management practices that respect human rights. Such a system should be established on a permanent basis, and incorporated into the company's daily business activities. A human rights management system is the minimum requirement for businesses, and should be a part of its regular management activities. In other words, it is not allowed for businesses to proclaim their respect for human rights without establishing human rights management systems.

The 'Guiding Principles' influence other international rules and laws as well. For instance, in its description of human rights ISO 26000 emphasizes the due diligence required by the 'Guiding Principles'. The 2011 OECD Guidelines for Multinational Enterprises added a chapter tackling human rights in consideration of the 'Guiding Principles'. Other institutions including the EU and the IFC have announced human rights guidelines in reflection of the 'Guiding Principles'.

1. Company has made policy declaration of intent to fulfill its obligation to respect human rights

Yes	Necessary to Supplement	No	No Information	N/A
Additional considerations				

The first step in human rights management is to declare a policy disclosing the company’s commitment to human rights. This means more than merely posting the statement that “we respect human rights” somewhere on the company’s website. It is an action clarifying practical guidelines for the company in its pursuit of human rights management. The following are indicators that companies should satisfy in order to make practical and meaningful declarations of policies pursuing human rights management:

Indicators

- Corporate human rights policy declaration determined by highest authority of company
 - Determination by the highest authority of company means that the board of directors should vote for the implementation of human rights management, and that the CEO should publicly declare the company’s commitment to human rights management.
- Declaration of human rights management policy made based upon advice of experts and stakeholders from both inside and outside the company.
 - The declaration of corporate human rights policy should serve as the company’s basic value driving its practical implementation of human right

management. For the sake of its effective implementation, therefore, the policy declaration must from the initial stage of its design be drawn up in reflection of voices at the actual worksite(s).

- The scope of experts from inside is not limited to the department in charge of human rights management, since all departments of a company, including the procurement, HR, legal issues, industrial safety and marketing departments, may affect human rights management. Accordingly, a declaration of human rights policy should be made after proper discussion among all departments concerning its details and feasibility.
- The workforces are the most important internal stakeholders to consider in the process of drawing up the declaration. If the company has a labor union, then its opinion in particular should be reflected.
- Outside experts refer to groups of experts conducting research on and dealing with human rights management issues.
- Outside stakeholders include the related NGOs, residents in the regions in which the company is located, and consumers. In the case where goods or services are outsourced, or provided to other companies, the declaration of human rights policy should be established in consideration of discussions with these companies concerned as well.

■ Declaration of corporate human rights policy should identify most serious human rights issues, with possibilities of leading to future problems

- The scope of human rights issues is so broad that, if a company devotes attention to all kinds of human rights issues, then effective human rights management may be undermined. It is thus necessary to prioritize human rights issues in accordance with their specific importance at specific points in time.
- Individual companies will place differing levels of importance on different human rights issues, depending upon their industries, the location of company, the times concerned, etc. For instance, the privacy issue will be the most important human rights issue for companies

providing information. For companies involved in the mining industry in the third world, local residents' human rights will be considered most important. Accordingly, when it is adopted the declaration of corporate human rights policy should include basic principles as to what are the most important human rights issues, and what are the major directions of the company's policies to tackle those issues.

- Companies that are likely to deal with human rights violations frequently in their business environments should elucidate their human rights principles more strongly than others. This will include companies operating in regions where disputes are taking place, in regions stricken by natural disasters, in regions located near indigenous inhabitants' villages, in regions where children are exposed to forced labor exploitation, and in regions where corruption and land expropriation are prevalent.

■ Corporate human rights policy should be declared publicly, and all company staff informed of it.

- The primary responsibility for declaring its corporate human rights policy lies with the company itself. The policy details should be made sufficiently known to staff of the company. Human rights management should be incorporated into the overall business activities of companies, and thus not only those in charge of human right management but all company staff should be informed of the details. This is because all departments of a company should consider human rights management in their work. The design department should reflect human rights in its design process, for instance. The product sales department is also no exception in this regard.
- The corporate human rights policy declaration should be made known to all stakeholders, both inside and outside the company, through various media including the Internet. For stakeholders who are Internet illiterate, however, other media should be considered. For companies operating overseas, or for communication to foreign

workers or residents living in near the company's business sites, declarations should be translated into the corresponding languages. Affiliates including subsidiaries should be informed of the declaration.

- The human rights policy declaration should be reviewed on a regular basis, and improved in a timely manner.
 - A human rights policy declaration can be used for a relatively long period of time, but cannot be used forever since human rights issues are constantly changing. The human rights policy declaration thus needs to be continuously reviewed and improved.
 - The declaration itself needs to stipulate procedures for its own regular evaluation and review, with the results to be reported to the board of directors and the CEO.

Case

Microsoft Global Human Rights Statement

Since the announcement of the 「Framework」 and the 「Guiding Principles」, many companies have introduced their own human rights policy declarations. Microsoft, for example, developed the “Microsoft Global Human Rights Statement” in April 2012, to align its management practices with the 「Guiding Principles」, and announced application of the statement to its business practices. This statement includes a common set of principles showing that Microsoft accepts the important responsibility of respecting human rights in accordance with international law, and articulates its basic principles, philosophy, the four core areas that it considers in respecting human rights, the board of directors' responsibility in human rights management, and the major procedures for implementation of human rights management practices by the board of directors. It is not enough to declare a company's human rights policy in a simple one or two sentences; the declaration should articulate practical details on how it will implement human rights policy, as guidelines.³⁾

2. Company should conduct human rights impact assessment⁴⁾ on regular basis

Yes	Necessary to Supplement	No	No Information	N/A

Additional considerations

The human rights impact assessment is a procedure undertaken to identify the practical and potential human rights impacts resulting from a company’s business activities or its relations with other companies. This is similar to the process of a development project, in which the appropriateness of the project is evaluated through an environmental impact assessment before authorization for the project is given. As such, a human rights impact assessment is conducted before a new product's development or a project's implementation, to evaluate their impacts on human rights. Human rights management requires active and preventive approaches rather than passive and remedial ones. The first step of such an approach is the human rights impact assessment, which is not merely for the identification of negative impacts on human rights but also includes exploration to prevent and reduce such impacts.

3) The Microsoft Global Human Rights Statement is open to all for download, at <http://www.microsoft.com/About/CorporateCitizenship/en-us/working-responsibly/principled-business-practices/human-rights/>. You can also check other multinational businesses’ human rights policy declarations on the Internet

4) The International Business Leaders Forum (IBLF) and the International Finance Corporation (IFC) jointly announced their Guide to Human Rights Impact Assessment and Management (HRIAM) in September 2011. This guide is developed for businesses wishing to assess and manage human rights threats in their business activities, and provides guidelines on how to ① identify potential or existing human rights threats, ② assess potential or existing human rights impacts, and ③ apply the findings to a business's management system. This guide will be useful for businesses wishing to conduct human rights impact assessments in earnest, since it provides detailed guidelines. For details, visit the IFC website at www.ifc.org/hriam.

Indicators

- Human rights impact assessment conforms to not only domestic but international human rights laws as well
 - Companies establish their human rights impact assessments primarily in compliance with the rules and laws of the countries in which they conduct their businesses.
 - Companies need to comply with the rules and laws not only of the country in which it carries out its business activities but also those of its homeland. If a company operates in a developing country without proper human rights rules and laws, it should observe those of its homeland since the mother country's jurisdiction does not completely disappear even for companies conducting business overseas, and the mother country has due responsibility for supervising its companies to ensure that they do not violate human rights while engaging in businesses overseas.
 - Companies must conduct human rights impact assessments in consideration of human rights rules and laws approved both domestically as well as internationally. The United Nations International Bill of Human Rights, and the rules and laws of the International Labor Organization, are particularly important.
 - Companies should respond sensitively even to labor demands on issues not obviously stipulated in the existing human rights rules and laws, since not doing so may sometimes reflect human rights problems in their operations. For instance, a demand to provide employees good uniforms can be translated as a demand to improve poor working conditions.
- Ensuring participation of both internal and external experts in human rights impact assessments
 - Internal experts of a company will lead its human rights impact

assessment, but the assessment can be conducted more objectively and precisely when external experts are also involved. External experts include professional consultants or those from civil society.

- Its human rights impact assessment should be conducted with the participation of not only experts but also the various departments of a company. Those responsible for product development, for instance, should be involved since the human rights impacts need to be reflected from the product development phase.

■ Human rights impact assessments should be conducted in coordination with individuals or groups whose human rights can potentially be negatively affected in the company's business activities.

- It is important to communicate with all individuals or groups with possibilities of being negatively affected by the company's business activities. Particular attention is required when vulnerable groups such as women or minorities can potentially be affected.
- Companies also need to consider that the types of vulnerable groups concerned may differ depending upon the regions in which they undertake their businesses.
- If a company does business in a region with high risk of human rights violations, it should devote extra attention in conducting its human rights impact assessment, in close coordination with local civic organizations.

■ Human rights violations by subsidiaries and affiliates included in scope of human rights impact assessment.

- This does not mean that mother companies or procuring companies should take direct responsibility for human rights violations by their subsidiaries or affiliates; however, if they are able to influence their subsidiaries or affiliates they must take responsibility for doing so with regard to any related human rights violations. It is hence reasonable to include subsidiaries and affiliates within the scope of the human

rights impact assessment. In the case of the electronics industry, for example, companies may have to procure minerals produced in regions where disputes have broken out, in which cases they should consider any possibilities of human rights infringement by their suppliers there.

■ Human rights impact assessment should consider possibility of company's complicity in human rights violations by countries in which its businesses are conducted

- Companies do not need to take responsibility for human rights violations by countries in which their business activities are conducted. The story is different if they violate human rights in their business activities, however, or if they provide resources or capital to those infringing on human rights in such countries. Companies should make extra efforts so as to not violate human rights either directly or indirectly.

■ Important human rights issues should be identified through human rights impact assessment

- Companies should identify human rights conditions in consideration of the seriousness of, probability of and possibility of recovery from human rights violations. This should be done from the perspective of how a company's activities may affect human rights, and not of whether human rights violations cause damage to the company.

■ Human rights impact assessment should be conducted on regular basis

- The human rights impact assessment should be conducted on a permanent basis, in consideration of the fact that human rights issues are always changing. In particular, industries with short product development cycles should conduct their assessments frequently, in accordance with the cycles.

Case

Implementation of human rights impact assessment

Since 1997 Shell has devoted efforts to applying human rights considerations in its management principles. As a part of these efforts, to evaluate its human rights management it has since 2001 participated in testing based upon the self-check tool developed by the Danish Institute for Human Rights. This has enabled the company to identify its current situation and reflect the results of evaluation in its management practices (National Human Rights Commission of Korea, 2009,⁵⁾ A study on exemplary cases of human rights management and the development of self-check tools₁), p. 164).

Reference

Elements to be considered in human rights impact assessment⁵⁾

- | | |
|--|--|
| 1. Right to life | 7. Right to freedom from war |
| 2. Right to liberty and security | propaganda, and freedom from |
| 3. Right not to be subjected to slavery, servitude or forced labor | incitement to racial, religious or national hatred |
| 4. Right not to be subjected to torture, cruel, inhumane And/or degrading treatments or punishment | 8. Right to access to effective judicial remedies |
| 5. Right to recognition as a person before the law | 9. Right to a fair trial |
| 6. Right to equality before the law, equal protection of the law, non-discrimination | 10. Right to be free from retroactive criminal law |
| | 11. Right to privacy |
| | 12. Right to freedom of movement |

5) This list is from the Guide to Human Rights Impact Assessment and Management (HRIAM), issued jointly by the IFC and the IBLF

13. Right to seek asylum from persecution in other countries	27. Right to an adequate standard of living
14. Right to have a nationality	28. Right to health
15. Right of protection for child	29. Rights to education
16. Right to marry and form a family	30. Rights to participate in cultural life, benefit from scientific progress and, material and moral rights of authors and inventors
17. Right to own property	31. Right of self-determination
18. Right to freedom of thought, conscience and religion	32. Right of detained persons to humane treatment
19. The freedom to freedom of opinion, information and expression	33. Right not to be subjected to imprisonment for inability to fulfil a contract
20. Right to freedom of assembly	34. Rights of aliens due process when facing expulsion
21. Right to freedom of association	35. Rights of minorities
22. Right to participate in public life	
23. Right to social security, including social insurance	
24. Right to work	
25. Right to enjoy just and favorable conditions of work	
26. Right to form and join trade unions, and the right to strike	

3. Company should take necessary measures to systemize human rights management

Yes	Necessary to Supplement	No	No Information	N/A
Additional considerations				

If human rights risks have been identified and proper plans to prevent or reduce them are in place, companies should implement those plans. Big companies in particular should take more systematic approaches to addressing their human rights impacts, since those who evaluate them may differ from those who implement the plans.

Indicators

■ Companies should establish dedicated departments for dealing with human rights management issues.

- The department in charge of human rights management can be a single unit or comprise several departments. Such a department may be an existing department — the CSR Department, for instance — or a totally new and independent department. If the department is a single unit, it should be able to cooperate with and exert influence over other departments in the company.
- The department in charge of human rights management should have a status enabling it to take immediate measures, should the company's business activities threaten negative impacts on human rights.

■ Companies should establish human rights compliance mechanisms.

- It is desirable that the human rights compliance mechanism be operated independently of the human rights management department.

■ Companies should establish and operate human rights management guidelines.

- Companies should establish guidelines for human rights management, to provide employees including management and labor guidance to help them reduce and prevent any human rights violations.
- The guidelines should be provided to all, in easily understandable terms.
- Employees should be informed of the guideline details through regular

training programs, for example those for new employees and those for executive members.

- In particular, special guidelines need to be established for sectors where probabilities of human rights infringement are high.

■ Companies should take necessary measures immediately if negative impacts on human rights or their likelihood are identified.

- “Necessary measures” means actions necessary to prevent or at least minimize any negative human rights impacts.
- Companies should take immediate measures when human rights are violated, based upon cooperation among the various internal departments concerned.
- Companies must take more active, emergency actions when serious and irreversible violations of human rights are expected. They can temporarily suspend their business activities, for example.

■ Companies should respond to human rights violations by subsidiaries or affiliates.

- It is unreasonable to consider companies as obliged to take responsibility for all human rights violations by subsidiaries or affiliates. However, if companies can influence their subsidiaries or affiliates in this regard, they should take necessary measures to do so.
- If their influence over its subsidiaries or affiliates seems insufficient, companies should seek measures to strengthen this influence.
- Companies should consider terminating business relations with subsidiaries or affiliates not rectifying their human rights abuses.
- Companies which, owing to important reasons preventing the severing of relations, continue business relations with subsidiaries or affiliates despite continuing risks of human rights abuses, may have to take civil or criminal responsibility for any human rights violations committed by these subsidiaries or affiliates.

4. Company has procedure for establishing human rights management track record

Yes	Necessary to Supplement	No	No Information	N/A

Additional considerations

Companies pursuing human rights management should check and record whether their human rights management practices are implemented on the company-wide level, to check thereby whether their commitments to human rights management are effectively implemented in their everyday business activities. The data collected through this process can be used for better human rights management in the future.

Indicators

- Achievements of human rights management checked through quantitative indicators or qualitative evaluations.
 - It is difficult to rapidly evaluate all details of human rights in a quantitative manner. Accordingly, it is necessary for companies to use quantitative indicators as a basis, while conducting qualitative evaluations in parallel for issues that have become actual problems.
- Achievements of human rights management should be evaluated in consideration of opinions of both internal and external experts and stakeholders.
 - Third party verification is one method for guaranteeing the objectivity of evaluations.
 - The opinions of labor unions or labor-management councils should be reflected in the evaluations.

- Companies need to pay extra attention to groups that are highly likely to suffer from human rights abuses, and should put into place separate procedures for dealing with such groups.

- Companies should have a procedure for reporting to upper level executives its track record in terms of the effectiveness of its human rights management.

5. Company reports achievements of human rights management on regular basis

Yes	Necessary to Supplement	No	No Information	N/A

Additional considerations

Companies should announce their internal evaluations of their human rights management publicly, to thereby inform internal and external stakeholders of how they have responded to negative impacts from their business activities. Companies should provide detailed information on their responses to human rights issues that are well known to the public.

Indicators

- Achievements of human rights management should be reported publicly, on regular bases
 - The human rights management performance can be announced in an independent report, or be included in an already existing sustainability report.
 - In some cases, stakeholder meetings, advisory meetings and debriefing sessions may be required to establish a report. An independent debriefing session is necessary to prepare an in-depth report on an individual issue.
 - “On a regular basis” means that companies should report its achievements in human rights management publicly during a certain

period of time every year. However, serious abuses of human rights should be responded to and reported on promptly and swiftly.

- Report should include information sufficient for evaluating company's activities
 - In cases of particularly serious human rights violations, companies should report their responses in greater detail.
- Report should be easily understandable by stakeholders.
 - If major stakeholders are foreigners, the report should be released in languages and methods easily understandable to them.
- Report should be objective and consistent enough that any changes occurring with the passage of time are recognizable.
 - Data should be quantified when quantification is possible, and the same criteria should be applied throughout the report to make clear any changes occurring with the passage of time.
 - To this end GRI standards can be utilized as criteria, but if the industry has relevant indicators they can be used as well.
- Details of report should be verified.
 - Verification means a procedure undertaken by a third party to verify the truth of the report.

6. Company provides procedures for relief of those suffering human rights abuses due to its business activities

Yes	Necessary to Supplement	No	No Information	N/A

Additional considerations

Even if a company has the best policies and procedures, there is always a possibility of human rights violations in the course of its business activities. Companies should take proper measures for the relief of those who have suffered human rights infringements. Such measures may take a variety of forms. For instance, they may include not only financial compensation but also apologies, recoveries, rehabilitations, non-financial compensations, sanctions or commitments to prevention of any recurrences.

Indicators

- Companies should have a systemized procedure for grievance settlement
 - The grievance settlement process should include all the processes of reporting, examination and mediation and complaint resolution.
 - If deemed necessary, provision of mediation process is possible.
 - The grievance settlement system can be established independently, by the company alone, or in a collaborative form jointly with the relevant industries.
- Grievance settlement system must be easily accessible to employees
 - Stakeholders should be informed of the existence and details of the system.
 - Barriers deterring stakeholders from using the system, such as language barriers, costs, physical distance and fear of retaliation, should be eliminated.
 - If necessary, victims of human rights abuses should be able to use the grievance settlement process anonymously. It must also be possible to keep the process private, at a victim's request.
 - Provision of a grievance settlement process that can be used immediately, on site, is necessary.
- Results of grievance settlement reported to relevant stakeholders rapidly
 - The grievance settlement results for major cases should be reported

individually, and all grievance settlements reported together comprehensively on a regular basis.

- In the reporting process the collection and analysis of information on the grievance cases is necessary, to thereby identify their types and trends and prevent any future recurrences.

■ Grievance settlement process should be objective, in accordance with internationally accepted criteria.

- It is undesirable to settle grievances in accordance with unclear or ambiguous criteria. Even if it is kept private for some reason, the process should follow reasonable and objective criteria.
- The grievance settlement process should consider that some of those expressing grievances do not provide references to international criteria. Once a grievance is expressed, the company should accept the case and redress the grievance even if the process of grievance expression is not done with reference to international criteria.

■ Companies should assist victims wishing to use grievance settlement processes other than those provided by the companies themselves.

- Besides the process provided by a company, victims of human rights violations by that company are entitled to use of the government judicial system or dispute settlement procedures offered by international organizations.
- Companies and victims should be able to clearly recognize that other processes are available to them in cases where grievances are not settled.
- The grievance settlement process should not be used or operated as a tool to encroach upon or constrain a labor union.

■ Settlement of individual grievance cases is not enough. For grievances caused by structural factors, companies should devote efforts to seeking reasonable and fundamental resolutions.

- If the same grievance is repeatedly expressed, there can be deemed to be some structural reasons for it. It is necessary to take a structural approach to the settlement process, to prevent recurrence.
- Upon identification of negative human rights impacts, companies should take relief actions rapidly and sufficiently .
 - It is important that the institutions (departments) whose activities have had negative impacts on human rights should participate in the relief process, so as to prevent recurrences of the same grievances.
 - Emergency procedures should be provided for cases where serious human rights abuses are possible, even before the start of the official grievance settlement process.
- Companies should properly guarantee the participation in the grievance settlement process of outsiders, for example from their labor unions and civil society.
 - The participation of labor union members, civil society and other experts will help to ensure that the process becomes more objective, reasonable and credible.

Principles

- Companies should not discriminate against job seekers on grounds of race, religion, physical disability, gender, place of birth or political views.

The principle of non-discrimination is one of the fundamental human rights principles. The Declaration of Human Rights states that “Everyone, without discrimination, has the right to equal pay for equal work (Article 23)”. There are other international rules and agreements established in opposition to discrimination – for instance the ‘International Convention on the Elimination of All Forms of Racial Discrimination’(1963), the ‘Convention on the Elimination of All Forms of Discrimination against Women’(1979), the ‘International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families’(1990), the ‘Convention Concerning Equal Remuneration for Men and Women Workers for Work of Equal Value’(ILO Convention 100, 1951), and the ‘Convention Concerning Discrimination in Respect to Employment and Occupation’(ILO Convention 111, 1958).

Principle 6 of the UN Global Compact says that “Companies should uphold the elimination of discrimination in respect of employment and occupation,” while the OECD Guidelines for Multinational Enterprises state that “Companies should not discriminate against their workers with respect to employment or occupation on such grounds as race, color, sex, religion, political opinion, national extraction or social origin, or other status”.

Article 11 in the Constitution of the Republic of Korea declares the non-discrimination principle that “All citizens shall be equal before the

law, and there shall be no discrimination in political, economic, social or cultural life on account of sex, religion or social status”. A similar principle is established in the Labor Standards Act, which states that “No employer shall discriminate against workers on the basis of gender, or discriminate with regard to treatment in relation to working conditions on the basis of nationality, religion or social status (Article 6)“.

The non-discrimination policy is now recognized as a universal human right, guaranteed by law. Accordingly, companies should apply non-discrimination policies in their business activities including employment, and should adhere to the non-discrimination principle even if they conduct businesses in regions characterized by insufficient or incomplete legal bases.

1. Company does not discriminate against job seekers on grounds such as gender, religion, physical disability, age, social status or region of birth

Yes	Necessary to Supplement	No	No Information	N/A

Additional considerations

Various types of discrimination typically take place in the employment process. The stages of the employment process include recruitment, hiring, training, job posting, promotion, payments of wages, and of money and goods in addition to wages, mortgage support, retirement, firing and layoffs (Article 2, National Human Rights Commission Act). Discrimination means behavior that unreasonably distinguishes among job seekers on the grounds of gender, religion, age, social status, social origin, nation of birth, race, physical conditions including facial features, marital status (married, unmarried, divorced, separated, separated by death, remarried or cohabitating), pregnancy or delivery,

family type or situation, ethnic group, skin color, ideology or political opinion, record of criminal offenses for which punishments are no longer in effect, sexual orientation, educational background or medical history (Article 2, National Human Rights Commission Act).

Indicators

- Countless types of discrimination may exist, which cannot be fully described. The definition above will provide guidance for identifying discrimination in employment. The following are cases of discrimination that have taken place and become issues:

Case

Refusal to hire hepatitis carrier

A hospital refused to hire a candidate for a position as clinical pathologist even though the candidate had passed through the entire required process including the final interview, on the ground that the candidate had proven to have benign hepatitis, was therefore likely to infect other people, and was as a result not qualified to work as a clinical pathologist having to deal with patients' tissue and blood samples. The candidate submitted a complaint to the National Human Rights Commission of Korea, which judged that people were unlikely to be infected by hepatitis in general daily routines in a community and it was thus unreasonable to limit employment on such grounds. The Commission judged the case as one of unreasonable discrimination, and recommended correction since the hospital's refusal to hire the candidate on the grounds of the candidate's medical history showing benign hepatitis was unreasonable (National Human Rights Commission of Korea, Case No. 09 JINCHA 1654).

Case**Refusal to hire on grounds of age**

000 company recruited delivery drivers for its product sales facility in 2009. It refused to accept an application from a 38-year old candidate on the grounds that the job required strength, as well as that the work was carried out in teams comprising two members and other team members would feel uncomfortable due to the age gap. The candidate filed a complaint with the National Human Rights Commission of Korea, claiming discrimination on the grounds of age. The Commission judged that it was unreasonable, based upon the candidate's age only, to conclude that he would not have a sufficient level of physical strength for the job, or that team members would feel uncomfortable working with him. The company's refusal was accordingly judged a case of undue discrimination (National Human Rights Commission of Korea, Case No. 09 JINCHA 1362).

Case**Discrimination against cleaning service workers based upon age**

00 Association consigned its cleaning services to a specific company. The Association gave notice of its age limit (50 years) for service workers in the bidding process and signed a contract with the company under conditions including the age limit. After the contract signing it was revealed that three of the company's cleaning service workers were over 50 years of age, and the Association therefore decided not to pay the service cost for these workers and deducted a penalty from the total fee calculation by invalidating the cleaning services they had performed. The cleaning service company filed a complaint citing age discrimination, and the National Human Rights Commission of Korea judged that unreasonable discrimination would not be approved even at private organizations with autonomous power. That is, remedial measures can be required to correct unreasonable discrimination even when stipulated in a contract. The Commission judged this to be a case of unreasonable discrimination based on age (National Human Rights Commission of Korea, Case No. 09 JINCHA 1170).

Case

Refusal to hire apartment security guards

0000 Management System Co., Ltd. began to provide security guard services to a new apartment complex. The company re-evaluated the existing security guards and terminated the employment of those exceeding a certain age limit (those born before 1938). The dismissed security guards filed a complaint with the National Human Rights Commission of Korea, saying that they had been unreasonably discriminated against in employment based upon their ages. The Commission judged the case to be another one of discrimination based on age, since the company was determining the qualifications of security guards on the basis of age (National Human Rights Commission of Korea, Cases No. 10 JINCHA 9 and 10 JINCHA12 (combined))

- Companies should meet mandatory employment quotas for the physically challenged.
 - According to the Act on Employment Promotion and Vocational Rehabilitation for Disabled Persons, the number of workers with physical disabilities in a company having more than 50 regular workers should at the minimum exceed the mandatory employment quota. The current mandatory level is 2.7% (since 2014), and 3% for public institutions (P Article 28).
 - Discrimination in employment is banned, but special consideration for the benefit of vulnerable groups of society is not regarded as discrimination. Companies must provide legally required advantages to underprivileged job seekers, but can also consider autonomously giving various supports to them not required by law.

2. Company does not discriminate based on gender.

Yes	Necessary to Supplement	No	No Information	N/A

Additional considerations

Discrimination based on gender means treating men or women differently from others based upon their genders only. As shown below, the existing law already stipulates various rules banning discrimination against women. Companies must comply with these rules and laws, and should also not discriminate against women even in ways that are not specified by law.

Indicators

- When recruiting and employing women, companies shall not require conditions unnecessary for the job, including physical attributes such as facial features, height or weight, or marital status (Paragraph 2, Article 7, Labor Standards Act).
- Companies shall pay the same or equal wages to all those doing the same jobs or work of equal value (Article 8, Labor Standards Act).
 - The term ‘work of equal value’ refers to work recognized as having almost the same characteristics in practice, and as having essentially the same values by objective work evaluations or other criteria even if their details differ a bit from each other, regardless of whether the work is done by men or by women. The evaluation should be undertaken in comprehensive consideration of the levels of skill, effort, responsibility and working conditions necessary for conduct of the required work, and in consideration of workers’ educational and

career backgrounds and years of service (Supreme Court ruling, April 14th 2003, Case No. 2002 DO 3883).

- Companies shall not discriminate against employees based on gender in providing them with financial or material support, or mortgage or welfare services (Article 9, Labor Standards Act).
- Companies shall not discriminate against employees based on gender in the processes of training, job placement or promotion (Article 10, Labor Standards Act).
- Companies shall not discriminate against employees based on gender in terms of retirement, dismissal or layoffs (Article 11, Equal Employment Act between Men and Women).
- Companies shall not refuse to sign already agreed employment contracts on grounds of marriage, pregnancy or childbirth of female workers (Article 11, Equal Employment Act between Men and Women).
- Companies shall make all efforts to avoid dismissal of workers when having to lay off employees due to urgent managerial needs, and shall apply reasonable and impartial criteria in the decision-making process. In such cases, decisions shall not involve discrimination on the basis of gender (Article 24, Labor Standards Act).
- Companies shall not request of workers unnecessary information including marital status, childbirth plans or number of family members being supported, and should not force the taking of unnecessary medical tests (for example of pregnancy).

Case**Discrimination against women**

An electronic device manufacturer paid female workers a lower basic wage than male workers who carried out jobs with similar psychological and physical intensity. The National Human Rights Commission of Korea judged this to be a case of unreasonable discrimination against female workers based upon gender, and recommended that the company compensate its female workers for the unreasonable discrimination. The court agreed that the determination by the Commission was based upon the law (Seoul Administrative Court ruling, June 12th 2008, Case No. 2007 GU HAP 45057).

Case**Discrimination against women**

It constitutes discrimination to establish a specific occupational group comprising female workers only, and to prevent the workers concerned from moving to other occupational groups while banning their promotions. Even if a company has abolished such an occupational group and provided promotional opportunities to female workers, it is considered discriminative in accordance with Paragraph 1, Article 2 of the Equal Employment Act between Men and Women if the company has not eliminated the already posed disadvantages, or if it has applied an early retirement rule for low level positions to female workers only (Seoul High Court ruling, January 12th 2006, Case No. 2004 NU 8851).

Case

Discrimination against women

A company stipulated in its collective bargaining agreement that the retirement ages of union members were 55 for men and 53 for women, while specifying the retirement dates as the days after their 55th birthdays for men and their 53th birthdays for women. The Supreme Court judged this stipulation as invalid in accordance with Article 5 of the Labor Standards Act, preventing unreasonable discrimination based on gender if companies have not clearly described the types of jobs and working conditions required in accordance with differences in gender; and with Article 8 of the Equal Employment Act between Men and Women, preventing discrimination against female workers in terms of retirement age (Supreme Court ruling, April 9th 1993, Case No. 92 NU 15765).

Case

Discrimination against women

Since its founding in 1988, △△ Airlines had forced its female flight attendants to wear only uniforms with skirts, emphasizing 'beauty' and 'neatness'. The labor union of △△ Airlines filed a complaint with the National Human Rights Commission of Korea citing this dress code as a violation of human rights. The Commission judged that the dress code of △△ Airlines was an example of gender discrimination, and recommended that the airline allow its stewardesses to wear pants uniforms (National Human Rights Commission of Korea, Case No. 12 JINJEONG 0415100).

3. Company does not discriminate against irregular workers compared to regular workers.

Yes	Necessary to Supplement	No	No Information	N/A

Additional considerations

Article 8 of the Act on the Protection, etc. of Fixed-Term and Part-Time Employees stipulates that no employer shall engage in discriminatory treatment of any fixed-term or part-time workers on grounds of their employment statuses compared with other workers engaged in the same or similar kinds of work on non-fixed-term employment contracts at the businesses or workplaces concerned. Determination of what are “the same or similar kinds of work” should be made in comprehensive consideration of the characteristics and details of the tasks assigned, the levels of authority and responsibility involved in the work processes, and the working conditions (Seoul Administrative Court ruling, June 3rd 2009, Case No. 2008 GU HAP 24743).

Indicators

- Companies shall not engage in discriminatory treatment of any irregular workers on grounds of their employment statuses compared with other workers engaged in the same or similar kinds of work (Article 8, Act on the Protection, etc. of Fixed-Term and Part-Time Employees, and Article 21, Act on the Protection, etc., of Dispatched Workers).
- In providing conveniences necessary for the conduct of work, companies shall not discriminate against irregular workers on grounds of their employment statuses.
 - The term “conveniences necessary for the conduct of work” refers to all facilities used during working hours including company locker rooms, shower facilities, staff lounges and restaurants.
- Companies shall pay the same wages for work of the same value in the same business.

Case

Discrimination against irregular workers

A company provided achievement incentives paid based upon previous year's performances at differing rates to regular workers only, and not to irregular workers. It was difficult to see any difference between the tasks carried out by regular and by irregular workers in terms of their values. This policy was accordingly judged to constitute 'discriminatory treatment' in accordance with Article 8 of the Act on the Protection, etc., of Fixed-Term and Part Time Employees (Seoul Administrative Court ruling, October 24th 2008, Case No. 2008 GU HAP 6622).

4. Company does not treat alien workers in discriminatory manner.

Yes	Necessary to Supplement	No	No Information	N/A

Additional considerations

Indicators

- Companies shall not discriminate against employees on grounds of their nationalities (Article 22, Act on Foreign Workers' Employment, etc.).
 - Forcing alien workers to work in unsanitary working conditions or limiting their use of convenience facilities on grounds of their nationalities constitute discriminatory treatment.
- Companies should provide conveniences to their alien workers enabling them to enjoy religious and cultural freedom.
 - For instance, companies should allow their alien workers to observe their religious holidays or to dress in accordance with their religious cultures, and should not discriminate against them on such grounds.

- Companies carrying out business activities overseas should respect the local cultures.

Case**Rejection of worker's request for transfer to different department on religious grounds**

A Muslim worker of Indonesian nationality (36 years old) signed a contract to work for one year at B Food Company. However, he was assigned work on the soondae (Korean sausage) manufacturing line, which is very difficult for Muslims. The worker therefore requested of his employer that he be transferred to another department, but this request was rejected. He then filed a complaint with the National Human Rights Commission of Korea. The Commission recommended to the employer that it correct the discrimination, based on a judgment that forcing the man to work on the soondae manufacturing line was discriminatory treatment since Muslims are not allowed to eat pork. According to the Act on Foreign Workers' Employment, etc., alien workers can request that their employers transfer them to other departments if the working conditions differ significantly from those specified in their employment contracts or if the employers have violated any other stipulations of their contracts or treated the workers unreasonably (National Human Rights Commission of Korea, Case No. 12 JINJEONG 0103300).



Guarantee of freedom of association and collective bargaining

Principles

- Businesses should allow workers to freely associate in labor unions, and should not give disadvantages to them on grounds of their union activities.
- Businesses should grant employees the right to collective bargaining to reach agreements on working conditions through negotiations between the labor union leaders and management.
- Businesses should not refuse requests for collective bargaining without lawful reasons, and should respect and implement the results of such negotiations in good faith.

The rights to organizing, collective bargaining and collective action are known as the three major labor rights, are aimed to help make up for the vulnerable statuses of employees compared to the power of business, and are therefore recognized as rights essential for the protection of employees' human rights.

The Universal Declaration of Human Rights declares that everyone has the right to freedom of peaceful assembly and association (Article 20), and that all workers also have the right to form and to join trade unions for the protection of their interests (Article 23).

There are various ILO documents on the rights of association and collective bargaining of employees. The 「ILO Declaration on Fundamental Principles and Rights at Work」(1998) proclaims the basic principles related to freedom of association and collective bargaining. Before the ILO Declaration on Fundamental Principles and Rights at Work, 「ILO Convention No. 87」 (concerning freedom of association and protection of the right to organize,

1948), 「ILO Convention No. 98」(right to organize and collective bargaining, 1949), 「ILO Convention No. 135」 (the workers' representatives convention), and 「ILO Convention No. 154」(the collective bargaining convention) were established, and a number of other relevant recommendations exist. Regarding businesses, the UN Global Compact elucidates that “Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining”, something that is also mentioned in the OECD Guidelines for Multinational Enterprises.

The Constitution of Korea explicitly recognizes the rights of association and collective bargaining. Article 33 of the Constitution declares that, “to enhance working conditions, workers shall have the right to independent association, collective bargaining and collective action”.

The 「Trade Union and Labor Relations Adjustment Act」 stipulates in detail how these three major labor rights should be implemented in practice. Businesses should accordingly protect the three labor rights of employees in line with domestic and international laws and practices.

1. Company recognizes freedoms of association and collective bargaining of employees

Yes	Necessary to Supplement	No	No Information	N/A

Additional considerations

Indicators

■ Companies should grant establishment of labor unions

- Companies should allow its employees to associate freely, and communicate with each other to discuss working conditions.

- If deemed necessary, companies should provide conveniences to employees to ensure that they are able to associate freely.

■ Companies should meet with union leaders on regular bases, and negotiate over collective bargaining issues.

- Collective bargaining issues may include wages, working hours, layoff procedures and break times.

2. Company does not give disadvantages to employees on grounds of their union activities

Yes	Necessary to Supplement	No	No Information	N/A

Additional considerations

Companies should not interrupt lawful labor union activities. Actions that constitute interruptions may include for example decisions giving disadvantages to workers based upon lawful union activities.

Indicators

■ Employer shall not dismiss or give any disadvantages to workers on grounds of their having joined or intended to join trade unions, intending to establish trade unions, or performing lawful acts for the operation of trade unions (Article 81, Trade Union and Labor Relations Adjustment Act).

- The terms ‘disadvantages’ means legally and economically disadvantageous treatments of workers through measures such as forced temporary retirements, transfers, changes in job postings and wage reductions.

- An employer shall not make it a condition of employment that a worker abstain from joining or withdrawing from a trade union, or joining a particular trade union (Article 81, Trade Union and Labor Relations Adjustment Act).
- An employer shall not refuse or delay concluding a collective agreement or conducting collective bargaining, without justifiable reasons, with representatives of a trade union or persons who have been authorized to negotiate by the trade union (Article 81, Trade Union and Labor Relations Adjustment Act).
- An employer shall recognize that trade union leaders have the right to bargain with the employer or an employers' association, and shall bargain with them in good faith and sincerity and make collective agreements with them (Article 30, Trade Union and Labor Relations Adjustment Act).
- An employer shall not dismiss or give any disadvantages to a worker on grounds that the worker has taken part in lawful collective activities, has reported any violation of law by the employer to the Labor Relations Commission, or has testified about such violations or presented evidence to administrative authorities (Article 81, Trade Union and Labor Relations Adjustment Act).

3. Company provides labor union leaders information necessary for conducting their activities as union leaders.

Yes	Necessary to Supplement	No	No Information	N/A

Additional considerations

Indicators

■ Companies should provide data necessary for collective bargaining, related for example to its business performance and situation, before the start of negotiations..

- Upon a request by labor union leaders, a company should provide the data requested in good faith, unless it has justifiable reasons for not doing so, such as to prevent leakage of trade secrets or confidential information.

■ In the case of an employer inevitably having to dismiss workers due to urgent managerial needs, the company shall give prior notice of this to a trade union or to a person representing the majority of workers, and shall participate in the related negotiations in good faith (Article 24, Labor Standards Act).

■ When labor union leaders request collective bargaining, companies should send a representative(s) to the negotiations who has (have) practical decision-making power.

4. If no trade union exists, company provides alternative measures enabling its employees to discuss labor issues

Yes	Necessary to Supplement	No	No Information	N/A

Additional considerations

Indicators

■ In some countries the establishment of labor unions must be allowed by the government, and there are cases where no trade unions have yet been formed, for various reasons. In such a case, companies should provide alternative measures enabling its employees to discuss labor issues

- Companies should allow its employees to discuss working conditions freely, and should provide conveniences to them for so doing, such as a meeting room.
- Even if a trade union has not yet been formed, companies should have meetings with workers' representatives on a regular basis, to discuss labor issues.
 - When a labor-management council has been formed, it should operate in a way so as to deal with practical labor issues.



Prohibition of forced labor



Principles

- Businesses should not adopt any forms of forced labor when employing workers, and should not gain any profits from forced labor even if it does not itself directly use forced labor.

The most extreme form of forced labor is slavery. Accordingly, the Universal Declaration of Human Rights has declared that “No one shall be held in slavery or servitude; slavery and the slave trade shall be prohibited in all their forms” (Article 4). The ‘Optional Protocol to the International Covenant on Civil and Political Rights’(1966) bans forced labor by explicitly using the term “forced labor” (Article 8). The ‘ILO Declaration on Fundamental Principles and Rights’ imposes obligations on governments to eliminate all forms of forced or compulsory labor. In addition, the ‘ILO Convention on Forced Labor’(1930, 1957) insists on the abolition of forced labor.

With regard to businesses, the UN Global Compact declares that they “should exclude the use of all forms of forced labor in their business activities”. The OECD Guidelines for Multinational Enterprises meanwhile address the corporate responsibility to devote efforts to eliminating all forms of forced or mandatory labor”.

The Constitution of Korea states clearly in Article 12 that “all citizens shall enjoy personal liberty,” and that “no person shall be subject to involuntary labor except as provided by the Act and through lawful procedures”. The Labor Standards Act stipulates in Article 7, under the title of “Prohibition of Forced Labor”, that “no employer shall force a worker to work against his/her own free will through the use of violence, intimidation, confinement or any other means which unlawfully restrict mental or physical freedom”.

In a civilized society, forced labor is considered the equivalent of slavery and strictly banned. In practice, however, forced labor does still exist in developing countries in various forms, and has not yet completely disappeared in developed countries. Businesses should accordingly make efforts to ensure that they neither force employees into involuntary labor, nor are involved in such practices even involuntarily. In the same context, they should prevent the use of forced labor in any of their affiliates or their supply lines.

1. Company bans all forms of forced labor.

Yes	Necessary to Supplement	No	No Information	N/A

Additional considerations

In advanced countries, where the principle of rule by law has settled into place stably, it is difficult to force workers into involuntary labor openly, although it is still possible that forced labor may be kept behind closed doors. In the developing world, not a few cases of forced labor have been identified. Even if companies are not directly involved in forced labor, they should devote full efforts to preventing any forms of forced labor used by any of their suppliers or affiliates, as well as by other collaborating companies in the developing world.

Indicators

- Companies shall not force workers to work against their own free will through the use of violence, intimidation, confinement or any other means which unlawfully restrict mental or physical freedom (Article 7, Labor Standards Act).
- Companies shall not force workers into debt bondage and involuntary labor.

- Companies shall not force workers into mandatorily working overtime against their will.
- Companies shall not confine workers, and shall allow them to leave their workplaces whenever they wish after the end of official working hours.
- Every worker has the right to quit his/her company within a reasonable period after giving prior notification to the employer.
- Companies should not outsource work to organizations or companies involved in illegal activities including debt bondage or human trafficking, and should not purchase goods produced by such companies.
- Companies shall avoid involvement in compelling workers to deposit money as means of detaining them, delaying payments to force employees to work more days than stipulated in their employment contracts, threatening or forcing workers into involuntary or overtime work, or inducing debt bondage aimed at compelling workers to perform involuntary work.
- If a company wishes to utilize the labor of prisoners, the prisoners shall have been convicted in a court of law and shall be employed under government supervision.

Case

Practical prevention of employees' resignation

Unless otherwise stipulated, employees may cancel their employment contracts and quit at any time. The courts have accordingly judged that it constitutes unreasonable restriction of employees' freedom to unconditionally force them to pay certain amounts in penalty to employers when they resign before expiration of their employment contracts. Courts have decided that such penalties are invalid since the contracts stipulating them are unfair and contrary to social justice (Suwon District Court ruling, Case No. 2010 NA 20676).

2. Company does not hold in its custody important personal documents of its workers, including alien workers, such as ID cards, documents required for travel, etc.

Yes	Necessary to Supplement	No	No Information	N/A

Additional considerations

Indicators

- Companies should not require of workers submission of personal documents such as ID cards.
- Companies should not destroy immigrant workers' documents, or documents of equivalent value, including their passports and those of their families, and should not keep custody of the original versions by themselves even for very brief periods of time (International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families, 1990).

3. Company takes extra measures to prevent forced labor in its overseas subsidiaries and affiliates

Yes	Necessary to Supplement	No	No Information	N/A

Additional considerations

Indicators

- Companies should explicitly require of their overseas subsidiaries and

affiliates that they neither use nor be involved in the use of forced labor.

- The term “explicitly require” means stipulating avoidance of the use of forced labor in the relevant official documents including contracts.

■ If their overseas subsidiaries or affiliates are highly likely to use or be involved in forced labor, companies should constantly monitor them.

- Monitoring means the allocation of staff charged exclusively with checking on this problem and reporting thereof on a regular basis.

5

Prohibition of child labor

Principles

- Businesses are prohibited from hiring children under the age of 15 and using their labor. If a business has to use child labor within the related legal boundaries, it should devote extra efforts to guaranteeing the children's educational opportunities and safety.

The Universal Declaration of Human Rights stipulates the necessity of protecting children, stating that “all children, whether born in or out of wedlock, shall enjoy the same social protection”.

The International Covenant on Economic, Social and Cultural Rights, ICESCR (1966) stipulates that “special measures of protection and assistance should be taken on behalf of all children and young persons without any discrimination for reasons of parentage or other conditions” (Article 10).

The International Convention on Civil and Political Rights (1966) states that “every child shall have, without any discrimination as to race, color, sex, language, religion, national or social origin, property or birth, the right to such measures of protection as are required by his status as a minor, on the part of his family, society and the State” (Article 24).

Special conventions on child protection also exist. ‘The United Nations Convention on the Rights of the Child’ (1989) requires that “states and parties recognize the right of the child to be protected from economic exploitation and from work that is likely to be hazardous or to interfere with the child’s education, or to be harmful to the child’s health or physical, mental, spiritual, moral or social development,” and that “states and parties shall take legislative, administrative, social and educational measures” to ensure the rights specified in the convention.

Other ILO rules and regulations elucidate children’s rights in labor.

The 「ILO Declaration on the Fundamental Principles and Rights at Work」 imposes on governments the obligation to effectively abolish child labor exploitation. 「ILO Convention 138」 (Convention Concerning Minimum Age for Admission to Employment, 1973) and 「ILO Convention 182」 (Convention on the Worst Forms of Child Labor, 1999) also describe the obligations of governments to eliminate the exploitation of child labor.

With regard to businesses, the UN Global Compact declares that “businesses should eradicate child labor effectively”. The OECD Guidelines for Multinational Enterprises say that businesses should make contributions to the effective abolition of child labor.

The Constitution of Korea stipulates the principle of child protection that “special protection shall be accorded to working children”. In line with this, all enterprises must provide special protections to all children going through their processes of development. They should pay particular attention to making sure that work does not limit the educational opportunities of children. Businesses should not hire children before they have completed their compulsory educations.

1. Company does not hire minors under the age of 15

Yes	Necessary to Supplement	No	No Information	N/A

Additional considerations

Indicators

- Persons under the age of 15 shall not be employed as workers (Article 64, Labor Standards Act).
- Persons under the age of 18 who are attending middle schools shall not

be employed as workers (Article 64, Labor Standards Act).

- For each minor under the age of 18 employed, the employer shall keep in the workplace a certificate specifying his/her family relationships and showing the written consent for his employment by his/her parent guardian. The working hours of persons between 15 and 18 years of age shall not exceed seven hours per day and forty hours per week (Articles 66 and 19, Labor Standards Act).
- Companies doing business overseas should not employ those under the age of 15 (ILO Standard).
- Companies should not employ minors under the pretense of providing them training programs.
- Companies should check the ages of their employees based upon official documents before hiring them, and in cases where counterfeit ID certificates are a possibility should additionally check the certificates' authenticities.
- Companies doing business in countries that do not issue certificates of birth to their people should consider alternative measures for checking the ages of employees, and should devote efforts to avoid hiring minors.

2. If company finds that it has hired a minor it provides minor with educational opportunities or takes other remedial measures, rather than immediately ending the employment relationship

Yes	Necessary to Supplement	No	No Information	N/A

Additional considerations

Indicators

Any companies hiring persons subject to mandatory education shall not hinder their receipts of mandatory education due to their employment (Article 15, Elementary and Secondary Education Act).

Rather than immediately ending his/her employment, a company realizing it has employed a minor should seek remedial measures. Major causes of child labor are poverty and shortages of social services, which mean that immediate dismissal could drive a child into a more dangerous situation including prostitution, homelessness or starvation. Accordingly, the company should seek ways to help such a child, which could include the offering of work to the child’s family, or initiating an apprenticeship program that includes the provision of basic education for children.

3. When hiring minors under the age of 18, company does not expose them to harmful working conditions in view of health, security or moral consciousness

Yes	Necessary to Supplement	No	No Information	N/A

Additional considerations

Indicators

- Companies should have policies and guidelines specifying the types of work that are harmful to health, security or moral consciousness.
 - Companies should take measures to prevent children from engaging in work that exposes them to physical, psychological or sexual abuse (ILO Recommendation 190).
 - Companies should take measures to prevent children from working

- underground, underwater, at dangerous heights or in confined spaces (ILO Recommendation 190).
- Companies should take measures to prevent children from working with dangerous machinery, equipment and tools, or doing work which involves the manual handling or transport of heavy loads (ILO Recommendation 190).
 - Companies should take measures to prevent children from working in unhealthy environments, which may for example expose them to hazardous substances, agents or processes, or to temperatures, noise levels or vibrations harmful to their health (ILO Recommendation 190).
- Companies should take measures to prevent children from working under particularly difficult conditions, such as for long hours or during the night (ILO Recommendation 190).
- Companies should have minors undergo medical examinations to check whether they are physically strong enough to work.



Guarantee of industrial safety

Principles

- Businesses should make sure that their employees work in clean and safe environments, and when they must work in dangerous environments should provide them with protective equipment and safety training programs.
- Businesses should compensate employees for any damage or disease caused by occupational hazards.

Economic, Social and Cultural Rights (1966) therefore states that “all peoples have the right to the enjoyment of safe and healthy working conditions under the highest attainable standard of physical and mental health, and the state should take steps to achieve the full realization of this right” (Article 12).

Many ILO conventions on industrial safety stipulate the state’s obligation to ensure industrial safety and hygiene, including ‘ILO Convention 120’ (Hygiene Convention, 1964), ‘ILO Convention 155’ (Occupational Safety and Health Convention, 1981), and ‘ILO Convention 161’ (Occupational Health Services Convention, 1985).

Regarding businesses, the OECD Guidelines for Multinational Enterprises (2000) declare that “multinational enterprises should take proper measures to guarantee occupational safety and health within the basic framework of general labor relations recognized by law and rules”.

Industrial safety rules are set out in the Occupational Safety and Health Act of Korea. According to the Act, “an employer shall observe the standards for the prevention of industrial accidents as prescribed by this Act and any order issued under this Act, provide workers with

information on safety and health in the workplace, prevent health problems for workers caused by physical fatigue, mental stress, etc., protect the lives of workers, maintain and promote the safety and health of workers by creating a proper work environment through the improvement of working conditions, and comply with the industrial accident and disease prevention policy of the State” (Article 5).

Businesses should take proper measures in accordance with the aforementioned laws and principles, to ensure that their employees work in safe and clean working environments

1. Company maintains safe working place for employees, by keeping protective equipment and facilities in clean conditions and functioning properly

Yes	Necessary to Supplement	No	No Information	N/A

Additional considerations

Indicators

- Emergency exits are not blocked by any obstacles and are available for use at all times.
- Companies manage ventilation and indoor temperatures, lighting, drinking water, washstands, chairs, food storage facilities, lodging and restrooms in proper manners.
- Companies have procedures for monitoring whether protective equipment and safety facilities are kept in safe order and hygienic condition.
- Companies conduct assessments of reliability of work environment monitoring to protect workers from harmful materials and maintain amenable working environments (Article 42, Occupational Safety and Health Act).

2. Company provides extra hygienic measures for vulnerable workers, including those who are pregnant or have physical disabilities

Yes	Necessary to Supplement	No	No Information	N/A

Additional considerations

Indicators

- Companies shall not employ women who are pregnant or have given birth within less than one year, or anyone less than 18 years of age, for hazardous or dangerous work from perspectives of morality or health. Companies shall not employ women aged 18 or older who are not pregnant for work that is hazardous and dangerous to pregnancy or childbirth (Paragraphs 1 and 2, Article 65, Labor Standards Act).
- Companies should take proper measures to change working places of pregnant employees upon their requests.
- Companies should take proper measures to ensure that employees with physical disabilities have no difficulties in moving about in their workplaces.

3. Company provides employees protective equipment necessary for their work, and offers them regular training on industrial safety

Yes	Necessary to Supplement	No	No Information	N/A

Additional considerations

Indicators

- In cases where workers must inevitably be exposed to dangerous processes or chemical materials, companies should provide them with proper protective equipment such as protective clothing, gloves, helmets, safety glasses and safety shoes.
 - Companies should provide protective equipment to employees at its own rather than the employees' expense.
- Companies should provide workers having to work in dangerous working conditions with information on safety and health in the workplace, and ensure their access to additional information if they wish it.
- Companies should provide regular educational programs, taught by experts, on hygiene and safety in the workplace.
 - Programs should be delivered in easily understandable terms and languages for workers, for example in the local languages in the company's overseas subsidiaries or affiliates.
 - Companies shall have their workers complete basic safety and health education courses on regular bases (Article 31, Occupational Safety and Health Act).
- Companies should take extra safety measures related to the following processes and materials that may pose harm to safety: hazardous bio-chemical drugs, materials that may cause unwanted physical, physiological or mental changes, noises, toxic gases, vibrations, radioactive materials, electronic shocks, fires, explosives, slippery surfaces, extreme temperatures, falling objects, asbestos, materials causing respiratory disabilities, excessive lighting, dangerous machines such as sawing machines, lead, benzene, cigarette smoke, etc.
- With regard to harmful agents that could cause their workers serious health problems, companies shall keep the levels of use of such agents below the permitted standards prescribed by law (Article 39, Occupational Safety and Health Act).

4. Company provides healthcare examinations to workers, to help them to maintain and protect their health

Yes	Necessary to Supplement	No	No Information	N/A

Additional considerations

Indicators

■ Companies should conduct health diagnoses of their workers to help them maintain their health. During such a diagnosis, labor union representatives may witness the process upon a worker’s request.

5. Company bears necessary expenses for workers suffering occupational injuries or diseases, enabling them to receive necessary medical treatment

Yes	Necessary to Supplement	No	No Information	N/A

Additional considerations

Indicators

■ An employer shall provide workers who have suffered occupational injuries or diseases the necessary medical treatment at the employer’s own expenses, or bear the corresponding expenses. The types of such compensation shall include compensation for time off work, compensation for disabilities, compensation paid to survivors, funeral

expenses and lump sum compensations (Article 78, Labor Standard Acts).

■ Companies should pay such compensation for medical treatment and time off work without delay.

- According to the Enforcement Decree of the Labor Standards Act, the compensation for medical treatment and time off work shall be paid at least once each month. Employers may be subject to criminal punishment if they do not pay such compensation by the last day of the month on which the cause for compensation has occurred.



Responsible supply chain management



Principles

- Businesses should take proper measures with respect to their subsidiaries and affiliates, including suppliers, to ensure their implementations of human rights management. Businesses should end business relations with those that do not correct significant human rights violations.
- Businesses should pay extra attention to preventing human rights infringements by security personnel. This includes cases where security personnel are employed via outsourcing, and businesses should take measures to prevent human rights infringement by these outsourced personnel too.

Businesses should take responsibilities for not only any human rights abuses committed by themselves but also for any committed by other businesses within the scope of their influences including suppliers, subsidiaries and major affiliates. In other words, they also have to take responsibilities for indirect human rights infringements.

In line with this, the OECD Guidelines for Multinational Enterprises prescribe that, “where possible, businesses should encourage its subsidiaries, including suppliers and contractors, to comply with corporate principles of action that are in accordance with these guidelines.”

This means that businesses should neither encourage nor help in any human rights abuses by those under its influence. Businesses should also not receive any advantages from other businesses’ human rights infringements.

1. Company requires suppliers, subsidiaries and other affiliates to comply with responsibilities for human rights protection

Yes	Necessary to Supplement	No	No Information	N/A

Additional considerations

Indicators

- Companies should have procedures for selecting collaborating companies, based upon assessment of their human rights protection practices.
- Companies should include in their contracts with suppliers or collaborating companies that they are expected to respect human rights in all business areas.
- Companies should require that collaborating companies make commitments in writing to protect human rights.
 - Companies should explicitly stipulate that collaborating companies must be committed to respecting human rights, and that the collaborative relationships may end if collaborators are found to have violated human rights and do not take steps to correct such wrongdoing.

2. Company monitors whether suppliers, subsidiaries, affiliates and other major collaborators comply with their responsibilities to protect human rights

Yes	Necessary to Supplement	No	No Information	N/A

Additional considerations

Indicators

- Companies should regularly monitor the human rights management practices of collaborating companies.
- Companies should demand corrections of any human rights violations by collaborating companies, and consider ending business relationships with them if they do not correct such violations.

3. Company takes extra consideration to prevent human rights infringements by security personnel

Yes	Necessary to Supplement	No	No Information	N/A

Additional considerations

Indicators

- Security personnel should receive in-depth education on the protection of human rights.
- If companies outsource the hiring of security personnel, they should explicitly require in the contract that these personnel comply with rules and regulations for human rights protection.
 - Companies should include in the contracts clauses stating that the contracts may become invalid if the rules and regulations related to human rights protection are not followed.
- Companies should regularly monitor whether outsourced personnel comply with the rules and regulations for human rights protection.

8

Protection of local residents' human rights

Principles

- Businesses should endeavor to not abuse the human rights of local residents or be complicit in any human rights problems in regions in which they conduct their business activities. In particular, businesses should respect and protect the rights to life, to freedom of residence and movement, to security and to ownership of property of local residents.

The lives of local residents are significantly affected by the business activities of large companies in their regions, and companies should accordingly consider the benefits of local people when they conduct these activities. In particular, they should pay attention to the employment of local residents, the protection of local cultures and local resident's housing rights, and environmental protection.

「ILO Convention 169」(Rights of Indigenous and Tribal Peoples, 1989) prescribes the rules and regulations on the protection of local people's rights to land and mineral resources. The OECD Guidelines for Multinational Enterprises emphasize the need for multinational enterprises to collaborate closely with local communities and recommend employing as many local residents as possible.

1. When purchasing land, company coordinates with land owners or those affected by transfers of land ownership

Yes	Necessary to Supplement	No	No Information	N/A

Additional considerations

Indicators

- Companies should comply with the relevant laws requiring that they coordinate with local residents in their business activities. They should for instance observe the Industrial Site and Development Act (Article 10), the Environmental Impact Assessment Act (Article 14), and the Special Act on the Development of Enterprise Cities (Article 14).
- Before purchasing land, companies should check on the land's legal ownership, and on whether there is any customary practice of recognizing the land ownership of indigenous or tribal peoples.
 - In developing countries there may exist rights to land ownership of indigenous or tribal people that have been recognized traditionally, and these should be protected as well even if they are not legally recognized.
- Companies should not utilize measures involving force for purposes of extorting property out of local residents.
- Companies should coordinate with those affected seriously by transfers of land ownership, or with third parties helping them.
 - It is not justifiable for those conducting redevelopment projects to ignore the rights of lessees, on grounds that they are not the actual owners.
 - Companies should also check the rights of land possession, and should provide proper compensation for land if it is deemed necessary.

2. Company is neither involved in forcing residents to vacate land, nor gains undue profits from those vacating land but rather compensates them appropriately

Yes	Necessary to Supplement	No	No Information	N/A

Additional considerations

Indicators

■ Companies should not be involved in any forms of forced expropriation of land.

■ If the relevant laws include measures for the protection of persons forced to change residence due to companies' business activities, companies should provide compensation in accordance with those laws. They should for instance comply with the relevant rules and regulations of the Act on Assistance to Electric Power Plants –Neighboring Areas (Article 15), the Special Act on New Development Regions Nurturing Investment Promotion (Article 33), the Land, Industrial Sites and Development Act (Article 36), and the Special Act on Enterprise City Development (Article 14).

3. Regarding specific regional artworks or materials for which company wishes to apply for copyrights, or inventions for which patents have not yet been granted but which are already being used by local residents, company obtains consent for their use from owners or inventors after giving them sufficient information and explanations in this regard

Yes	Necessary to Supplement	No	No Information	N/A

Additional considerations

Indicators

■ Before using other people's knowledge, companies should check the ownership of their intellectual property rights.

■ Companies should check the ownership of intellectual property rights in

consideration of whether they are rights that are customarily protected.

- Companies should obtain informed consent for intellectual property use from all owners of intellectual property rights, and provide proper compensation if deemed necessary. Even if legal protections do not exist, companies should negotiate with inventors and obtain informed consent for the commercial use of their inventions.

9

Guarantee of environmental rights

Principles

- Businesses should establish and maintain environmental management systems, and disclose environmental information both internally and externally.
- Businesses should adhere to preventive approaches to environmental issues, and should establish emergency plans for reducing and controlling serious environmental damage or disasters.

Human livelihoods depend upon the natural environment. It is accordingly considered a serious human rights abuse to cause environmental pollution that directly affects people's lives and health. Businesses may cause serious impacts to specific individuals' human rights in the process of providing its products and services, and in the long term may indirectly affect people's livelihoods. Examples of the former case may include direct exposures of employees or residents to toxic materials, and of the latter carbon emissions. Businesses should devote efforts to avoid degradation of the environment in consideration of these aspects, and have responsibilities for improving the environment.

The OECD Guidelines for Multinational Enterprises comprehensively prescribe businesses' obligations to protect the environment. The Guidelines state that businesses should establish and maintain environment management systems, and conduct environmental impact assessments if deemed necessary, to thereby prevent or reduce environmental degradation. Businesses also have the obligations of establishing emergency plans and providing education and training programs to protect the environment.

The UN Global Compact has three articles related to the environment. According to these articles, businesses should take remedial approaches to environmental issues, take measures to strengthen their

environmental responsibilities, and promote the development and dissemination of environmentally friendly technology.

On top of this there exist many related international declarations and agreements including the Rio Declaration, which businesses should endeavor to protect the environment in consideration of.

The Constitution of Korea prescribes in Paragraph 1 of Article 35 that “all citizens shall have the right to a healthy and pleasant environment; the state and all citizens shall endeavor to protect the environment” . Businesses should also respect the rights of citizens to a healthy and pleasant environment, and should accordingly comply with laws related to the environment including the Framework on Environmental Policy, the Environmental Impact Assessment Act, the Natural Environment Conservation Act, the Air Environment Preservation Act and the Water Quality and Ecosystem Conservation Act.

Since there already exist many rules and regulations concerning environmental protection both domestically and abroad, a business can to a great extent manage its business in an environmentally friendly way if it complies with them. However, businesses should do more than merely complying with the law in pursuit of environmentally friendly management, and should devote extra attention when environmental damage can occur that can possibly infringe on human rights.

1. Company has established and maintained an environment management system

Yes	Necessary to Supplement	No	No Information	N/A

Additional considerations

Indicators

- Companies should collect and evaluate environmental information systematically.
- Companies should set measurable targets for improving the environment, and regularly check the appropriateness of their targets.
 - The targets should be set in consideration of national environmental policies and international standards.
- Companies should check their management and manufacturing activities regularly and systematically, in consideration of their environmental targets.
- Companies should make constant efforts to improve the environment not only in their business activities but in the processes of developing and providing their services and products.
- Companies should provide their employees with regular education and training programs on the environment.

2. Company discloses environmental information

Yes	Necessary to Supplement	No	No Information	N/A
Additional considerations				

Indicators

- Companies should provide environmental information to the general public as well as their workers.
 - Disclosures of information should be done in the manners specified

by the GRI (Global Reporting Initiative).

- Companies should disclose environmental information regularly, and at the earliest possible time also in events of environmental accidents or requests by stakeholders.
- When developing their environmental policies, companies should disclose relevant information and coordinate with workers, customers, suppliers and stakeholders.

3. Company adheres to preventive approaches to environmental problems

Yes	Necessary to Supplement	No	No Information	N/A
Additional considerations				

Indicators

- When developing new products or considering business expansions companies should consider their environmental impacts, and if it is deemed necessary conduct environmental impact assessments.
- If an environmental impact assessment shows a possibility of serious environmental damage, companies should take necessary measures to prevent or reduce the negative impacts on the environment.
- If there is any possibility of environmental degradation caused by a company’s activities, the company should endeavor to minimize such negative effects on the environment even if there is no scientific evidence.

4. Company has established emergency plans to prevent, reduce or control environmental damage and disasters

Yes	Necessary to Supplement	No	No Information	N/A

Additional considerations

Indicators

- Companies should establish detailed emergency procedures for tackling emergency situations that might cause serious damage to the environment and to people's health.
- Companies should conduct regular emergency trainings for workers in accordance with their emergency response guidelines.
- Companies should clearly notify their regional communities of any possibilities of emergencies stemming from business activities.
- Companies should develop emergency response plans in coordination with the relevant local authorities and governments, and ensure that local residents are well aware of emergency response procedures including those for evacuations.
- Companies should establish alarm systems to notify their regional communities, relevant authorities and outside emergency response companies immediately upon occurrences of emergencies.
- If hospitals are located far from a company, it should establish facilities and medical teams for the provision of emergency response services.



Protection of consumer's human rights



Principles

- In the processes of their goods and service provision, businesses should not cause harm to the health and safety of consumers.
- Businesses should not exaggerate or mislead consumers in advertising or marketing of their products and services.
- Businesses should respect the privacy of consumers, and take necessary measures to protect the personal information that they have collected and stored.

Consumers are in a relatively weak position compared to businesses. In general, businesses manufacture products unilaterally which consumers then passively use. Businesses therefore have responsibilities for the proper protection of consumers.

The 「UN Guidelines for Consumer Protection」 were established in 1985, and have since been widely recognized as an important document comprehensively stipulating the rights of consumers. These guidelines specify major principles of consumer protection and sustainable consumption.

The OECD Guidelines for Multinational Enterprises (2011) include comprehensive and detailed principles of consumer protection. They prescribe that, “when dealing with consumers, enterprises should act in accordance with fair business, marketing and advertising practices, and should take all reasonable steps to ensure the quality and reliability of the goods and services that they provide”.

The Constitution of Korea guarantees consumer rights by stipulating that “the state shall guarantee a consumer protection movement intended to encourage sound consumption activities and improvement in the quality of products under conditions as prescribed by law” (Article 124).

In addition, other laws and acts including the Consumer Protection Act and the Product Liability Act provide detailed rules and regulations that businesses should follow to protect consumers.

Businesses should accordingly protect consumers while complying with these laws and acts, and should do their utmost to protect consumers even when conducting business in developing countries where proper laws on human rights protection have not yet been put in place

1. Company pays necessary attention to design, manufacturing and labeling in accordance with the relevant rules and regulations for protection of the lives, health and safety of consumers

Yes	Necessary to Supplement	No	No Information	N/A

Additional considerations

Indicators

■ From the perspective of safety, companies should conduct product assessments to prevent defects in manufacturing, design or labeling.

- The term ‘defects in manufacturing’ refers to flaws in the manufacture of a product making it different from the way it was designed, and thereby unsafe regardless of how much care the manufacturer may have taken in the manufacturing process.
- The term ‘defects in design’ indicates flaws in the design of a product which the manufacturer could have avoided by adopting a safer design, thereby preventing or reducing any damage or injury that the product has caused.
- “Defects in labeling” mean failures on a manufacturer’s part to provide adequate descriptions, directions or warnings which could have prevented or reduced any

damage or injury that the product has caused (Article 2, Product Liability Act).

- Companies should assist consumers in their decision-making processes by providing correct and clear information on their products and services, safe methods of their use, their environmental impacts, and methods for their maintenance and repair, storage and destruction.
- Companies should not use unjustified labels or advertisements for their products and services, which might deceive or mislead consumers (Act on Fair Labeling and Advertising).
- Companies should provide consumers with important information including the prices of their products and services, the transaction terms and conditions and the product specifications, to thereby assist consumers in making reasonable decisions.
- Companies should inform consumers of their products' environmental characteristics, to satisfy consumers' increasing interest in sustainability and environmental protection.
- Information on products and services should be provided in easily understandable language, or in the local languages if deemed necessary.

2. When a product defect is found company informs consumers of it and of any related danger, before immediately recalling the products sold

Yes	Necessary to Supplement	No	No Information	N/A

Additional considerations

Indicators

- Companies should inform consumers of any product defects identified after products have already been released to the market.

- Upon finding a significant defect in one of its products, a company should immediately recall that product.
- Companies should compensate consumers for losses caused by product defects.
- Companies should guarantee that consumers can return products having significant defects.

3. Company respects privacy of consumers, and takes necessary measures to maintain confidentiality of collected consumer information

Yes	Necessary to Supplement	No	No Information	N/A
Additional considerations				

Indicators

- Companies should have guidelines for the collection and management of consumer information, and the guidelines should be disclosed to all.
- Companies should have staff charged with collecting and managing consumer information, and their names should be publically disclosed.
- Companies should collect the minimum amounts of information required, after having obtained the informed consents of consumers
- Companies should use such consumer information only for purposes to which the consumers have agreed.
- Consumers have the rights to read the information on them held by companies, and if they wish to demand that this information be deleted.
- Companies should make special efforts to prevent any leakages of information.

Attachment 1 : Human rights management checklist

	Sectors	Answers				
		Yes	Necessary to supplement	No	No information	N/A
1	Establishment of human rights management systems					
2	Non-discrimination in employment					
3	Guarantee of freedom of association and collective bargaining					
4	Prohibition of forced labor					
5	Prohibition of child labor					
6	Guarantee of industrial safety					
7	Responsible supply chain management					
8	Protection of local residents' human rights					
9	Guarantee of environmental rights					
10	Protection of consumer's human rights					

Attachment 2 : Human rights management checklist: detailed items

Sectors	Items	Answers				
		Yes	Necessary to supplement	No	No information	N/A
① Establishment of human rights management systems	① Company has made policy declaration of intent to fulfill its obligation to respect human rights					
	② Company should conducts human rights impact assessment on regular basis					
	③ Company should take necessary measures to systemize human rights management					
	④ Company has procedure for establishing human rights management track record					
	⑤ Company reports achievements of human rights management on regular basis					
	⑥ Company provides procedures for relief of those suffering human rights abuses due to its business activities					
	Sub-total					
② Non-discrimination in employment	① Company does not discriminate against job seekers on grounds such as gender, religion, physical disability, age, social status or region of birth					
	② Company does not discriminate based on gender.					
	③ Company does not discriminate against irregular workers compared to regular workers.					
	④ Company does not treat alien workers in discriminatory manner					
	Sub-total					

Sectors	Items	Answers				
		Yes	Necessary to supplement	No	No information	N/A
③ Guarantee of freedom of association and collective bargaining	① Company recognizes freedoms of association and collective bargaining of employees					
	② Company does not give disadvantages to employees on grounds of their union activities					
	③ Company provides labor union leaders information necessary for conducting their activities as union leaders					
	④ If no trade union exists, company provides alternative measures enabling its employees to discuss labor issues					
	Sub-total					
④ Prohibition of forced labor	① Company bans all forms of forced labor					
	② Company does not hold in its custody important personal documents of its workers, including alien workers, such as ID cards, documents required for travel, etc.					
	③ Company takes extra measures to prevent forced labor in its overseas subsidiaries and affiliates					
	Sub-total					

Sectors	Items	Answers				
		Yes	Necessary to supplement	No	No information	N/A
⑤ Prohibition of child labor	① Company does not hire minors under the age of 15					
	② If company finds that it has hired a minor it provides minor with educational opportunities or takes other remedial measures, rather than immediately ending the employment relationship					
	③ When hiring minors under the age of 18, company does not expose them to harmful working conditions in view of health, security or moral consciousness					
	Sub-total					
⑥ Guarantee of industrial safety	① Company maintains safe working place for employees, by keeping protective equipment and facilities in clean conditions and functioning properly					
	② Company provides extra hygienic measures for vulnerable workers, including those who are pregnant or have physical disabilities					
	③ Company provides employees protective equipment necessary for their work, and offers them regular training on industrial safety					
	④ Company provides healthcare examinations to workers, to help them to maintain and protect their health					
	⑤ Company bears necessary expenses for workers suffering occupational injuries or diseases, enabling them to receive necessary medical treatment					
	Sub-total					

Sectors	Items	Answers				
		Yes	Necessary to supplement	No	No information	N/A
⑦ Responsible supply chain management	① Company requires suppliers, subsidiaries and other affiliates to comply with responsibilities for human rights protection					
	② Company monitors whether suppliers, subsidiaries, affiliates and other major collaborators comply with their responsibilities to protect human rights					
	③ Company takes extra consideration to prevent human rights infringements by security personnel					
	Sub-total					
⑧ Protection of local residents' human rights	① When purchasing land, company coordinates with land owners or those affected by transfers of land ownership					
	② Company is neither involved in forcing residents to vacate land, nor gains undue profits from those vacating land but rather compensates them appropriately					
	③ Regarding specific regional artworks or materials for which company wishes to apply for copyrights, or inventions for which patents have not yet been granted but which are already being used by local residents, company obtains consent for their use from owners or inventors after giving them sufficient information and explanations in this regard					
	Sub-total					

Sectors	Items	Answers				
		Yes	Necessary to supplement	No	No information	N/A
⑨ Guarantee of environmental rights	① Company has established and maintained an environment management system					
	② Company discloses environmental information					
	③ Company adheres to preventive approaches to environmental problems					
	④ Company has established emergency plans to prevent, reduce or control environmental damage and disasters					
	Sub-total					
⑩ Protection of consumer's human rights	① Company pays necessary attention to design, manufacturing and labeling in accordance with the relevant rules and regulations for protection of the lives, health and safety of consumers					
	② When a product defect is found company informs consumers of it and of any related danger, before immediately recalling the products sold					
	③ Company respects privacy of consumers, and takes necessary measures to maintain confidentiality of collected consumer information.					
	Sub-total					
	Total					

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