



Navigating Portfolio Exposure to Conflict-Affected and High-Risk Areas

PRACTICAL GUIDANCE FOR INVESTOR
ENGAGEMENT WITH COMPANIES

APRIL 2025



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Investor Alliance for Human Rights (Pilot Project Lead Coordinator/Investor Membership Organization), an initiative of the Interfaith Center on Corporate Responsibility, is a collective action platform for responsible investment that is grounded in respect for people's fundamental rights. As an investor membership coalition with over 240 members representing over US\$20T in assets and 20 countries, the Investor Alliance focuses on capacity-building in support of the investor responsibility to respect human rights, coordinating corporate engagements that drive responsible business conduct, and participating in standard-setting and policy-making activities that push for robust business and human rights policies.



Heartland Initiative (Technical Expert) is a U.S.-based nonprofit dedicated to transforming how investors advance human rights in an increasingly turbulent world. As investment portfolios span borders and industries, investors face an array of interconnected human rights and material risks. Heartland drives systemic change through peer learning and collaboration among investors, civil society organizations, and policymakers. Heartland's team of experts provides tailored learning services to institutional investors in North America, Europe, and Australasia with more than \$600 billion in assets under management and partners with investors representing an additional \$7 trillion.



PeaceNexus Foundation (Funder/Investor/Technical Expert) is a Swiss private foundation that strengthens the capacities of and collaboration between organizations to increase their contributions to peace and social cohesion. Based across Switzerland, West Africa, Central Asia, South East Asia and the Western Balkans, our team supports a range of local and international partners to promote conflict-sensitive practices. Our Business Engagement Service provides tailored advisory support to businesses and investors entering, operating in or supplying from fragile and high-risk markets, equipping them with the insights and tools needed to drive responsible, sustainable growth.

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Conflict and fragility are on the rise globally, exacting an increasingly heavy price from rightsholders. There are now more armed conflicts (56) than at any time since World War II with 92 countries involved in conflict beyond their borders and 162,000 battle-related deaths in 2023. Further, 130 out of 167 countries experienced a democratic decline—a historic low—according to the global Democracy Index and nearly forty percent of the world’s population live under authoritarian rule. These trends are also having material impacts on shareholders, as the global economic costs of conflict and violence reached an estimated \$19.1 trillion (or 13.5 percent of global GDP) in 2023.

Against this backdrop, investors have human rights responsibilities, legal obligations, and fiduciary duties to identify, assess, and address the heightened risks associated with their portfolio companies’ activities and relationships in these conflict-affected and high-risk areas (CAHRA). The United Nations Guiding Principles on Business & Human Rights (UNGPs) make it clear that companies and investors are to conduct heightened human rights due diligence (hHRDD), while evolving legislation in the European Union (EU) and some of its member states codify a version of this requirement under their respective legal frameworks. Relatedly, the International Finance Corporation notes that companies operating in CAHRA “face business risks that are much greater than those in other emerging markets,” necessitating increased risk prevention and mitigation by investors and companies as prudent fiduciaries.



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The Investor Engagement on CAHRA Pilot Project (Project) was designed with a two-fold purpose:

1) to build the capacity of participating institutional investors to more effectively engage portfolio companies on how they address the human rights and conflict risks associated with their direct and value chain activities in CAHRA, and 2) to identify evolving best practice related to CAHRA risk mitigation in the technology and renewable energy sectors. The findings contained in this report are based on a series of investor-led company dialogues conducted between May 2024 and February 2025 with three participating tech companies and one renewable energy company under Chatham House Rule. Twenty-two institutional investors—asset owners and managers headquartered in ten different countries—participated in the Pilot Project as lead and support investors.

The Project Partners and investors jointly identified leaders in human rights due diligence (HRDD) from the tech and renewable energy sectors with operations and relationships in multiple CAHRA for a series of three dialogues. Together they developed company risk profiles, agendas for the calls, and, based on those dialogues and a review of publicly disclosed company materials, highlighted emerging areas of good practice policy commitments, due diligence processes, and governance as well as ongoing challenges for companies seeking to manage these heightened risks.

Part One of the report outlines the background of the Project, including the geopolitical landscape and relevant international legal and normative frameworks, the partners' and investors' goals and objectives, the methodology used to analyze corporate risk in CAHRA, and the approach to investor capacity building.

Part Two of the report offers practical guidance for investors to identify, assess, and address CAHRA risks in their portfolios, including recommendations to enable more effective investor-company interactions on these topics. This section first seeks to provide resource-constrained investors with tools to understand the most salient human rights risks within their portfolios. Next, the section relays best practice in securing company buy-in, initiating engagement, and guiding conversations that move beyond policy discussions to operational risks in CAHRA.

Part Three of the report details the Project's findings, highlighting the good practices, ongoing challenges, and recommendations for improving companies' hHRDD, which is a significant gap in the current business and human rights discourse. While the findings are anonymized, this section aims to foster greater insights regarding industry standards for hHRDD and their alignment with expectations outlined in authoritative business and human rights frameworks, as well as ways in which companies can build on these good practices.

Below are the highlights of the key findings, leading practices, and recommendations related to CAHRA risk prevention and mitigation through evolving policies, practices, and governance measures:

- **Policy:** While the participating companies had documented and publicly available human rights commitments largely aligned with the UNGPs, none of the participating tech or renewable energy companies had a stand-alone policy describing a hHRDD process to identify and address CAHRA risks and impacts in their own operations or their upstream and downstream value chains. Leading

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practices included specifically referencing 15 salient human rights risks (based on scale, scope, remediability, and likelihood) identified across the company's value chain and consideration of CAHRA as an independent risk impacting specific groups of rightsholders.

- All companies, regardless of sector, would benefit from a clear public commitment, either as a stand-alone policy or integrated into existing policies, to undertake systematic and regular hHRDD in CAHRA. Furthermore, the steps of the hHRDD process should be broadly outlined, including when a conflict and international humanitarian law (IHL) analysis should be undertaken, as well as organizational roles and responsibilities for implementation, monitoring, oversight, and accountability. This enables investors to understand the company's commitment and process to manage CAHRA risks, thereby allowing them to better manage the CAHRA risks associated with their portfolios.
- **Practice:** All of the engaged companies have developed standardized HRDD processes that can be expanded to incorporate hHRDD elements, including identifying, assessing, and addressing human rights and conflict-related risks. Leading practices of the engaged companies included a comprehensive hHRDD process that was embedded in the contracting and project initiation process, steps to engage affected stakeholders, applied responsible security frameworks when necessary, and specific plans for the mitigation of impacts.
- The most prominent lesson learned across all discussions was the lack of distinction between hHRDD and HRDD processes. Standardized HRDD can serve as a foundation that supports a more in-depth review of risks, including hHRDD processes. However, it is also important for companies to have systematic and distinct sets of risk thresholds, standards, or steps for conducting hHRDD when operating in CAHRA. From the investor dialogues, none of the engaged companies effectively communicated this distinction, nor use the term hHRDD consistently.
- **Governance:** The engaged companies have committee structures at the Board level with various designations, which oversee the implementation of human rights policies and due diligence processes. Identified best practices included embedding CAHRA-risk management across the company to ensure that responses to CAHRA risks and crises are tackled in a cross-functional fashion to ensure all the relevant responsible and expert parties within the organization are included.
- Companies can benefit from ensuring that personnel who are involved in cross-functional CAHRA-risk management activities are equipped with the appropriate competencies and receive regular training to ensure sufficient capacity-building. Roles, responsibilities, and accountabilities for CAHRA-risk management should be clearly delineated. In addition, companies should develop detailed processes and thresholds for determining when crises are escalated to senior management, including to the Board, depending on the severity of the situation.

INTRODUCTION

Conflict and instability are on the rise globally. The military coup in Myanmar, civil war in Sudan, the Russian invasion of Ukraine, and the crisis in Gaza are just a few of the conflicts making headlines, yet much of the conflict landscape remains underreported. Investors often find themselves reacting to each new conflict, crisis, and controversy on seemingly short notice and with limited ESG data on corporate exposure to human rights and conflict risks. This dynamic makes it challenging for them to assess their portfolio companies' exposure to conflict-affected and high-risk areas (CAHRA)¹ and the associated human rights, conflict, and material risks.



¹ There is no universally agreed-upon definition of the term CAHRA, and various terms are used, such as fragile and conflict-affected settings and complex operating environments. However, under the [OECD definition](#), CAHRA are “identified by the presence of armed conflict, widespread violence or other risks of harm to people. Armed conflict may take a variety of forms, such as a conflict of international or non-international character, which may involve two or more states, or may consist of wars of liberation, or insurgencies, civil wars, etc. High-risk areas may include areas of political instability or repression, institutional weakness, insecurity, collapse of civil infrastructure and widespread violence. Such areas are often characterised by widespread human rights abuses and violations of national or international law.” Similarly, the [EU definition](#) includes “areas in a state of armed conflict, fragile post-conflict areas, as well as areas witnessing weak or non-existing governance and security, such as failed states, and widespread and systematic violations of international law, including human rights abuses.” The term [armed conflict](#) is defined under [IHL](#).

INTRODUCTION

The Investor Engagement on CAHRA Pilot Project arose out of a recognition that through systematic portfolio analysis for CAHRA risks and effective company engagement concerning these risks, investors can move from reactive to proactive risk management. However, with a few exceptions (see Annex 3), guidance for investors on engaging companies on management of CAHRA risks is limited, as are examples of good practices in risk management through policy commitments, due diligence, and governance measures.

This report seeks to address these gaps in guidance and good practice in CAHRA risk management by offering insights gleaned from a series of dialogues with a set of four leading companies in the tech and renewable energy sectors. The Project Partners hope this report will support: investors wanting to deepen their engagement with portfolio companies on CAHRA risk management; companies seeking examples of evolving good practice and ongoing challenges to address; and civil society and other stakeholders attempting to understand what can be expected of companies with exposure to these contexts.

The first part of this report provides background on rising geopolitical tensions and the applicable legal and institutional frameworks that lay out expectations of investors and companies on how they are to identify and manage their salient CAHRA risks. It also offers more detail on the purpose of the Project and the methodology underpinning it and this report. The second section offers recommendations on identifying and assessing CAHRA risks within portfolios, as well as tips on how to approach and engage in dialogue with companies on CAHRA risks. Section three of the report covers the key learnings from the company engagements, highlighting emerging policies, practices, and governance measures applied by tech and renewable energy companies to address CAHRA risks, ongoing challenges faced by those companies working in these difficult contexts, and practical recommendations to improve their CAHRA risk management.

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It is a time of rising geopolitical tensions, increasingly complex and deadly conflicts, state contestation of international norms and law, and corporate involvement in violations of international human rights, humanitarian, and criminal law. In this context, there is a growing demand from investors for guidance on how to identify, assess, and address portfolio companies' exposure to CAHRA.

Leading international organizations agree that conflicts today are more frequent and protracted, with a wide range of negative impacts on civilians, leading to an increase in human suffering around the globe. For example, the [Armed Conflict Locations and Event Data \(ACLED\) Conflict Index](#) reported that between 2020 and 2023, conflict increased over 40%, with one in six people living in active conflict settings. Similarly, [ACLED's Conflict Watchlist](#) for 2025 documented that conflict event rates grew by over 25% in 2024 compared to 2023.

The [International Crisis Group](#) further notes that human suffering is at an unprecedented scale with governments and non-state armed groups flouting international humanitarian law (IHL), despite the devastating human cost. According to the Office of the [UN High Commissioner for Refugees](#), as of June 2024, 22.6 million civilians were forcibly displaced due to conflict, violence, persecution, human rights



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violations, and related crises. Conflict also remains the primary driver of global hunger, with more than 300 million people facing food insecurity in 2024 according to the [World Food Programme](#).

[Technology](#) is dramatically impacting conflict dynamics, including through the deployment of innovative weapons systems, such as [lethal autonomous weapons systems](#), cyber warfare tools, and [AI-driven targeting systems](#). Additionally, access to and control over Information, Communication, and Technology (ICT) infrastructure in CAHRA offers significant opportunities to influence the flow of information, enforce censorship, and conduct surveillance of people. International and national laws have struggled to keep pace with the rate of these technological advancements and changes in warfare, leaving significant gaps in applying enshrined IHL principles to modern conflict dynamics. Furthermore, multinational ICT companies are [increasingly supplying](#) infrastructure, cloud computing software, and generative AI tools to military, intelligence, law enforcement, and other state actors who may deploy them, regardless of contractual obligations, in ways that violate IHL and human rights more broadly.

Against this backdrop, investors are increasingly recognizing that the rising number, frequency, intensity, and complexity of conflicts is exposing more portfolio companies to CAHRA-related risks. Companies with direct or value chain operations in CAHRA sit at the [“saliency-materiality nexus”](#), where causing, contributing to, or being linked to salient human rights harms against people most often translates into material risk—regulatory, legal, operational, and reputational—for companies and their shareholders. This is largely due to the nature of CAHRA, which are often [characterized](#) by widespread human rights abuses and violations of national or international law.

The [International Finance Corporation](#) further reports that companies operating in fragile and conflict-affected settings “face business risks that are much greater than those in other emerging markets,” including destruction of physical capital, fatalities and injuries, weak state control, lack of security, and supply-chain disruptions. This convergence of salient and material risks poses potential financial impacts that must be carefully managed by investors. Accordingly, investors need fit-for-purpose data, guidance, and capacity building so they can address their CAHRA portfolio risks, fulfilling their responsibilities to rightsholders under the [United Nations Guiding Principles on Business and Human Rights \(UNGPs\)](#) as well as their evolving fiduciary duties to clients and fund mandates.

APPLICABLE LEGAL AND INSTITUTIONAL FRAMEWORKS

The [UNGPs](#) establish the expectation for investors and portfolio companies to undertake heightened human rights due diligence (hHRDD) for their investments and business activities in CAHRA based on the heightened risk of companies’ involvement in gross human rights harms. Under this normative international framework, hHRDD entails identifying, ceasing, preventing, and mitigating involvement in human rights abuses in CAHRA, in addition to respecting IHL, where applicable, and international criminal law.

In its 2020 report, [Business, Human Rights and Conflict-affected Regions: Towards Heightened Action](#), to the UN Human Rights Council, the UN Working Group on Business and Human Rights (UNWG) provided expanded guidance on hHRDD as a standard of expected conduct in relation to CAHRA. The UNWG emphasized that “conflict-sensitive heightened due diligence,” with a conflict analysis as a key step in

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this process, is necessary to prevent and mitigate corporate human rights abuses in CAHRA and ensure that businesses do not exacerbate conflict. The UNWG further outlined the risk factors and indicators that necessitate hHRDD, including armed conflict and other forms of instability, weakness or absence of State structures, records of serious violations of international human rights law (IHRL) and IHL, and other early warning signs such as the imposition of emergency laws and security measures or hate speech targeting specific groups.

In 2022, the UN Development Programme (UNDP) in collaboration with the UNWG followed up with a guide, *Heightened Human Rights Due Diligence for Business in Conflict-Affected Contexts*. The publication outlined key elements of hHRDD, including an emphasis on identifying the warning signs and triggers for businesses to conduct hHRDD, conflict analysis of the interaction between business activities, conflict dynamics, and human rights harms, and effective risk prevention and mitigation measures. The guide further recognizes the importance of integrating a vulnerability lens into the hHRDD process, meaning companies should take into account the particular impacts of both conflict and business activities on the rights of vulnerable and marginalized groups.

The expectation for companies to conduct hHRDD arises in the context of an evolving regulatory landscape. In the European Union (EU) the emergence of mandatory human rights and environmental due diligence (mHREDD) legislation requires companies to establish and implement policies and processes to identify, cease, prevent, mitigate, and account for their adverse impacts on human rights. These laws have been passed at the national level (e.g., France, Germany, Norway) and at EU level in



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the 2024 Corporate Sustainability Due Diligence Directive (CSDDD), although an Omnibus Simplification proposal released in February may result in significant revisions to the directive.

The CSDDD is currently the most comprehensive legislation mandating hHRDD, requiring companies within its scope to conduct hHRDD in CAHRA and develop and implement policies and processes adapted to CAHRA contexts and consistent with IHL standards. It further underscores that specific “geographic and contextual risk factors” inherent to CAHRA must be taken into account when identifying and assessing risks, conducting mitigation measures, and engaging with stakeholders. The CSDDD also explicitly calls on companies to refer to the UNDP and UNWG’s guide. Other existing regulations requiring companies to identify, address, and report on CAHRA risks vary in their aims, focus areas, and alignment with international business and human rights frameworks.²

GOAL AND OBJECTIVES OF THE PILOT PROJECT

The goal of the Project was to develop and pilot a process for investors to engage with portfolio companies on how they systematically identify, analyze, prioritize, and manage risks linked to business operations and value chain relationships in CAHRA to ensure they prevent and mitigate harms to rightsholders and do not exacerbate conflict dynamics.

The Project occurred in three phases. The first phase focused on assembling a group of 22 institutional investors who, guided by a set of [Investor Principles](#), committed to engaging with portfolio companies in the tech and renewable energy sectors under Chatham House Rule to explore the ways in which they are fulfilling their responsibilities under the UNGPs by undertaking hHRDD in CAHRAs. The Project Partners and participating investors were very grateful to the companies that agreed to actively collaborate in the Project.

In the second phase, project partners and investors analyzed and prioritized participating companies’ conflict and human rights risks across multiple CAHRAs, explored preventative and mitigatory responses, and developed questions and provisional recommendations tailored to each company. This phase of the project also strengthened investors’ capacity through collaborative explorations of the hHRDD process and identification of salient human rights and material financial risks, enabling them to more effectively engage portfolio companies on the need for a systematic approach to manage CAHRA-related risks.

The third phase of the project aimed to advance meaningful corporate engagement, culminating in bilateral recommendations to the companies for a hHRDD process that more effectively manages their conflict and human rights-related risks. During the course of the Pilot, participating investors and Project

² For example, sector specific legislation such as the EU Conflict Minerals Regulation (2017) and the EU Batteries Regulation (2023) require companies in scope to prevent and address the risk of adverse impacts on human rights and conflict in their upstream supply chains, while Section 1502 of the U.S. Dodd-Frank Act (2010) requires companies to report on their use of conflict minerals and commit to conduct due diligence to prevent and address impacts on conflict and human rights. Other regulations deal with specific categories of human rights issues, such as anti-forced labor legislation targeting various jurisdictions, including the Uyghur Forced Labor Prevention Act in the United States (2022) and the EU Forced Labour Regulation (2024). These examples represent a subset of the growing number of regulatory measures introduced in recent years that address the identification and management of CAHRA risks.

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Partners convened three dialogues with each of the engaged companies. Through the dialogues investors had the opportunity to learn from each other, company staff, and the Project Partners, sharing lessons learned and ongoing challenges related to risk prevention and mitigation in these complex contexts. This report captures lessons learned on evolving investor stewardship practices with companies operating in CAHRA to offer a practical contribution to the limited guidance currently available for investors.

During the course of the Pilot Project, a larger working group of nearly 100 representatives from institutional investment firms was formed, in part through presentations at various conferences and workshops (e.g., Business & Conflict Community of Practice, held annually in Geneva). Those investors expressed interest in learning more about the Project's outcomes and participating in capacity-building webinars, as well as next steps to carry this work forward in two areas: 1) improved identification, assessment, and mitigation of CAHRA-related risks across their portfolios; and 2) more effective engagement with portfolio companies on the mitigation of their salient risks in CAHRA-based operations and value chain relationships.



METHODOLOGY

The findings in this report are based primarily on the series of investor-company dialogues conducted between May 2024 and February 2025 with three participating tech companies and one renewable energy company. Investors and partner organizations jointly identified the tech and renewable energy sectors as the best fit for the initiative given the severity of systematic risk exposure across multiple

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CAHRAs. The selection of these publicly traded companies was influenced by the leadership exhibited by the companies in their respective industries, partner organizations' pre-existing relationships, and investor perceptions of the companies' likely responsiveness to recommendations regarding their CAHRA-related policies, practices, and governance measures. In a follow-up survey, investors selected their top three company choices for each sector from a shortlist developed by Heartland Initiative. In total, nine companies were identified and approached for participation in this pilot.

The semi-structured dialogues were guided by agendas with proposed themes and questions shared with the companies in advance. (See Annex 2 for sample questions.) The conversations were primarily focused on understanding how the engaged companies identify and manage CAHRA risks present in their business activities and value chain relationships, with particular emphasis on their policies, practices, and governance measures.³ All data gathered was analyzed according to responsibilities, expectations, and guidance laid out in international normative frameworks, in particular those detailing hHRDD processes. (See Annex 3 for a list of relevant resources.)

Twenty-two institutional investors—asset owners and managers headquartered in ten different countries—participated in the Pilot Project as lead and support investors. As the primary point of contact with the engaged companies, lead investors coordinated the engagements, defined the engagement strategy, and set agendas for dialogues with support from the Project Partners. Support investors participated in the engagements in a secondary, collaborative capacity.

Ahead of the first dialogue with each company, Heartland Initiative shared CAHRA risk profiles with investors. The profiles are based on Heartland's proprietary methodology, which includes a three-part framework that identifies a company's geographic, relational, and operational proximity to human rights risks in CAHRA. By analyzing the context, value chain relationships, and business activities, Heartland provided investors with an assessment that identified the most severe and systematic human rights, as well as material risks, for each identified company.

³ In addition to standard dialogues, two ICT companies participated in additional learning opportunities. On one engagement call, TrustWorks Global, a Swiss social enterprise specializing in responsible and effective engagements in conflict-affected areas, presented an analysis of the company's CAHRA risk management framework based on publicly available materials and provided recommendations. In addition, another ICT company hosted a simulation exercise on responding to increased risks based on severe escalation in conflict in a fictitious CAHRA-setting to demonstrate possible decision-pathways and solutions to the presented scenarios.

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Heartland identified each company's geographic proximity to human rights harms in CAHRA. This type of proximity is established when a company's activities, or that of its value chain partners, are in a "conflict-affected" or "high" risk country/territory.⁴ If geographical proximity is identified, relational proximity to human rights risk is then assessed. This type of proximity is established when the company has a formal (e.g., contract) or informal (e.g., cash payments) relationship with a value chain partner that has a documented record of engaging in rights-violating conduct.⁵ Finally, companies with both geographical and relational proximity to risk are further assessed based on their operational proximity to human rights harms. Operational proximity is established when a company's business activities, or those of its value chain partners, cause, contribute to, or are directly linked with violations of IHL, human rights, multilateral frameworks, laws and regulations, and/or the company's own voluntary corporate commitments.

Through the risk analysis of participating companies, several common types of proximity within the renewable energy and tech sectors were identified. Companies within the renewable energy industry were potentially exposed to several high-risk geographies where wind, solar, and hydroelectric projects are being developed (e.g., Mexico, Colombia, Western Sahara) that are characterized by weak to nonexistent protections for local communities, militarization of the areas to protect business interests, and a lack of adequate stakeholder engagement. Further, the most common types of value chain proximity to human rights harms included relationships with private military and security companies, local police forces, and occupying authorities. Finally, the companies' operations were most often connected to human rights harms occurring due to the persecution of human rights defenders (HRDs), a lack of free, prior, and informed consent by impacted communities, the presence of Uyghur forced labor in the renewable sector supply chain, and violations of IHL in occupied territory.

Participating companies in the tech sector represent different product and service suites (e.g., telecommunications, networking hardware and software, social media). Nevertheless, a set of common types of proximity emerged across these business models. Given the global reach of their products and services, the tech companies had significant exposure to CAHRAs characterized by significant risks of surveillance, censorship, incitement to violence, and related harms, including in China, Myanmar,

⁴ For the purposes of this report, the term CAHRA is taken from the "OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas Second Edition." Conflict-affected areas are defined under the standards of international humanitarian law and identified using the Geneva Academy for International Humanitarian Law and Human Rights' RULAC platform. High-risk areas are identified using the findings of leading global indices measuring geopolitical conflict, repression, fragility, and other indicators of state health. A list of resources, which include descriptions of characteristics of conflict and high risk is provided in Annex 3.

⁵ For the purposes of this report, a "documented record" of connection to human rights abuses can be established through media coverage, civil society investigations and research, litigation, or government reports.

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Occupied Palestinian Territories, Saudi Arabia, and the United Arab Emirates. Value chain relationships that exposed these companies to human rights and conflict risks included state military, intelligence, and law enforcement agencies, non-state armed actors, and occupying authorities. Finally, given the breadth and depth of tech companies' activities in CAHRAs, there is a wide array of human rights harms, including violations of the right to privacy, freedom of expression, movement, and association, arbitrary detention, persecution and killing of HRDs, journalists, and dissidents, hate speech and incitement, loss of access to information, and building of ICT infrastructure on occupied territory for unlawful purposes, such as unlawful surveillance.

Out of the four tech companies approached, three agreed to participate in the engagements. However, for the renewable energy industry, only one company agreed to participate, while five others declined, citing limited capacity due to short timelines, staffing, and deadlines around ESG reporting requirements.

BENEFITS OF ENGAGING IN A CONSTRUCTIVE INVESTOR-COMPANY DIALOGUE ON CAHRA RISKS:

- Allows companies to re-examine and elaborate on how they systematically identify and address CAHRA risks.
- Provides a platform for companies to showcase good practices and demonstrate sector leadership.
- Allows companies to navigate complex challenges concerning policy, practice, and governance related to CAHRA risks to inform investor expectations and shape future engagements on this topic.
- Facilitates the sharing of investor learnings from other engagements (anonymized) as companies increasingly seek to tackle the challenges posed by operating in CAHRA.
- Creates shared value of engagement as both companies and investors benefit from managing exposure to CAHRA risks in today's complex and increasingly volatile geopolitical environment.
- Ensures that a mutual investor-company commitment to sustainable business practices aligns with expectations outlined in international law, international business and human rights frameworks, and growing mHREDD legislation.

INVESTOR CAPACITY BUILDING

To support constructive engagement and ensure that the expectations of companies are aligned with international normative frameworks on business, conflict, and human rights, the Project Partners conducted a number of capacity-building webinars with participating investors featuring leading experts in the field. These included the Project's launch [webinar](#) in October 2023, which elaborated on

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the concept of hHRDD, featured the Responsible Investment Association Australasia (RIAA) *Investor Toolkit on Human Rights and Armed Conflict* and the EIRIS investor commitments on conflict and explored evolving best practice regarding the mitigation of CAHRA-related risks at the engagement and portfolio management levels. Investors also participated in a two-part training led by the United Nations Development Programme (UNDP) exploring the hHRDD process as laid out in the UNDP and UNWG guide, *Heightened Human Rights Due Diligence for Business in Conflict-Affected Contexts* (UNDP and UNWG Guide). Additionally, together with PRI's Advance initiative, a three-part investor training is underway addressing 1) establishing the foundations of investor responsibilities related to CAHRA, including an exploration of IHL and hHRDD, 2) how to conduct hHRDD of portfolio holdings and effectively engage portfolio companies on their CAHRA exposure, and 3) (forthcoming) specific case studies of evolving good practice among companies and investors concerning addressing of CAHRA-related risks.

II. ENABLING EFFECTIVE INVESTOR ENGAGEMENT ON CAHRA

The Pilot Project offered some valuable lessons learned for investors on how to more effectively identify, manage, and engage on CAHRA risks. This section explores two valuable sets of learnings. First, it offers practical guidance on how investors can identify, assess, and prioritize CAHRA risks in their portfolios. Many investors are universal owners, necessitating a means for prioritizing the most severe risks. Investors can maximize limited resources by first addressing the intersections between salient human rights impacts and material financial risks within their portfolios. Second, reflecting on the phases of the Pilot Project process, from soliciting company participation to initiating and carrying out dialogues, this section outlines practical tips to enable more effective investor-company interactions.



GUIDANCE FOR IDENTIFYING AND ASSESSING CAHRA RISKS WITHIN INVESTOR PORTFOLIOS

- Investors should adopt a holistic, standardized framework for identifying, assessing, and addressing CAHRA-related risks across their portfolios. Such a process has a number of important benefits: 1) the identification of the most salient and material risks in a portfolio (e.g., the “saliency-materiality nexus”); 2) a proactive versus reactive approach to risk management; 3) protection from the politicization of certain conflicts and crises; 4) incorporating a larger percentage of company operations and revenues under a CAHRA-wide analysis, incentivizing company engagement and investor coalition building; and 5) most importantly, potential benefits for a larger number of rightsholders across CAHRA.
- Resource constrained investors should leverage the saliency-materiality nexus in order to address the most severe and systemic human rights and material—legal, regulatory, operational, and reputational—risks. By focusing on the intersections of these risks, investors can fulfill their responsibilities under the UNGPs to address the most salient human rights harms in their portfolios as well as their fiduciary duties to manage their most significant financial risks.
- An effective hHRDD process for investors will identify high-risk value chain relationships of portfolio companies, such as suppliers with forced labor risks, customers using products in rights-violating ways, private military security companies, or state-affiliated or private entities that may be providing conflict financing or revenue to rights-violating regimes.
- In light of the myriad geographies, value chains, and human rights issues associated with CAHRA, investors may at times want to enlist third party expertise to provide technical support in terms of portfolio company engagement or exclusion, portfolio analysis, CAHRA policy development, and/

II. ENABLING EFFECTIVE INVESTOR ENGAGEMENT ON CAHRA

or other types of relevant guidance, such as developing company profiles or mapping industry and geographic risks. The provision of external expertise should serve as a steppingstone, where possible, to develop the needed internal expertise.

- Given the type of company data needed to manage CAHRA risks in portfolios and the current lack of such data offered by ESG data providers, investors should advocate for these firms to develop and incorporate analysis of company exposure to CAHRA based on international legal and normative frameworks.
- Investors should consider developing exclusionary screens designed to prevent or mitigate investments in companies whose products or services are fundamentally incompatible with IHL or human rights or who are providing products and services to state or non-state actors engaged in violations of IHL and human rights.
- Asset owners should engage with their asset managers to ensure that all purchases of securities align with ongoing HRDD and exclusionary screens. Similarly, asset managers should ensure open communication regarding their commitments to refrain from investing in companies causing, contributing to, or being linked with severe human rights abuses in CAHRA.



TIPS FOR SUCCESSFUL INVESTOR ENGAGEMENT OF COMPANIES ON CAHRA

Phase 1: Soliciting Company Participation in Dialogues

- Make a business case for companies on why they benefit from participating in a dialogue on managing CAHRA-related risks. This should include framing investor concerns through both salient human rights and material legal, regulatory, operational, and reputational risks (saliency-materiality nexus).
- Be aware that timelines for the frequency of meetings may vary due to various factors—such as operational and resource constraints, disclosure and reporting deadlines, and timing relative to AGMs—and be prepared to adjust accordingly.
- If possible, identify a point of contact at the company with human rights or CAHRA expertise. Absence of such a contact is in itself a data point on how the company prioritizes such risks.
- At the outset, clearly communicate expectations of the engaged company in terms of what hHRDD entails according to international normative business and human rights frameworks. (See Annex 3 with relevant resources.)

Phase 2: Initiating the Engagement

- Thoroughly review the company's publicly available commitments, policies, processes, and governance, as well as any relevant materials and disclosures in relation to CAHRA risk management. Review civil society and NGO reports on the company's CAHRA risk exposure to gain knowledge about where the company has touch points to conflicts which can help to focus the dialogue.

II. ENABLING EFFECTIVE INVESTOR ENGAGEMENT ON CAHRA

- Ensure that agendas and engagement questions (see Annex 2) reflect an informed understanding of the company's disclosed information so as not to spend valuable engagement time recapping what is publicly available and to solicit additional information on elements of CAHRA risk management that are not publicly disclosed.
- Allow companies to provide input on agendas, engagement themes, and questions. Developing the agenda jointly with the company ensures that exchanges are based on mutual trust, interests, and learning opportunities.
- Share agendas with company focal points in a timely fashion to allow the company to prepare for the dialogue and bring in the appropriate expertise in the organization on the subject matters to be addressed.

Phase 3: Investor-Company Dialogues

- Given definitional uncertainty, be clear about how key concepts, such as high-risk areas, fragile settings, complex environments, etc., are being defined and used, where possible drawing on international business and human rights frameworks and guidance. (See Annex 3 for relevant resources.)
- Ensure when discussing management of CAHRA risks that existing human rights commitments, human rights impact assessments, geopolitical risk analyses, and similar processes are not presented as hHRDD when they do not meet existing frameworks and guidance on CAHRA. Emphasize the unique nature of managing CAHRA risks via appropriate contextual risk analysis and management.
- Establish criteria at the outset of the engagement for what constitutes sufficient progress on hHRDD or risk management in specific CAHRA contexts.
- When discussing hHRDD policies, practice, and governance with companies, ground the conversation in examples of specific CAHRA risks they face. Work with actual case studies, to the extent possible, and ensure that disclosures do not pose any risks to those involved in the hHRDD processes or affected rightsholders. This will facilitate a more nuanced understanding of how policies, processes, and governance structures are effective in practice and highlight gaps and challenges.
- When possible, incorporate information from the company's financial disclosures, which could include how the company is considering risks associated with exposure to, or operations in, CAHRA.
- Note that companies may have "no-go" areas or topics that will need to be navigated in order to advance the broader discussion. In those cases, it may be useful to focus on general discussion of the conformity of policies, practices, and governance with international frameworks and guidance.
- Be prepared to share learnings from other CAHRA engagements if relevant to the company's own exposure.
- Emphasize the need for CAHRA-specific expertise when recommending third party consultants.

III. FINDINGS FROM THE COMPANY DIALOGUES

This section covers the key learnings from the Pilot Project, highlighting emerging policies, practices, and governance measures applied by tech and renewable energy companies to address CAHRA-related risks, ongoing challenges faced by those companies working in these difficult contexts, and practical next steps moving forward. The findings in the report are anonymized, as agreed with the engaged companies at the outset of the Project. Conducting the engagements under Chatham House Rule allowed for frank and open conversations and mutual learning.

POLICY COMMITMENTS ON CAHRA AND TRANSPARENCY OF SALIENT CAHRA RISKS

The UNDP and UNWG [Guide](#) makes it clear that one of the primary means for companies to build institutional capacity for sustained implementation of hHRDD is an organizational commitment with support from senior management and the Board. The Guide recommends that the commitment take the form of a hHRDD policy. Whether stand-alone or built into other relevant policies (e.g., human rights), it should be integrated into management systems, across relevant units, and day to day business operations, which should be adequately staffed and resourced. There should also be clear lines of responsibility for the implementation of the hHRDD process at the senior management and Board level.



TIP: See Annex C: Heightened Human Rights Due Diligence Capacity Assessment in the UNDP and UNWG [Guide](#) for useful questions investors can ask their portfolio companies about their hHRDD policy commitment and its embedding throughout the business enterprise.

As detailed in the [UNGPs](#), in particular Guiding Principle 16, *a policy commitment should be approved at the most senior level of management, be informed by appropriate internal and external expertise, specify alignment with human rights, and where relevant IHL (see Guiding Principle 12), include expectations of personnel, business partners, and other entities linked to operations, products, and services, and be publicly available and communicated internally and externally to stakeholders.*



TIP: To learn more, please view the [webinar](#), The Corporate Responsibility to Respect (CR2R) in Human Rights Policies and Governance: Expectations of Portfolio Companies and Other Business Relationships, and see the associated resources

III. FINDINGS FROM THE COMPANY DIALOGUES

Additionally, companies should enumerate in their policy commitments or elsewhere in their publicly available materials the most salient human rights and IHL risks and impacts linked to CAHRA, which they have identified through a salient human rights risk and impact assessment. It should be noted that companies use various terms to describe the process of assessing their human rights risks and impacts, including human rights impact assessment (HRIA), human rights risk analysis (HRA), and salient human rights assessment (saliency assessment), as an essential step in any human rights due diligence process.



TIP: To learn more, please view the [webinar](#), CR2R: Context and sector-specific approaches to human rights impact assessment, and see the associated resources.

Promising Practices by Companies:

While all the participating companies had documented and publicly available human rights commitments largely aligned with the UNGPs, none of the participating tech or renewable energy companies had a stand-alone policy describing a hHRDD process to identify and address CAHRA risks and impacts in their own operations or their upstream and downstream value chains. However, several companies' policies included elements of hHRDD for portions of their direct operations and/or those of their value chain partners as part of existing enterprise risk management processes, including scoped human rights impact assessments (frequently conducted by external third parties); downstream or upstream supply chain due diligence processes; conflict mineral policies and disclosures; procurement/sourcing practices; or regulatory compliance. Those partial processes were often referred to using a range of terminology referencing sales due diligence, know your customer (KYC) due diligence, geopolitical risk, and enhanced due diligence. (The next section, Practices in hHRDD provides details about the partial hHRDD processes of the engaged companies and how they are aligned with expectations laid out in normative frameworks and guidance.)



IDENTIFIED LEADING PRACTICE

The engaged renewable energy company demonstrated the most systematic public disclosure of its human rights and conflict related risks as identified through a HRIA. Of the 15 salient human rights risks (based on scale, scope, remediability, and likelihood) identified across its value chain, CAHRAs were specifically referenced, as well as security practices. These risks were assessed relative to their impacts on the company's employees, workers in its value chain, and affected communities located in these high-risk areas. Risks were prioritized based on *both* their saliency for rightsholders and their materiality for the company, as well as the company's ability to address these risks.

III. FINDINGS FROM THE COMPANY DIALOGUES

Gaps and Challenges:

As noted, company dialogues and review of publicly available materials revealed that none of the companies had stand-alone policies detailing a hHRDD process. Where there were references to certain policy components designed to identify and manage CAHRA risks, it was not always clear what internal or external expertise was used during the risk assessments or what the lines of responsibility were - from the operational to the managerial/board level. (See below under the section on Governance for more details.) References to human rights legal and normative frameworks related to companies' direct operations and value chain relationships were more frequent than references to IHL. However, the few references to IHL expectations were a result of a legal review based on challenges or issues in specific contexts of conflict or occupation. Reflective of this trend was a tendency to treat hHRDD as a more thorough HRDD process rather than one that also evaluates a company's impact on human rights and conflict dynamics, as discussed further in the next section.



When it came to enumerating salient human rights risks, all of the companies provided public information about their top human rights issues. However, in terms of detailing specific CAHRA-related risks, and how previously identified human rights risks are affected by CAHRA dynamics, the companies were far less consistent in terms of what they disclosed publicly, although in conversation one tech company described how it considered salient human rights risks that may be exacerbated in CAHRAs. Due to conflict mineral disclosure regulations, all the companies had at a minimum an explanation of their management of CAHRA risks in their upstream conflict mineral supply chains.

III. FINDINGS FROM THE COMPANY DIALOGUES



IDENTIFIED LEADING PRACTICE

Based on a dedicated HRIA of a new network technology, one tech company identified conflict-related impacts, including relationships with government clients that may lead to network shutdowns, censorship, or surveillance, as a salient issue. Another tech company provided case studies of how risks were identified and addressed in particular CAHRAs, in some instances as a result of third party-informed HRIAs. The same company elaborated on several current armed conflicts and corresponding IHL risks, for which they sought advice from an international organization with expertise in international law. Overall, however, the identification of IHL-related risks in settings of conflict and occupation and efforts to mitigate those risks needed to be addressed more comprehensively.



Recommendations for Companies:

- All companies, regardless of sector, would benefit from a clear public commitment, either as a stand-alone policy or integrated into existing policies, to undertake systematic and regular hHRDD in CAHRA. The hHRDD process should cover its own operations and value chain business relationships. Furthermore, the steps of the hHRDD process should be broadly outlined, including when a conflict and IHL analysis should be undertaken, as well as organizational roles and responsibilities for

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implementation, monitoring, oversight, and accountability. This enables investors to understand the company's commitment and process to manage CAHRA risks, thereby enabling them to better manage the CAHRA risks associated with their portfolios.

- CAHRA risks identified as part of the saliency assessment of the hHRDD process should be publicly disclosed, ideally in relation to specific CAHRA settings and at a minimum as a company-wide prioritization, as those risks relate to particular impacted rightsholders and communities within its own operations and value chain. Risks to stakeholders can manifest as reputational and financial risk to investors and such disclosures can provide assurances that they are being sufficiently addressed.

PRACTICES IN HEIGHTENED HUMAN RIGHTS DUE DILIGENCE

One of the primary objectives of the Pilot Project was to identify and understand evolving good practice among tech and renewable energy companies conducting hHRDD in CAHRA. As articulated by the UNWG's [report](#), which focuses on conflict-affected regions, *hHRDD requires conducting a conflict, stakeholder, and company interaction analysis*. This process should consider: the conflict context; the motivation, roles, and relationships of the actors involved; and the ways in which a company's operations and relationships may contribute to both conflict and human rights impacts. *This approach must consider a company's obligations and duties under IHL*, as well as under various human rights laws, instruments, and standards.

One lesson learned across all discussions was the lack of distinction between HRDD and hHRDD processes. When asked who, when, and how hHRDD is conducted, all of the engaged companies described a standard HRDD system with the ability to expand the scope to cover elements of heightened due diligence when conflict-related risks were identified. While hHRDD builds on HRDD processes, companies did not use the term hHRDD consistently, including understanding impacts on conflict dynamics. However, only one engaged company communicated a distinct set of risk thresholds, e.g., related to conflict intensity, human rights, and governance standards, or steps for conducting hHRDD. That same company is currently in the process of more fully formulating a hHRDD process. Only one of the tech companies indicated it had the capacity to examine the historic, political, economic, social, or environmental factors that have shaped conflict. However, the company did not indicate that this process was undertaken systematically across all of the CAHRAs to which it is exposed.

All of the engaged companies identified specific components within a broader HRDD process that could be adapted for a heightened version of that process. These include conducting a salient human rights risk assessment to identify the most severe impacts across a company's operations, recognizing operations or value chain relationships in CAHRA as a trigger for hHRDD, and considering the specific human rights risks for each potential customer - often referred to as Know Your Customer (KYC) due diligence. The following analysis provides an overview of the practices implemented and challenges faced by engaged companies in conducting HRDD and hHRDD identified during dialogues. It also presents general recommendations to assist companies in conducting standards-aligned hHRDD and support investors in engaging portfolio companies.

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Mapping the Most Severe Risks through Salient Human Rights Risk Assessments:

Based on the extensive scope of multinational companies' operations, *it is best practice to conduct a company-wide salient human rights risk and impact assessment (or saliency assessment) to identify and prioritize how the company may be causing, contributing, or otherwise directly linked to the most severe human rights risks.* As described in [Guiding Principle 24](#), severity hinges upon the scale, scope, and remediability of the potential impacts. All of the engaged companies conducted—or were in the process of conducting or updating—a saliency assessment, which included a full review of the company's operations. While each company used slightly different terms to describe this process, they all had dedicated resources to conduct a mapping of their most salient risks. In many instances, these assessments were completed by reputable third-party experts and all included considerations of CAHRA-related risks.

Promising Practices by Companies:

Two of the engaged companies, including one tech and one renewable energy company, demonstrated leading practices by identifying CAHRA as a salient risk and prioritizing the mitigation of these risks. As part of the saliency assessments, both companies analyzed how conflict can create or exacerbate human rights harms associated with their different business models. These assessments also specifically indicated that conflict needed to be understood and addressed as a separate risk, in addition to how it affects the company's supply chain, customers' use of its products, and other stakeholders.

Additionally, all of the engaged companies indicated that they have prioritized addressing the top salient risks that were identified in their respective assessments and have altered aspects of their business practices as a result of the findings. This indicates the companies were willing to implement certain recommendations versus treating the process as a "box-ticking exercise." Finally, while each of the companies indicated they intended to conduct further assessments, one company committed to regularly performing company-wide human rights assessments at three-year intervals to ensure it maintains a full picture of the salient risks associated with its operations, including in CAHRA.

Gaps and Challenges:

One of the engaged tech company's company-wide saliency assessment failed to address how geopolitical tensions could impact conflict and human rights, despite the company's extensive exposure to CAHRA. The assessment reportedly incorporated some risks related to local conflict dynamics but failed to systematically assess how the company's business model exacerbates conflict across different contexts. Furthermore, the majority of engaged companies failed to indicate when a review of the existing saliency assessment or an update would be completed.

Recommendations for Companies:

- Robust saliency assessments are a core part of hHRDD and identify risks specific to various CAHRA contexts. Those assessments should be publicly disclosed.
- To effectively mitigate risks, companies are encouraged to pursue complementary but distinct approaches to HRDD and hHRDD. In the case of hHRDD, an examination of both human rights and

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conflict impacts should be undertaken. In addition, when possible, an analysis should be conducted on the ground in the CAHRAs where companies are operating.

- Given the rapid rate of technological advancement and dynamic nature of CAHRA, companies are encouraged to conduct routine saliency assessments at timely intervals and additional assessments in response to emerging technologies, expansions into new markets, and conflict and crisis developments as needed. While the required timing of assessments may vary depending on the company and geographic context, best practices encourage an annual or bi-annual review.

Conducting Heightened Human Rights Due Diligence (Versus Human Rights Due Diligence):

All of the engaged companies have developed a HRDD process to identify, assess, address, and report on potential and actual human rights impacts associated with their products, services, and value chain business relationships. These processes include assessing the potential human rights impacts associated with the companies' products, offerings, or services, and working with other teams within the firms to mitigate these harms. Outside of this general analysis, the engaged companies that deliver a physical product to a customer also conducted human rights due diligence through their sales process. In practice, this involves the development of a set of thresholds for due diligence on a sales transaction, collaboration among members of a cross-functional team to identify potential human rights risks associated with the transaction, and escalation channels for senior leadership approving, denying, or placing conditions on sales that present severe human rights risks. (See the next section, Governance, for more detail.) This practice aligns with [Guiding Principle 16's](#) call for *companies to embed their HRDD process throughout the enterprise, which also holds true for hHRDD*.

All of the HRDD frameworks analyzed the human rights risks associated with the customer, product, and geographic context of the potential sale. In addition, one tech company also considered the purpose of the product as a separate factor within HRDD. In this sense, these frameworks blend principles of KYC due diligence with HRDD practice and are situated within the broader sales cycle. All of the HRDD frameworks analyzed whether the product was destined for a CAHRA and when necessary, potential sales may be escalated to senior leadership for greater scrutiny.

The engaged companies provided descriptions of how hHRDD was conducted with varying levels of detail. Some of the engaged companies relied on desk research, which incorporates various reporting from civil society and government agencies. Others indicated hHRDD could be conducted through ad hoc internal reviews, hiring external experts to complete scoped human rights impact assessments (HRIAs) for particular markets or product offerings, or conducting stakeholder engagement, at times in multi-stakeholder settings. Finally, all of the hHRDD systems had some form of mitigation measures available for the cross-functional team to implement in order to proceed with the sale. These included but were not limited to contractual limitations, technological measures, and product feature-related mitigations, aimed at preventing use or misuse of the products in ways that harm human rights.

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However, only the renewable energy company referenced conducting on-the-ground hHRDD. During the dialogues, investors, Project Partners, and companies discussed differing viewpoints on the sufficiency of conducting desk-based hHRDD in light of the complexity of conflict settings. For example, companies cited challenges of onsite due diligence, such as security of personnel and engaged stakeholders, restrictions on accessing a conflict zone, identifying the appropriate impacted stakeholders, ensuring information is impartial and accurate, dealing with stakeholders' mistrust of companies, fear of reprisals, and engaging communities on the move.



IDENTIFIED LEADING PRACTICE

One of the engaged tech companies maintains a significantly different business model that does not sell a physical product or have traditional customers. Instead of integrating HRDD into its sales process, the company has developed regional teams to monitor ongoing human rights risks and crisis teams to respond to critical events, crises, and conflicts. These teams also include cross-functional representatives from compliance, legal, privacy, product specialization, and policy teams and can escalate particular human rights issues to management for mitigation.

Promising Practices by Companies:

While none of the engaged companies described a systematic and stand-alone hHRDD process, several of the HRDD frameworks presented pieces of good practice that could be adapted for hHRDD. First, several of the engaged companies' analyses of geographic factors within its standard HRDD process included considerations of conflict-related risks. One of the engaged companies indicated that HRDD was conducted for each new potential sale or service under an existing contract, meaning that even under long-standing agreements, CAHRA-related risks are routinely reassessed. This aligns with the UNGPs' call for ongoing due diligence, particularly in CAHRA.

In addition, all of the engaged companies demonstrated leading practices in how they identify CAHRA, which can often be challenging based on the lack of a universal definition for "high-risk" areas. They utilized some combination of leading geopolitical risk data providers (e.g., Verisk Maplecroft), government/multilateral institution reporting (e.g., U.S. Department of State, United Nations, EU), and civil society organizations and indices (e.g., Business and Human Rights Resource Centre, ACLED, Early Warning Project, Uppsala Conflict Data Program, Rule of Law in Armed Conflicts (RULAC) portal, Freedom House), to identify when the companies' direct and value chain operations were exposed to CAHRA-related risks.

Within these HRDD frameworks, some of the engaged companies are considering conflict-related risks associated with potential customers. Though this practice was not identified as being part of hHRDD per se, it did include considerations of who a potential customer was within the context and how the particular product could impact conflict dynamics. For example, several of the HRDD frameworks analyze if the customer is a State or non-State actor, connected to military entities, or otherwise has a history of

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human rights abuses. One of the engaged companies disclosed that if a potential customer is a State actor, the HRDD framework looks to see if the technological product could present an opportunity for the State actor to access personal identifiable information or block internet traffic. Another stated that before partnering with a State's armed forces, they expect the State to be a signatory to a multilateral declaration on the responsible military use of AI.

All of the engaged companies also indicated hHRDD could be triggered outside of the general HRDD sales framework. These factors included entering into new markets identified as high-risk, creating new products that carry increased or unknown potential for human rights impacts, or significant changes to a particular operating environment that indicate a deterioration in human rights or other geopolitical factors. However, only one of the engaged companies provided information regarding a consistent approach to identifying triggers of hHRDD or a process for how hHRDD should be conducted.



IDENTIFIED LEADING PRACTICE

The engaged renewable energy company demonstrated the best example of and commitment to developing comprehensive hHRDD embedded in the contracting and project initiation process. This included the commissioning of social and environmental impact assessments for projects it develops and the expectation that clients conduct assessments in instances where it is a supplier. It also includes directly engaging with affected stakeholders, deploying on the ground teams to continue stakeholder engagement and monitor community responses, applying responsible security frameworks if there is a need for security teams based on an escalation in conflict risks, and following specific plans for the mitigation of impacts. Additionally, this company has repeatedly attempted to implement grievance mechanisms in local communities to remediate any identified impacts.

Gaps and Challenges:

While the HRDD frameworks contain elements that could be augmented and integrated into an effective hHRDD process, there remained significant gaps and challenges in their implementation. All of the engaged companies indicated they may conduct hHRDD when entering a market that they define as CAHRA, although only one provided concrete examples of thresholds when hHRDD must be implemented in relation to countries' risk categorization. Best practice would require a systematic response to making determinations of when, where, and how to conduct hHRDD. For example, one of the engaged companies indicated that hHRDD largely occurs in response to crises rather than as a preventative measure when entering a high-risk market.

Across the company dialogues, there were clear shortcomings in how hHRDD was being conducted. The majority of the companies indicated all internal hHRDD was based on desk research and did not incorporate the perspectives of rightsholders directly impacted by conflict or human rights abuses. Furthermore, the engaged companies struggled to articulate how IHL is considered systematically during

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the hHRDD process, which is required by [Guiding Principle 12](#), and failed to demonstrate a consistent approach for applying a conflict lens to heightened due diligence. For example, many of the engaged companies did not demonstrate an adequate understanding of how their operations can impact conflict dynamics. This is particularly relevant for tech companies to understand all the risks associated with the provision of ICT infrastructure and services in conflict, which is critical to ensure access to information but also often targeted or exploited by actors engaged in conflict.

Several of the companies indicated that hHRDD could incorporate engagement with external stakeholders as described by [Guiding Principle 3](#). Two of the tech companies disclosed that the majority of consultation occurs with civil society representatives, which may represent at risk communities, but do not necessarily include impacted parties. While the presence of conflict can be a significant hurdle to engaging with on-the-ground stakeholders, where these barriers can be overcome, limiting engagement to only international actors is insufficient for the purposes of hHRDD and managing the company's risks. This is particularly true for companies that utilize multi-stakeholder initiatives as a means to conduct stakeholder engagement.

Finally, the majority of the engaged companies demonstrated regular monitoring of CAHRA-related risks. However, this is distinct from conducting ongoing hHRDD, which requires actively tracking, assessing, and mitigating contributions to human rights harms and conflict dynamics at regular intervals or in response to significant developments.



TIP: With one exception, the engaged companies maintained varying degrees of exposure to occupied territories, such as the Occupied Palestinian Territory, Golan Heights, South Ossetia and Abkhazia, or Western Sahara. However, none of the exposed companies provided sufficient information regarding how they manage the endemic human rights and conflict risks associated with activities conducted in partnership with the occupying power or entities licensed by that occupying power that take place without the consent of the occupied population, as dictated by IHL and other human rights frameworks. Certain companies indicated they either do not consider or prioritize IHL when conducting due diligence for operations in occupied territories.

When considering risks associated with operating in occupied territories, it is particularly important to understand the inherent risks of causing, contributing to, or being linked with violations of IHL and/or international criminal law based on conducting business with an occupying power or entities licensed by that power. Furthermore, the on-the-ground reality of current military occupations limit the ability to conduct comprehensive hHRDD or mitigate risks once identified. For example, on-the-ground hHRDD is not possible in Western Sahara based on the Moroccan government's prohibition of experts' entry into the country, the recognized representative body of the occupied Sahrawi population, Polisario Front, consistently withholding consent, and the fact that business activities in Western Sahara are designed to support Moroccan citizens who are settling the territory.

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Recommendations for Companies:

- To effectively and consistently manage risks, companies should create a clear system for where, when, and how hHRDD is conducted - rather than take an ad hoc approach to crises or conflicts.
- Companies should undertake hHRDD as an ongoing requirement - rather than a single standalone exercise - to benefit from sustained risk management.
- Effective hHRDD incorporates human rights and conflict-related expertise at every stage of the process, particularly if embedded in a sales process.
- Companies should clearly communicate to stakeholders the types of available mitigation measures, the standards for application, and how compliance is monitored.
- When conducting hHRDD, it is imperative to integrate on-the-ground perspectives, where possible, either through the deployment of direct personnel or hiring third-party firms with relevant expertise.
- In situations of armed conflict, hHRDD in line with international normative frameworks requires the integration of principles of international law, including international humanitarian and criminal law.
- While technically permissible under international law, companies can only maintain direct operations or value chain relationships in occupied territories if they can ensure that they are doing so with the consent of the occupied population and without violating or contributing to violations of IHL.

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GOVERNANCE

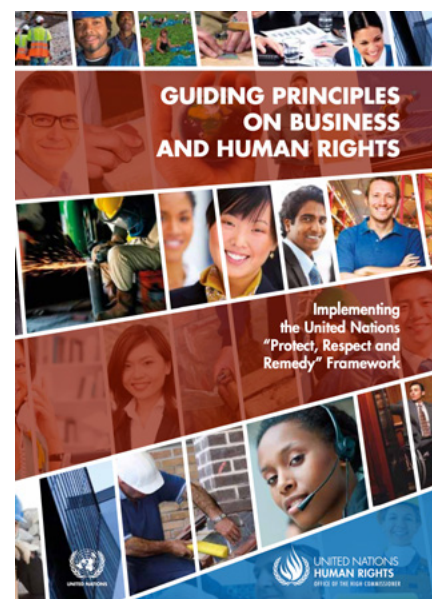
The UNDP and UNWG *Guide* asserts that *senior management and Board-level buy-in and support are central to driving institutional capacity for and commitment to conducting effective hHRDD. It calls for companies to identify hHRDD focal points, who may be on teams tasked with human rights, conflict, and/or sustainability matters, among others, to ensure hHRDD is integrated throughout all relevant business functions* and is reflected in day-to-day operational activities. It further underscores the *importance of capacity building and training* to develop hHRDD competencies and institutionalized learning processes that enable reflection on good practice as part of continual improvement processes.

This echoes provisions of Guiding Principles 16 and 19 of the *UNGPs*, which address aspects of embedding a human rights commitment, including managing CAHRA risks, throughout the business enterprise through consistent and coherent policies and procedures that are core to operations. This could entail building on existing systems, such as enterprise risk management systems, although recognizing that the focus must be risk to people and not the company. Guiding Principle 19 speaks to integrating findings from impact assessments, which would include CAHRA risk assessments, across internal functions and processes with clearly assigned responsibilities for addressing impacts, as well as internal decision-making, resource allocations, and oversight processes to enable effective responses to identified risks and impacts.

In practice, *effective governance should include clear and systematic hHRDD and crisis response processes and protocols with defined roles and responsibilities, established pathways to escalate CAHRA risks to senior management, and oversight of and accountability for undertaking and monitoring the implementation of hHRDD at the Board level*. Ideally these lines of authority and responsibilities should be disclosed and available to interested stakeholders, for example in the form of an organizational chart. Additionally, effective governance requires dedicated internal expertise on human rights and CAHRA, including at senior levels. Where gaps in expertise and capacity exist, it may be appropriate to draw on external advice that can be effectively internalized across the enterprise. *Building hHRDD competencies within the organization through recruitment, training, capacity building, and incentivization, along with routine, cross-functional consultations during and after a crisis to identify learnings, is essential for continuously strengthening hHRDD policy, practices, and governance.*

Promising Practices by Companies:

All of the engaged companies have committee structures at the Board level with various designations which oversee human rights issues and the implementation of human rights policies. What was not always clear, and varied among the companies, was who within the companies are responsible for determining and elevating the most severe CAHRA risks, the responsibilities of Board committees for



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oversight of CAHRA-related risks, the frequency with and reasons for which such issues are discussed at Board level, and how matters are then referred to senior leadership to be addressed and resolved.

The dialogues did reveal some valuable good practices. One tech company has a risk committee at the executive team level, co-chaired by the Chief Legal Officer and Chief Financial Officer, that oversees matters posing material risks to the company, including complex and high-risk sales opportunities. Opportunities involving high-risk geographies, customers, products, and/or use purposes are first reviewed by a sales due diligence function, which is focused on human rights risks. In addition, there is a process for escalating reviews to progressively senior cross-functional decision-making bodies within the organization all the way up to the risk committee level, if necessary. The aim is to manage risks at the operational level if possible, where much of the expertise to address market risks resides. The Board receives an overview of the most significant risks and the steps to address them, which may include human rights-related risks, although the frequency of this process was unclear. Nevertheless, this example shows clear lines of decision-making authority in place for managing CAHRA risks in sales processes and clear channels through which CAHRA risks can be escalated to the executive team level with reporting back to the Board.

In terms of crisis risk prioritization and escalation processes, another tech company described established protocols for senior management sign-off on crisis response measures. The level of sign-off hinges on the designation of crisis severity using a combination of internal and external sources of information. For lower-level crises, sign-off occurs at the director level, while more significant crises escalate to the Vice President level. The most critical crises require sign-off on crisis response options and measures at the level of the President across multiple departments. The latter is an example of ensuring that the appropriate level of internal authority and accountability is brought to bear in the most critical crises in line with Guiding Principle 19 of the UNGPs.

One important means of embedding CAHRA-risk management across the company is to ensure that responses to CAHRA risks and crises are tackled in a cross-functional fashion to ensure all the relevant responsible and expert parties within the organization are included. One tech company demonstrated how a cross-functional process was led by a central crisis response team that draws in staff from the company's policy, content moderation, communications, product, human rights, and in-country operations teams to exchange information related to the unfolding crisis and identify the most severe risks and impacts to users and the company requiring immediate action. The central team then develops a workpiece outlining the priority risks, measures to address them, and the resources needed to address them.



IDENTIFIED LEADING PRACTICE

The renewable energy company also demonstrated collaborative, cross-functional practices in multiple ways. At the Board level, the group ethics committee, which provides oversight of ongoing human rights-related matters, draws from senior leadership in various practice areas, such as legal risk and compliance, finance, and people and culture. On a daily operational level

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the compliance and CSR department works to integrate responses to salient human rights issues in collaboration with different stakeholders across the company, for example with the sustainability department at a strategic level, with regional legal teams for the execution of regional compliance programs, with sales and construction teams at the project level, or with sustainable procurement for upstream management of human rights risks.

The company's response to the Russian invasion of Ukraine provided an example of cross-functionality in crisis response and applying learnings to other contexts. After the invasion, the company formed a core team of executive managers with decision-making authority to manage risks related to staff safety, security, and evacuation planning. Operational teams handling other aspects of crisis response, including human resources, occupational health and safety, business continuity, construction, and logistics, worked under this core team. Clear lines of communication were established, ensuring regular contact between the core team and operational teams. The crisis response entailed four components namely: 1) "predict," covering horizon scanning, scenario planning, and stakeholder engagement; 2) "prepare," creating teams with the ability to direct crisis response resources and develop contingency plans; 3) "respond," including elements of crisis management such as evacuations and safety of staff and programs; and 4) "recover," determining when business operations could continue. This effort sat under the aegis of the security team, although it was not clear to what extent staff with competencies in hHRDD were involved.

Finally, good governance of hHRDD processes relies on having appropriate internal staffing with the requisite skills and competencies across the relevant functions involved in CAHRA-risk management. Similarly, where those are lacking, ensuring that training is provided to build the needed capacities. In terms of good practice, one of the tech companies reported publicly that many of its staff working across various teams and functions have expertise in conflict, human rights, and humanitarian issues, first-hand experience living and working in CAHRAs, proficiency in languages spoken in these settings, and expertise in human rights and CAHRA risks identified as salient to the company. However, these staff's exact roles in the CAHRA risk management process were not clear.

Another tech company highlighted the human rights team's role in embedding human rights risk identification and management into various business units' risk management processes. This takes place through training staff on how to identify human rights risks as part of their routine internal risk management processes, which the company referred to as "light HRDD." Identified risks are then triaged to the human rights team for further review, which may lead to more in-depth HRDD starting with a HRIA or heightened HRDD carried out by the human rights team in conjunction with the relevant business unit/s that will be responsible for implementing recommendations from the process. One of the benefits of working cross-functionally on hHRDD, beyond embedding human rights across the business, is that it equips these teams to better understand the risks and impacts associated with their core work, enabling them to conduct more robust spotting of human rights issues moving forward.

III. FINDINGS FROM THE COMPANY DIALOGUES

Gaps and Challenges:

Given the importance of senior management and Board-level oversight of CAHRA-risk management policies and processes, two gaps became apparent from the dialogues and publicly available company materials. First, it was unclear what sort of CAHRA-related expertise resided at senior management and Board levels, and what measures were being taken to address knowledge gaps, other than specific instances of seeking external advice on certain issues or geographies. In addition, IHL expertise appeared to be largely lacking at most operational levels, such as within human rights, legal, and compliance teams tasked with human rights risk management, though outside expertise was drawn on as needed. Second, there was no consistency in the frequency with which the Board received updates on significant CAHRA risks. The processes and pathways for escalating severe CAHRA risks to the Board level were opaque and not disclosed, an important governance element in need of specification given the dynamic and evolving nature of these issues.

In addition, detailed information about roles, responsibilities, oversight, and accountability for decision-making about crisis measures was not publicly available or shared within the dialogues, making it hard to discern the extent to which relevant staffers within the organization were familiar with crisis response protocols.

Relatedly, there was significant variance as to which functions within the organization are included in crisis response and who has ultimate accountability for decisions related to CAHRA risk management. While cross-functionality can be important for an agile response to risks and crises, by bringing in the needed internal expertise, there is also a danger that ad hoc and inconsistent responses involving a changing array of roles, functions, and departments could hamper the identification of lessons learned to improve future responses.

Recommendations for Companies:

- Some form of documentation, such as an organizational chart, in which roles, responsibilities, and lines of authority and accountability for CAHRA risk management are clearly detailed, should be made publicly available. This could aid investors, and other external stakeholders, in understanding what they can expect from internal company stakeholders in terms of addressing CAHRA risks that may impact them financially or directly.
- Relatedly, companies should develop and disclose clear crisis response protocols, including which functions are included in crisis response decision-making and implementation, oversight, and evaluation of crisis response measures. The inclusion of detailed processes and thresholds for determining when crises are escalated to senior levels of management, all the way to the Board, depending on the severity of the situation, can assure investors that crises are managed at the appropriate level within the company and with sufficient oversight.
- Companies should ensure that personnel who are involved in cross-functional CAHRA-risk management activities are equipped with the appropriate competencies and receive regular training to ensure sufficient capacity-building.

CONCLUSION

The investors who participated in the Investor Engagement on CAHRA Pilot Project expressed to the Project Partners their appreciation for the practical information they gleaned from their dialogues with the four tech and renewable energy companies, in terms of how to conduct effective engagement, what can be expected of companies in CAHRA based on authoritative legal and normative frameworks, what good practices look like, and where challenges persist.

Yet, this is only the beginning. Beyond tech and renewable energy there are other sectors with significant CAHRA exposure and the risks associated with that exposure vary based on the types of goods and services provided, the geographies in which they operate, and their business relationships with public and private actors. These complexities warrant more tailored risk analysis and guidance. Investors need access to decision-useful information at scale to assess the CAHRA exposure of their portfolio companies and to undertake a risk-based prioritization of which companies to maintain, engage, or exclude. To date, mainstream ESG data providers do not offer sufficient CAHRA-relevant information. These are just a few of the gaps that need to be addressed moving forward if investors and companies are to ensure that they are managing the human rights, conflict, and material risks associated with business activities and relationships in CAHRA.



ANNEX 1:

Glossary

Causation, contribution, or direct linkage: Also referred to as the “involvement framework”, the UN Guiding Principles on Business and Human Rights establish three ways in which a company may be involved in human rights harms, either by causing or contributing to adverse impacts through its own activities or by direct linkage to its operations through the products or services of its business relationships (Guiding Principle 13). The appropriate action to address harms will vary based on the nature of the involvement (Guiding Principle 19):

- Where a company causes an adverse impact, it should take steps to cease or prevent the impact.
- Where a contributes to an adverse impact, it should take steps to cease or prevent its contribution and use its leverage to mitigate any remaining impact.
- In instances of direct linkage, various factors will determine appropriate action (e.g., the company’s leverage, the essentiality of the relationship, the severity of the abuse, the effects of terminating a relationship). If a company lacks the leverage to prevent or mitigate an impact, it should consider ways to increase its leverage.

Conflict-affected and high-risk areas (CAHRA):

While international humanitarian law establishes three classifications of conflict—international armed conflict, non-international armed conflict, and military occupation—there are varying definitions of high-risk areas and CAHRA as a term. One authoritative definition is that of the Organization for Economic Cooperation and Development. CAHRA are “identified by the

presence of armed conflict, widespread violence or other risks of harm to people. Armed conflict may take a variety of forms, such as a conflict of international or non-international character, which may involve two or more states, or may consist of wars of liberation, or insurgencies, civil wars, etc. High-risk areas may include areas of political instability or repression, institutional weakness, insecurity, collapse of civil infrastructure and widespread violence. Such areas are often characterised by widespread human rights abuses and violations of national or international law.”

Heightened Human Rights Due Diligence

(hHRDD): According to the UNDP and UNWG Guide, with the greater risk of gross human rights abuses and humanitarian law violations in CAHRA, companies should conduct heightened human rights due diligence to identify and address both their adverse impacts on human rights as well as on the conflict and context in which they operate. As with standard human rights due diligence, hHRDD entails identifying and assessing adverse impacts on conflict and human rights, acting to cease or prevent them, and tracking and communicating the effectiveness of measures taken. In armed conflict, companies must also consider international humanitarian law implications of their activities.

Human Rights Due Diligence (HRDD):

According to the UN Guiding Principles on Business and Human Rights, the corporate responsibility to respect human rights entails three things: a human rights policy commitment; a human rights due diligence process; and a process to remediate adverse impacts (Guiding Principle 15). The HRDD process includes “assessing actual and

potential human rights impacts, integrating and acting upon the findings, tracking responses, and communicating how impacts are addressed.” HRDD covers human rights impacts that the company may cause, contribute, or to which it may be directly linked; will vary depending on the size of the company, the severity of risks, and the nature and context of its operations; and should be ongoing given risks change over time as operations and contexts evolve (Guiding Principle 17).

International criminal law: According to the [International Committee of the Red Cross](#) international criminal law “is the branch of international law that is designed to hold individuals who are responsible for particularly serious violations of international law to account before the law. The idea that individuals, and not only States, could be found responsible for such violations started to gain ground after World War II... this branch of public international law deals with international crimes: i.e., war crimes, crimes against humanity, genocide and potentially, aggression. One of the legal consequences of framing an act as an international crime is that states must prosecute and punish for its commission, including through the exercise of universal jurisdiction, which allows—or even obliges—any State to try alleged perpetrators present on a territory under its jurisdiction, even in the absence of any link between the accused and the State exercising jurisdiction.”

International humanitarian law: According to the [International Committee of the Red Cross](#), “international humanitarian law (IHL) is a set of rules that seeks, for humanitarian reasons, to limit the effects of armed conflict. It protects persons who are not, or are no longer, directly or actively participating in hostilities, and imposes limits on the means and methods of warfare.” IHL, also known as “the law of war” or “the law of armed

conflict,” governs both international and non-international armed conflict and occupation and applies equally to all parties. For more information on how IHL applies to business actors, see the ICRC’s recent publication, [Private Businesses and Armed Conflict: An introduction to relevant rules of international humanitarian law](#).

International human rights law: According to the [Office of the High Commissioner for Human Rights](#), “a series of international human rights treaties and other instruments adopted since 1945 have conferred legal form on inherent human rights and developed the body of international human rights. Other instruments have been adopted at the regional level reflecting the particular human rights concerns of the region and providing for specific mechanisms of protection. Most States have also adopted constitutions and other laws which formally protect basic human rights. While international treaties and customary law form the backbone of international human rights law other instruments, such as declarations, guidelines and principles adopted at the international level contribute to its understanding, implementation and development... By becoming parties to international treaties, States assume obligations and duties under international law to respect, to protect and to fulfil human rights. The obligation to respect means that States must refrain from interfering with or curtailing the enjoyment of human rights. The obligation to protect requires States to protect individuals and groups against human rights abuses [to include by economic actors]. The obligation to fulfil means that States must take positive action to facilitate the enjoyment of basic human rights.”

Saliency-materiality nexus: Conflict-affected and high-risk areas (CAHRA) are where salient human rights risks to people most often translate into financially material risks for companies

and their shareholders. Heartland refers to the intersection of these risks as the “saliency-materiality nexus” and uses it as a contextual due diligence lens that enables investors to manage the most severe and systemic human rights and material risks—regulatory, legal, operational, and reputational—across their portfolios.⁶ In doing so, it allows shareholders to meet their fiduciary duties and responsibilities under the UN Guiding Principles on Business and Human Rights (UNGPs) while addressing the most severe threats to rightsholders in CAHRA.

Saliency assessment (and related terms):

While companies use various terms, a saliency assessment includes the process of identifying, assessing, and prioritizing the most severe human rights risks and impacts. This is generally the first step in the human rights due diligence process and can be conducted through human rights impact assessments, human rights risk analyses, and salient human rights assessments. For the purpose of this report, this concept is abbreviated as a saliency assessment.

Severity: According to the UN Guiding Principles on Business and Human Rights, the “severity of impacts will be judged by their scale, scope and irremediable character (Guiding Principle 14). Companies should prioritize preventing and mitigating their most severe impacts or where delayed response would make those impacts irremediable (Guiding Principle 24).

⁶ The saliency-materiality nexus is not intended to suggest that investors should not address those human rights risks that do not translate into material risks or those material risks not connected to human rights harms. Rather, it is designed as a prioritization framework for investors that identifies the majority of those companies where these risks intersect by virtue of their direct and/or value chain operations in CAHRA.

ANNEX 2:

Sample Engagement Questions

POLICY

- Does the company have in place a clear public commitment to undertake systematic and regular heightened human rights due diligence (hHRDD) in conflict-affected and high-risk areas (CAHRA) across its own operations and value chain relationships?
- Has the company identified CAHRA as a salient issue/risk in its public commitment?
- Is it clear that this public commitment has been signed off at the highest levels of management?
- Does the company broadly outline the steps of its hHRDD process in its public commitment?
- Does the company publicly disclose specific CAHRA risks identified as part of the hHRDD process, including which stakeholders are impacted?
- Can the company articulate how the hHRDD process is distinct from its routine HRDD process?
- How does the company incorporate a conflict analysis when conducting hHRDD?
- How does the company incorporate its obligations under international humanitarian law and criminal law when applicable?
- How does the company ensure human rights and conflict-related expertise is incorporated into each stage of the hHRDD process? Does it enlist third party experts?
- Can the company share an example of how hHRDD is conducted on an ongoing basis in relation to a specific CAHRA?
- Can the company share a recent example of when it successfully identified and managed CAHRA risks? What challenges, opportunities, and/or other learnings emerged from the process?

PRACTICES

- How does the company identify its exposure to CAHRA? What resources does the company use to define CAHRA?
- How does the company assess CAHRA-related risks? Does the company have a specific methodology in place for identifying, assessing, and addressing these risks? If so, what does it entail?
- Can the company articulate to investors the various steps of its hHRDD process?
- What is the company's approach to stakeholder engagement in relation to CAHRA? How does it determine which stakeholders to engage with and the frequency of engagement? How does it engage with impacted stakeholders (or credible proxies) in or with proximity to CAHRAs? How does it ensure that engagements do not pose a risk to stakeholders?
- Can the company share some of the different types of mitigation measures it employs to

ANNEX 2

prevent and mitigate CAHRA risks that are identified as part of the hHRDD process? How does it monitor that those measures are having the intended outcomes, particularly upon impacted stakeholders? How does the evaluation of those measures feed into the continual improvement of the CAHRA risk management process?

- What type of know-your-customer (KYC) due diligence does the company undertake as part of the hHRDD process, particularly for sales involving high-risk customers, geographies, or products?
- If a company or its subcontractors are utilizing private security services, how does the company conduct due diligence of those security providers?

- Can the company share a recent example of CAHRA risks that was addressed by senior management or the Board?
- What crisis response processes and mechanisms are in place to manage CAHRA risks? Can the company share a description or depiction of who holds what roles, responsibilities and authorities for CAHRA risk management? Who is responsible for ultimate oversight of these processes?
- Does the company publicly set out the organizational roles and responsibilities for implementation, monitoring, oversight, and accountability for hHRDD?
- How does the company ensure that personnel involved in hHRDD are equipped with the appropriate competencies and training?

GOVERNANCE

- What resources (staff, time, budget) does the company allocate to managing CAHRA risks? Does the company have staff at HQ and in the field specifically dedicated to managing these risks? Are there dedicated teams or are these responsibilities integrated into broader enterprise risk management functions?
- Are there Board-level committees with responsibility for overseeing CAHRA risk management efforts? With what frequency are CAHRA risks discussed at senior management and/or Board levels? Does the company possess Board level expertise on the prevention and mitigation of CAHRA risks?
- Can the company provide an overview of the established pathways in place to escalate CAHRA risks to senior leadership and/or the Board?

ANNEX 3:

List of Authoritative Resources on Heightened Human Rights Due Diligence and Responsible Investment and Business in CAHRA

Private Businesses and Armed Conflict: An Introduction to Relevant Rules of International Humanitarian Law, International Committee of the Red Cross, Australian Red Cross, French Red Cross, November 2024

This brochure explains why, when and how IHL is relevant to private businesses and outlines how businesses' activities and actions in such circumstances can have important consequences for affected civilian populations and negatively impact a business' reputation, operations and financial situation.

The Saliency Materiality Nexus, Heartland Initiative, Wespath Benefits and Investments, and Schroders, September 2024

This white paper describes the intersection of human rights and material risks—the saliency materiality nexus—as a practical, rights-based framework that can focus investors' analytical and engagement efforts on identifying and addressing the most severe and systemic social risks in their portfolios in CAHRA.

The Investor ESG Guide on Private Security and Human Rights, ICoCA, Investor Alliance for Human Rights, Enact, Autumn 2023. (Also available in [French](#) and [Spanish](#).)

This guide brings investors' attention to human rights risks linked to their portfolio companies'

use of private security services. It helps investors analyze how portfolio companies utilize security services and learn how to encourage their portfolio companies to conduct due diligence on their security providers through a series of actions to manage human rights risks.

Business and Human Rights in Challenging Contexts: Considerations for Remaining and Exiting, United Nations Office of the High Commissioner for Human Rights, August 2023

This note provides clarification on what is expected from businesses under the UNGPs to meet their human rights responsibilities in challenging operating contexts. It outlines considerations under the UNGPs regarding how businesses should remain in or exit challenging operating contexts or relationships.

Investor Toolkit on Human Rights and Armed Conflict, Responsible Investment Association Australasia, May 2023

This toolkit includes detailed guidance for investors to identify where portfolio companies may be operating in a conflict-affected context and actual and potential adverse human rights and IHL impacts. It provides guidance on how investors can engage with companies on these issues.

ANNEX 3

Heightened Human Rights Due Diligence for Business in Conflict-Affected Contexts: A Guide, United Nations Development Programme and United Nations Working Group on Business and Human Rights, June 2022

This guide offers guidance to business actors and other stakeholders on practical measures to ensure responsible engagement from businesses in conflict-affected areas. It provides parameters for businesses to design and implement effective heightened human rights due diligence processes in CAHRA.

Business, Human Rights and Conflict-affected Regions: Towards Heightened Action, United Nations Working Group on Business and Human Rights, July 2020

This report clarifies the practical steps and measures that States and businesses should take to prevent and address business-related human rights abuse in conflict and post-conflict contexts, focusing on heightened human rights due diligence and access to remedy.

Doing Responsible Business in Armed Conflict: Risks, Rights and Responsibilities, Australian Red Cross and Royal Melbourne Institute of Technology University, 2020

This publication aims to provide businesses with a better understanding of the relevance of IHL and the risks of non-compliance with a view to enable businesses to plan and execute operations that respect international standards.