

# Practice Note

November 2018



## Conducting Responsible Business in Iran

### Beyond sanctions: managing risks from business relationships in Iran

IBR practice notes are an essential part of IBR's work to encourage and guide companies to act responsibly when doing business in Iran. Responsible business means carrying out business activities while respecting people and the environment.

IBR practice notes bring users the learning from existing company practice together with insights on Iran so that companies can formulate effective strategies to address the specific challenges to responsible business in Iran (see Annex #1).

#### **Guarding against risks from business relationships in Iran: Sanctions checks are not enough**

For foreign companies doing business in Iran, working with responsible business partners and suppliers is key to reducing risks and meeting their responsibilities under international normative and regulatory standards (see Annex #1). While sanctions checks typically top the list of concerns for companies, this should not be confused with the approach needed to select the right partners to carry out responsible business in Iran.

Sanctions checks are aimed at offering legal security about the risk of violating international sanctions. Choosing the right business partners and suppliers in Iran, however, is about selecting those companies that integrate and support responsible business practices.



This practice note focuses on managing risks from business relationships—in particular, partners and suppliers—and suggests that companies use a multifaceted approach. At a minimum, this means:

> **Choose the right business relationships:** Use enhanced partner and supplier pre-qualification processes.

> **Require responsible business performance in contracts:** Formalise partners' and suppliers' commitments to responsible business in contracts.

> **Collaborate and share know-how:** Provide ongoing engagement and support for partners and suppliers to improve and monitor performance.

The examples described in this practice note are drawn primarily from the experiences of companies in Iran and other countries in the Middle East and have been gathered through detailed interviews with company practitioners and desk research.



## Managing Risks from Business Relationships: A multifaceted, three-part approach



### **Choose the right business relationships**

Use enhanced partner and supplier pre-qualification processes



### **Require responsible business performance in contracts**

Formalise partners' and suppliers' commitments to responsible business in contracts



### **Collaborate and share know-how**

Provide ongoing engagement and support for partners and suppliers to improve and monitor performance

## 1. Choosing the right business relationships

The selection of business partners and suppliers is critical to conducting responsible business in Iran. Many companies, especially small and medium-sized enterprises (SMEs), view screening potential partners and suppliers for sanctions compliance as sufficient due diligence. Yet responsible partner selection requires screening on the full range of responsible business issues, such as those regarding worker safety and environmental impacts. The Iranian context warrants this more rigorous due diligence approach given pervasive business practices such as widespread use of child labour, exploitation of migrant labour, harmful environmental practices and unsafe workplaces (see [IBR Briefing #1](#)).

## Practice example 1.1

### Worker welfare screening in pre-qualification

In 2015, a company with projects in various Middle Eastern countries began implementing worker welfare screening into its subcontractor pre-qualification process. For existing and all new potential suppliers after 2015, the company requests information via a questionnaire on issues such as: the publication of worker welfare standards that contain provisions on wages, accommodation and grievance mechanisms; methods to communicate welfare standards to workers; due diligence processes to ensure the use of responsible employment agencies with similar worker welfare policies and standards; and other issues. Suppliers demonstrating little or no interest in working towards responsible business standards are eliminated; those demonstrating adequate standards or a commitment to improve existing standards are retained, and the company works with them to help them achieve the company's standards—at times through a jointly agreed action plan.

The company also offers a set of key performance indicators to the subcontractors and encourages them to use them to measure their compliance with worker welfare policies. A mutually agreed timeline for improvement is developed, and contracts with those suppliers who do not meet the timeline are terminated. The foreign company also offers selected suppliers services, at a negotiated fee, to integrate worker welfare standards into subcontracting procedures and supply chains, and services to ensure implementation and enforcement of supplier requirements.

#### IBR insights on practice example

> In Iran, there will frequently be an issue regarding identifying all relevant subcontractors because subcontracting is often done informally and without a written contract (see Note below).

> In Iran, there is a well-established norm of complying with regulatory standards on paper but not in substance, with the knowledge that there will be little monitoring or enforcement. For example, required forms that are part of Iran's Environmental Impact Assessment (EIA) regulatory framework are routinely filled out with inaccurate information that is never checked (see [IBR Briefing # 5](#)). As a result, a company should not rely on the results of a questionnaire without following up with checks for accuracy and sustained implementation.

#### Note on partner selection and transparency in Iran

Selecting and working with companies in Iran—either as business partners or as part of the supply and value chain—pose particular challenges for foreign companies. An opaque and multi-layered ownership process makes it difficult for companies to ascertain the full extent of ownership. Moreover, many business relationships in the subcontracting process are done informally and without written contracts. As a result, a company may simply not be aware of the ownership and business practices of all the entities with which it is involved.

## Practice example 1.2

### Screening potential partners on OHS and environmental practices

One medium-sized enterprise operating in the construction sector in Iran embeds Occupational Health and Safety (OHS) and environmental management plans (among other issues) in procurement under a two-fold process—one informal and one formal.

The informal process, carried out by the company's Engineering, Procurement and Construction (EPC) partner in charge of subcontracting work to local construction companies, is based on dialogue with potential suppliers and business partners to try to gauge their interest in learning about and complying with responsible business standards that go beyond local law. This informal process requires an investment of time to build relationships with potential partners, and in Iran this may be met with some initial resistance. Through this process, the foreign company works to ensure that potential Iranian vendors and partners prioritise responsible business issues in their operations and in their own supply chains.

On the formal side of the screening, the company directly vets potential partners during tendering processes. Specifically, the company asks the potential partners to demonstrate that they have policies and standard procedures to develop health, safety and environmental management plans on topics including OHS, environmental stewardship and respect for workers, and to demonstrate commitments on monitoring and documenting compliance.

#### IBR insights on practice example

> Any engagement on the issue of OHS in Iran should begin with an understanding that OHS conditions in the country are quite poor for a number of reasons, which include poor awareness and knowledge of current international standards, lack of management commitment to OHS, limited company resources to address what is often seen as an unnecessary additional investment, and the presence of a large undocumented labour pool that will be unlikely to report unsafe OHS conditions (see [IBR Briefing #3](#)).

> Dialogue, formal or informal, especially when it involves detailed engagement and queries into business practices, is not the norm in Iran and may engender resistance or even suspicion (see Note below).

> Dialogue, while possible with known partners, may become more problematic in Iran when it concerns subcontractors, suppliers and others less directly involved with the company, because these actors may not always be identifiable (see Note above at practice example 1.1).

## Practice example 1.2 (cont.)

### Screening potential partners on OHS and environmental practices

#### IBR insights on practice example (cont.)

> Implementing comprehensive environmental policies is essential in Iran given that harmful environmental practices are prevalent and go largely unchecked. Environmental impact assessments (EIAs) are severely lacking and social impact assessments are effectively ignored. Moreover, there is little monitoring of business practices or regulatory enforcement (see [IBR Briefing #5](#)).

#### Note on partner selection and due diligence in Iran

Information on a company's business practices is just as important to responsible partner selection as is its ownership. Yet it can be difficult to access information about company practices in Iran. Due diligence regarding the business practices of companies and their subcontractors involves a degree of engagement and investigation that is not the norm in Iran and as such may engender mistrust or suspicion on the part of the Iranian partner (see [IBR Briefing #2](#)).

## 2. Requiring responsible business performance in contracts

In Iran, requiring responsible business practices beyond legal requirements is not typical practice in Iran. Additionally, many business negotiations with subcontractors and suppliers are done informally and without written contracts (see [IBR Briefing #4](#)). However, some foreign companies, even small and medium-sized companies, have been successful in framing responsible business performance as part of the contractual requirements of their business partners or suppliers in Iran. They have included specific requirements and monitoring measures to help ensure business partners and their suppliers uphold their commitments to responsible business throughout their activities in Iran.

### **Practice example 2.1**

#### **Integrating responsible business requirements in contracts**

A foreign multinational company operating in Iran required its partners and suppliers to transpose principles equivalent to those in the foreign company's codes of conduct into their contractual agreements. Specifically, the foreign company required partners and suppliers to specify commitments in several areas in their contracts, including respect for workers; health and safety protection; preservation of the environment; prevention of corruption; and prevention of conflicts of interest and fraud, among others. The foreign company further required suppliers to submit to independent auditors who would look carefully at standards and procedures relevant to worker protections—specifically their employees' working conditions—to ensure that their suppliers and contractors respect equivalent principles.

## Practice example 2.1 (cont.)

### Integrating responsible business requirements in contracts

#### IBR insights on practice example

> Including responsible business issues in contracts with business partners and suppliers in Iran has at least three advantages. First, it requires dialogue, so this guarantees the companies will have a conversation about responsible business issues from the outset. Second, if drafted appropriately, the contract can contain clear consequences and mitigation steps for any future non-performance—in addition to any enforcement alternatives provided in the contract like arbitration or local courts, thereby ensuring the effective implementation of responsible practices. Third, contracts are a tool for requiring business partners to use written contracts and integrate responsible business performance with their subcontractors to avoid the uncertainty that comes with informal business relationships.

> In the Iranian context, efficacy of contractual language will hinge on two issues: the ability to incorporate a significant portion of subcontractors and suppliers into the requirements, which can be difficult given the widespread use of informal arrangements (see Note above at practice example 1.1); and effective independent monitoring and implementation of those requirements, given Iran's poor regulatory enforcement record (see Annex #1).

> Moreover, the language employed in such contracts needs to be clear and specific. It should avoid simple reference to international standards that may be misunderstood and too broad for effective implementation, and it should avoid terms that are politicised or sensitive in the Iranian context (see Note below).

> In Iran, there is a range of prevalent business practices for which contractual stipulations could be particularly important to include. These would include such issues as:

- **Mechanisms to prevent child or forced labour**
- **Requirements for safe and clean onsite living quarters when relevant**
- **Provision of safety equipment, gear, procedures and training**
- **Proper waste management**
- **Provision of health insurance to all workers**
- **Guarantees of safe grievance and whistle-blowing mechanisms**

## Practice example 2.1 (cont.)

### Integrating responsible business requirements in contracts

#### IBR insights on practice example (cont.)

- Requirements for worker, subcontractor and supplier contracts
- Requirements for worker compensation, working hours and overtime payments
- Mechanisms to prevent hiring and or wage differentials based on gender, religion, ethnicity, disability or sexuality
- Privacy of company and worker online communications
- Independent monitoring and enforcement measures, employed for the life of the project

#### Note on responsible business and language in Iran

When discussing business practices and standards in Iran, language matters. To avoid misunderstandings, using clear language around specific business practices will be more effective and lend itself to collaboration, as opposed to referring to unfamiliar international standards that could be misinterpreted. In addition, language used should avoid terms that are politicised or sensitive in the Iranian context. For example, discussing personal protective equipment and other safety standards, worker grievance mechanisms and insurance guarantees will be more productive than referring to the OECD Guidelines on Multinational Enterprises or specific chapters therein.

## Practice example 2.2

### Independent monitoring of contractual requirements

While integration of responsible business requirements is a positive first step, monitoring is key to ensuring their implementation. Practice has shown that the appointment of third-party, independent monitors is one way to help ensure contractual performance. However, guaranteeing the independence of the monitors is essential. For example, successful monitoring by a university in the United Arab Emirates increased significantly when it replaced its first monitoring firm, which had financial ties to the project's governmental benefactor. That monitoring firm had failed to note in its compliance reports that ten thousand subcontracted workers were excluded from the university's worker welfare policies. The non-compliance was only uncovered through reports by investigative journalists and a global law firm. While the appointment of external compliance monitors is a step in the right direction, companies should guarantee true independent oversight.

#### IBR insights on practice example

> Supplier codes of conduct and enforcement measures that incorporate on-site supervisors can improve the responsible business performance of partnering firms and suppliers, but critical to the success of these measures in Iran will be the independence and expertise of the supervisors. The use of monitors who are neither experts in the areas they are reviewing nor independent is pervasive in Iran. For example, government reviewers of EIAs in Iran routinely do not have the experience or expertise to assess EIAs and do not have the independence required for impartial reviews (see [IBR Briefing #5](#)). Moreover, there is a dearth of knowledge specifically regarding responsible business standards among companies and the government in Iran. To ensure both independence and expertise, the Iranian partners (private or state) should not be able to choose the monitors unilaterally; selection should be the responsibility of or at least vetted by the foreign partner.

> As in any geography, however, local expertise is critical, and there does exist in Iran significant sources of independent expertise that can be called upon to augment supervising and monitoring services. For example, Iran's universities and research centres are rich sources of underutilised expertise and can complement and enhance expertise brought in by the foreign company with vital local knowledge.

> Given the lack of regulatory oversight on workplace issues in Iran (see Annex #1), codes of conduct requirements will need rigorous and regular monitoring by these kinds of independent and qualified monitors over the entire life of the project. Moreover, clear and specific benchmarks regarding standards and a process and timeline for remediation of any shortfalls will contribute to compliance.

### Practice example 2.3

## On-site supervision—even in smaller projects

A foreign multinational in Yemen and an SME in Iran have successfully included on-site supervisors as a form of daily monitoring for supplier compliance. In the foreign multinational company's contracts for large projects in Yemen, clauses required the company to subcontract part of the services to local companies. The foreign company voluntarily added supervisors to their workforce to oversee more closely the work of the local contractor and subcontractors.

An SME operating in Iran has applied a similar practice. The SME sent its own skilled experts to stay at every project site in Iran, even if under typical circumstances it would not have done so—and even if international finance rules did not require it. Via these on-site experts, the company conducted regular follow-ups and carried out capacity-building initiatives with suppliers, including informal safety meetings on workplace hazards and safe work practices, the proper use of personal protective equipment and awareness-raising activities, among others.

These companies have found that trained eyes and ears on the ground are an added layer of risk management especially in contexts where health and safety risks for workers are high.

#### IBR insights on practice example

> In addition to the need to ensure the independence and expertise of on-site supervisors discussed above, it is important for companies to be aware that Iranian businesses have been largely cut off from international best practices for decades, and this has significant implications for the awareness of—let alone the effective implementation of—responsible business practices in Iran. Many Iranian businesses, especially SMEs, are keenly aware of this, and have expressed significant desire and readiness to learn, engage in skills transfer and incorporate best practices. However, capacity building in responsible business practices is likely to be needed (see Section 3 below), and indeed is something that companies can offer to their Iranian partner(s) as a benefit of the partnership.

### Practice example 2.4

## Using technology to track business partner and supplier commitments

In the United Arab Emirates, companies are asking their subcontractors—who predominantly employ low-income workers—to use banking technology accessed by workers on mobile phones to guarantee on-time payments to workers and provide cost-cutting remittance options for workers (especially migrants) who do not have access to traditional bank accounts. This type of system can prevent common worker payment issues in Iran, such as delayed wages and loss of back-pay, that can occur throughout company supply chains.

In Iran, banking innovations might streamline payments to low-wage workers employed by partners and suppliers, who are generally more susceptible to incur payment problems in multi-layered supply chains. These innovations would also provide companies with an opportunity to ensure that their business partners and suppliers comply with worker welfare policies and pay their workers on time. On-time payment of wages is a particularly significant issue in Iran.

#### IBR insights on practice example

> In Iran, digital use and literacy is extremely strong. This is especially true for mobile phone use, the predominant platform Iranians use for online communication. (The International Telecommunication Union puts Iran's rate of cellular subscriptions per 100 inhabitants at 100.7). As a result, online platforms are possible vehicles to assist companies in a wide range of activities aimed at fostering responsible business among business partners and suppliers in Iran. Online platforms can be used for:

- **Awareness building internally or with business partners and suppliers.**
- **Training workers and managers (there is a successful track record of online training workshops in Iran on a range of issues).**
- **Allowing people to safely register grievances against partners and suppliers, including while notifying the company.**
- **Helping business partners and suppliers deliver financial services to workers, especially low-income and migrant workers who may not have access to banking facilities.**
- **Companies can also have partners and subcontractors use such systems to ensure on-time payment, which is frequently an issue in Iran.**
- **There have been instances in which companies paid business partners in Iran for their subcontractors' employees, but those employees never received the funds from the subcontractor. Online payment systems would facilitate the tracking of payments.**

### **Practice example 2.4 (cont.)**

## **Using technology to track business partner and supplier commitments**

#### **IBR insights on practice example**

> Any use of digital technology in Iran should address the lack of online security in the country. Using servers that are based outside the country is one strategy to reduce online security issues. In addition, foreign-owned mobile applications, software, and online tools and services are more secure than Iranian-produced versions. Communications where workers or others could be at risk, for example, those involving grievance reporting or whistle-blowing, should be made only on secure and encrypted platforms.

### 3. Collaborating and sharing know-how

Together with pre-qualification of potential business partners and suppliers, contractual requirements and monitoring, companies have found that close collaboration and support to help build the practical skills needed for implementing responsible standards among partners and suppliers is an important supplemental practice—especially in a context like Iran where knowledge and technology transfer has been hampered over several decades.

#### **Practice example 3.1** “Permit-to-work” training programme

A medium-sized foreign company operating a small construction site in Iran with local partners has introduced a permit-to-work training programme to ensure workers are properly trained to carry out specific construction and technical activities. Under this system, which is supervised by one of the company’s engineers onsite, workers are permitted to carry out specific jobs (such as welding, bricklaying or other jobs that carry inherent risks) only after they are trained and certified to perform such jobs—reducing the risk of worker injuries. Workers are trained in the proper use of personal protective equipment, harness training for working at heights, and other pertinent tasks.

While these permit-to-work training programmes are common in large construction sites and industrial facilities in many countries, the medium-sized company operating in Iran found that putting this in place even at a smaller construction site (with less sophisticated and less expensive tools to run the programme) was highly effective in preventing accidents. The project’s investor saw the training programme as a medium to long-term investment for building a local supplier base that could live up to the main company’s standards.

#### **IBR insights on practice example**

> The success of this practice in reducing accidents speaks to its relevance—and need—in Iran, where the lack of safety equipment, gear, procedures and training on standard safety procedures typically results in extremely high accident rates (see [IBR Briefing #3](#)).

## Practice example 3.2

### Skill-based training programmes for workers

In 2001, a foreign multinational company initiated skills-based training for workers in Iran. Hundreds of workers employed by one of the company's Iranian partners, a private company in charge of supplying workers, participated in the training programme. Workers were provided with basic wages, accommodation, food and training materials, as well as three months of intensive English courses and nine to eleven months of other specialised training. Every trainee also received a personal development plan devised by the foreign company.

Upon completion of the courses, trainees were pre-selected, according to their capabilities, for possible positions within a seven-year-long project. Workers were initially provided with temporary recruitment contracts for a two-year period, a common contractual arrangement in Iran, after which they were later offered permanent contracts. The training programme created hundreds of engineers and other highly skilled workers after the project's completion. Similar training programmes were implemented by at least one Iranian company and one foreign multinational company that took over subsequent stages of the project.

#### IBR insights on practice example

> The above example speaks to the well-demonstrated need for knowledge transfer and capacity building among Iranian companies. Indeed, companies are likely to find a welcoming environment for such activities, as the desire for such transfer has been voiced by Iranian government officials and private sector companies alike.

> However, in addition to bringing in training personnel, expertise and resources for training and knowledge transfer activities, companies should be aware that Iranian universities and research centres represent a significant, excellent and underutilised resource in Iran for knowledge and skill building. There are numerous academic experts in universities across Iran with expertise in many areas central to responsible business, such as OHS; environmental and social impact assessments; air, water and soil pollution; waste management; and accessibility issues for persons with disabilities, to name just a few. Opportunities for collaboration with universities, research centres and other centres of excellence in Iran to build awareness and capacity are thus significant.

## Annex #1 - Challenges to responsible business in Iran

Any business activity in Iran will be taking place in a context that poses significant challenges for companies as they can easily find themselves involved with adverse impacts on people and the environment. IBR has identified the following as the key challenges companies will face due to the prevalence of these practices in Iran:

### Risks of worker exploitation

- **Migrant worker exploitation:** With three million migrants in Iran—two million of them undocumented—their exploitation through dangerous and underpaid work is pervasive. Migrants, including their children, are also vulnerable to forced labour.
- **Child labour:** The UN estimates that three million children are working in Iran—often in companies that structure their operations into small, unprotected workshops that are unregulated. Iranian non-governmental organisations say this number is up to seven million.
- **Labour unions:** Independent labour unions are unable to function effectively in Iran, undermining collective bargaining, dispute resolution and the ability to bring grievances.

### Other workplace risks

- **Occupational health & safety:** Poor health and safety conditions cause work-related accidents that result in death in Iran at a rate eight times higher than the world average.
- **Discrimination:** Workplace discrimination based on gender, ethnicity, religion, sexuality and disabilities is prevalent in Iran, and reflected in hiring, contracts, wages, benefits, job security and facilities.
- **Sexual harassment:** Sexual harassment is prevalent in the workplace, but a lack of regulation and the strong stigma attached to reporting the offense means it usually goes unreported.

### Contextual risks

- **Privacy:** Online privacy is deeply compromised in Iran. This has significant implications for data protection, security for employees, customers and others, and for the use of IT products and services. It also directly impacts a company's decisions regarding its IT infrastructure such as the placement of its servers and other issues.

## Contextual risks (cont.)

- **Environmental degradation:** Dangerous levels of air pollution that require major cities to be periodically shut down, a water scarcity crisis that has rendered many towns uninhabitable and poses risks to companies' long-term operations, and severe soil and water pollution caused by practices such as improper waste management are among the pressing environmental problems in Iran.
- **Lack of responsible business knowledge, capacity and management commitment:** There is little knowledge and awareness of international responsible business standards among employers, managers and workers in Iran, making the amelioration of risks more difficult.
- **Risk from business relationships:** The selection of business partners in Iran is risky because ownership can be hard to determine and many individuals and entities remain under international sanctions. Beyond sanctions, common company practices—such as the extensive use of informal work arrangements, child labour, improper waste management and poor occupational health and safety practices—can put foreign investors at risk of being involved in harm to people and the environment.
- **Challenges to carrying out due diligence for responsible business:** Companies will face challenges in obtaining company information and enlisting the local engagement and cooperation necessary to identify and assess impacts from any business activity.

## Legal and regulatory risks

- **Weak labour regulatory framework:** Labour laws are poorly enforced and loopholes exempt companies with less than 10 employees (which may incorporate 50% of the workforce), family-owned and run businesses, certain agricultural sectors and free trade zones from most of the country's labour regulations and oversight. More than 90% of workers are employed under temporary contracts that offer little protection and a majority of workers in Iran lack insurance or are significantly underinsured.
- **Opaque subcontracting:** In Iran, subcontracting often lacks transparency. Companies and municipalities contract work out to the private sector, but much is done informally without written contracts. In such an environment, it can be difficult to identify the subcontractors and monitor their worker welfare policies.
- **Large informal economy:** Some 20% of the country's economic activity occurs within this completely unregistered and unregulated informal sector, in which an estimated one out of three Iranian workers are employed.
- **Gaps in the rule of law:** Denials of due process can adversely impact employees, especially dual nationals.

## Annex #2 - Scope of responsible business conduct

Under international normative standards, such as the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises, responsible business entails company responsibility for the adverse impacts of business activity on people and the environment. According to these standards, companies can be involved in adverse impacts on people and the environment in three ways:

1. A company can **cause** an adverse impact through its own activity.
2. A company can **contribute** to an adverse impact, when there are two or more contributing factors creating the harm (for example, if a company provides financing to a construction project that uses forced labour or insists on a production timeline and price that makes it impossible for the supplier to pay workers the overtime worked).
3. A company can be **directly linked** to an adverse impact through their operations, products or services via business relationships (for example, when one of the suppliers several layers down in the supply chain uses child labour to perform dangerous work, even where the company does not play a role in driving down prices and has no knowledge of the abuses taking place).

These three types of "involvements" in adverse impacts are important because it means that the scope of company responsibility is broad. It includes both indirect and even remote adverse impacts if direct linkage is found.

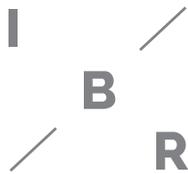
**This means the choice of partners and suppliers, even indirectly or through subcontractors and suppliers, is now a fundamental part of complying with regulatory and normative standards on responsible business.**

This broad scope of responsibility has been reflected in recent regulation on responsible business such as the UK Modern Slavery Act (which requires companies to report on the steps they have taken to ensure that modern slavery is not occurring in their own organisation and their supply chains) and the French Law on the Duty of Vigilance (which requires companies to identify and manage the impacts resulting from their activities and those of the companies it controls, as well as from the activities of subcontractors or suppliers with whom an established commercial relationship is maintained).

Companies doing business in Iran might, therefore, have their responsibility compromised through their own activities or through their relations with partners, supply chains or value chains. **Risk mitigation approaches should be tailored to this larger scope of responsibility.**

## Annex #3 - Which business relationships create risks?

International normative and regulatory standards generally refer to “business relationships” to designate “those relationships an enterprise has with business partners, entities in its value chain and any other non-State or State entity linked to its business operations, products or services. They include indirect business relationships in its value chain, beyond the first tier, and minority as well as majority shareholding positions in joint ventures.” (The Corporate Responsibility to Respect Human Rights, An Interpretive Guide. United Nations New York and Geneva, 2012) While the notion of business relationships is broad, this IBR practice note focuses on business partners and suppliers as a starting point, and includes partners through joint ventures, equity investments, franchises and related business relations.



IRAN BUSINESS  
RESPONSIBILITY

**IBR** is a nonprofit initiative that works with companies, governments and other stakeholders to foster responsible business practices that respect people and the environment, enhancing the benefits business can bring and reducing the risks for companies.

For more detailed information on the issues in this briefing, please contact IBR project directors Andrea Saldarriaga at [asaldarriaga@ibrproject.org](mailto:asaldarriaga@ibrproject.org) or Andrea Shemberg at [ashemberg@ibrproject.org](mailto:ashemberg@ibrproject.org)

[www.ibrproject.org](http://www.ibrproject.org)