

General recommendations

All investors

PRIOR TO INVESTMENT

Adopt clear public policies towards rights-respecting investments

- ③ Adopt an investment strategy committing to human and labour rights respecting investments, in line with investors' obligations under the UNGPs.
- ③ Adopt an active stewardship policy: communicate expectations for RE investments.
- ③ Use key questions to develop expectations towards RE investees.

Screen potential RE investments based on clear rights-respecting criteria

- ③ Screen companies based on public commitment to respecting fundamental human and labour rights with particular consideration being given to rights at risk in RE project deployment (land rights, Indigenous Peoples' rights including FPIC) as well as zero tolerance for reprisals against HRDs.
- ③ Screen companies based on project portfolio coherence (avoid investing in companies developing new fossil fuel projects) and existence of a science-based emissions target aligned with the objectives of the Paris Agreement and related transition plan.
- ③ Review potential investees for any documented track record of causing, contributing to or being linked with human rights harms, including retaliation against HRDs. In such event, consider investing based on seriousness of impact, degree of causality as well as prevention and remediation steps taken.

Require potential investees to undertake and publicly report on HREDD in line with UNGPs

- ③ Such criteria should be used not only to screen potential direct investments, but also to build ETF / index fund for passive investments, as well as before considering buying corporate bonds or issuing private debt.

Join and influence investors' coalitions to adopt clear high-level commitments towards rights-respecting investments in the net-zero race, and related operational plans: joint engagement plan towards communities and other stakeholders, engagement plans and expectations for companies.

DURING INVESTMENT

Maintain active vigilance of investments compliance with fundamental rights

- ③ Require companies to communicate on the result of its ongoing HREDD throughout supply chain.
- ③ Monitor companies' performance with regards to human and labour rights and environmental protection.

Act on human rights abuses and allegations of abuses

Direct public or private investments

- ③ If found to have caused or contributed to an adverse impact: cease and provide access to remedy.
- ③ Use leverage through access with companies, or through collaboration with other minority investors in the case of minority investment if linked to adverse impacts.
- ③ Engage with companies facing human rights allegations to ensure access to remedy is provided.

Exercise active stewardship

Direct public or private equity investments

- ③ Exercise active stewardship: file proxy resolutions and support resolutions focused on improving human rights and environmental performance in RE, maintain an ongoing dialogue with investees executive management including escalation where necessary, speak at Annual General Meetings of company.
- ③ Use divestment in a rights-respecting fashion as last resort following repeated failed engagement, and consider issuing press release.
- ③ Passive investors should also exercise active ownership with individual investees, especially if they hold sizeable equity.
- ③ Minority investors should consider supporting human rights resolutions and actively engaging with other investors through joining coalitions.

Specific additional recommendations

Public equity / direct investment

PRIOR TO INVESTMENT

- ③ Undertake investor's HREDD, including heightened due diligence for investments in CAHRAs.
- ③ Assess that the company's own due diligence is aligned with the UNGPs / OECD Guidelines, that a community engagement plan is in place, and that the company has a supply chain action plan and a responsible sourcing policy.
- ③ Set time-bound action plans to close any gaps before the investment, including setting up policies on human and labour rights, including land rights, FPIC, zero-tolerance towards reprisals against HRDs, sourcing from or operating in CAHRAs, a community engagement plan and a supply chain monitoring plan.
- ③ Agree on a performance monitoring plan with the company for significant investees.
- ③ Ensure that human rights issues are addressed by companies' boards and across relevant and integrated departments.
- ③ In the case of significant investments: engage with communities and workers directly in a meaningful and inclusive manner respecting FPIC protocols where they are available. Minority investors should consider joining coalitions that prioritise community engagement.

Public equity / passive investment (indexes)

- ③ Asset owners: develop a human rights policy for selection of asset / fund managers and communicate its expectations to support relationship building.
- ③ Ensure fund manager's policies and processes aim to prevent / mitigate human rights risks, add related obligations in contracts.

DURING INVESTMENT

- ③ Follow up on results and on actions taken to close gaps identified prior to the investment.
- ③ Engage with investees on co-equity models with local communities.
- ③ Maintain ongoing engagement with communities and workers.

- ③ Asset owners should engage with the investment manager to agree on a voting / escalation strategy with companies listed in the index.
- ③ Monitor fund manager's progress in improving prevention/mitigation of human rights risks.

Specific additional recommendations

Private equity / infrastructure

PRIOR TO INVESTMENT

As a general partner

- ③ Conduct initial company/project screening looking at geographical – related (especially in CAHRAs) and other human rights risks.
- ③ Conduct detailed due diligence to assess current human and labour rights policies, including land rights, FPIC, zero-tolerance towards reprisals against HRDs, sourcing from or operating in CAHRAs, a community engagement plan and a supply chain monitoring plan. Undertake additional due diligence for projects with major operations impacting Indigenous peoples.
- ③ Develop advanced expectations for the company to mitigate actual/potential human rights risks discovered during the due diligence process and formalise them through the investment agreement.
- ③ Engage with communities and workers directly in a meaningful and inclusive manner respecting FPIC protocols where they are available. Adopt formal grievance mechanisms for communities.

As a limited partner

- ③ Condition commitment to the fund to the GP's own adherence to the above-listed steps, negotiating for certain rights (including to opt-out) if the fund does not respect human rights.

Fixed income / debt (direct)

- ③ Require disclosures demonstrating HREDD was conducted.
- ③ In the case of debt, conduct own due diligence in advance when considering funding projects in CAHRAs in order to complement company due diligence efforts.

DURING INVESTMENT

As a general partner

- ③ Follow up on expectations outlined in the investment agreement with the company.
- ③ Consider exercising legal leverage in case of breach.
- ③ Provide effective support to companies on improving human and labour rights policies and practices, and integrate those in own development plan for the investment.
- ③ Engage with investees on developing co-equity models with local communities.

As a limited partner

- ③ Engage in an active dialogue with the GP on the fund performance on human and labour rights.

Direct investment: the investor may be the majority shareholder and thus have a seat on the board of the company. It should exercise considerable influence over the company's approach to human rights risks

- ③ Engage with bond issuers through direct contacts and use the leverage of their equity counterparts to increase influence when engaging with companies
- ③ When considering renewing debt, review policy and performance throughout the preceding project timeline, and require updated plans for maintaining respect for human rights and the environment
- ③ Consider responsibly pulling funding, divesting or avoiding new debt issuance when projects/companies are discovered to cause or contribute to abuses and companies involved are not taking the necessary steps to mitigate or provide remediation, as outlined under the UNGPs
- ③ Partner with other bond managers/debt issuers to increase influence