

# Briefing

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## Doing Responsible Business in Iran

The easing of international sanctions against Iran has opened up the opportunity for increased foreign business activity in the country. As a resource-rich, largely untapped market with significant investment needs in hydrocarbons, infrastructure, automotive and other sectors, Iran is attracting investor interest.

Yet any business activity will be taking place in a context that poses significant challenges for companies. Companies can easily find themselves involved with adverse impacts on people and the environment.

**Even the perception of company involvement in harmful impacts can increase operational costs and result in legal, financial and reputational damage. Avoiding such impacts is now a critical business concern.**

As companies embrace the opportunities offered by Iran, a commitment to doing business responsibly will not only help avoid adverse impacts on people and the environment, it will also help avoid risks to companies created by the challenges in Iran. Responsible business can initiate a virtuous circle that results in broad benefits to people and companies.





## THE KINDS OF CHALLENGES BUSINESS WILL FACE:

**Business relationships:** The selection of business partners in Iran is risky because ownership can be hard to determine and a number of individuals and entities remain under international sanctions.

**Privacy:** Online privacy is deeply compromised in Iran. This has significant implications for data protection, security for employees, customers and others, and for the sale of IT products and services.

**Child labour:** Close to three million children are working in Iran—often in companies that structure their operations into small, unprotected workshops that are unregulated.

**Sexual harassment:** Largely unreported, sexual harassment is prevalent in the workplace, due to the lack of regulation and the stigma attached to reporting the offense.

**Health & safety:** Poor health and safety conditions cause work-related accidents in Iran that result in death at a rate eight times higher than the world average.

**Refugees & migrant workers:** With three million Afghan migrants in Iran—two million of them illegally—their exploitation through dangerous and underpaid work is pervasive.

**Weak labour regulatory framework:**

Labour regulations in Iran are often unenforced, leaving the majority of workers unprotected, and loopholes leave a major portion of the country's workplaces unregulated.

**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.

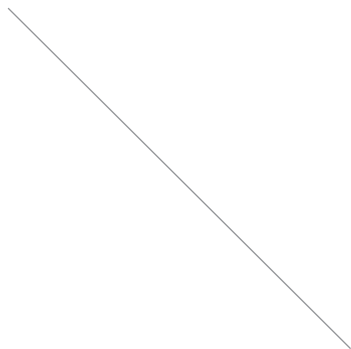
**Human trafficking and forced labour:**

Like other countries in the region, Iran is a source, transit and destination country for men, women and children trafficked for forced labour.

**Labour conditions:** Independent unions are not allowed in Iran, undermining effective collective bargaining, dispute resolution and grievance mechanisms.

**Environmental degradation:** Severe air pollution, water scarcity and desertification in Iran endanger people's lives as well as companies' long-term operations.

**Rule of law:** Denials of due process can adversely impact employees, especially dual nationals.



## WHAT COMPANIES CAN DO:

International standards on responsible business—including the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights—call on companies to have a policy commitment and management systems to avoid, mitigate and remediate potential negative impacts on people and the environment.

Many companies have experience in challenging contexts around the world, demonstrating that responsible business can be pursued with informed, practical strategies. For example:

> To reduce risks associated with child labour in India, Obeetee, a large company producing handwoven carpets, centralised production in depots to take weaving out of the home where child labour often occurs; offered suppliers a higher price so they could afford to train adults to do the work; and funded a primary school to facilitate the education of children.

> To reduce discriminatory bias against people with disabilities in Brazil, Carrefour provided managers with training, support and written guidelines to help them hire people with disabilities and integrate them into the workplace.

> To address abuses of migrant workers in its supply chain in Malaysia, Nike provided remediation measures and implemented an action plan that included a Nike hotline for migrant workers to report violations and training for suppliers to improve treatment of migrant workers.

> To protect online privacy, the messaging app Telegram, used by 40 million people in Iran, has pledged to keep its servers outside of Iran.

IBR works with companies, government and other stakeholders to learn about the challenges to responsible business in Iran, share good practices and develop strategies to effectively meet those challenges.



## RESPONSIBLE BUSINESS

Respecting people and the environment

Reducing risk for companies

Enhancing the benefits of business for all



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.

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