

PRESIDENT AND FELLOWS OF HARVARD COLLEGE
CORPORATION COMMITTEE ON SHAREHOLDER RESPONSIBILITY

OFFICE OF THE GOVERNING BOARDS
(617) 495-1534

LOEB HOUSE, 17 QUINCY STREET
CAMBRIDGE, MA 02138

Proxy Voting Guidelines for External Managers

Topic: Human Rights
Subtopic: Conflict-affected and high-risk areas (CAHRA)
Approved: April 3, 2025

Description:

Resolutions on this topic may request a company adopt policies that enhance standard human rights due diligence, commission an independent third-party assessment, or report on its approach to mitigating risks associated with business activities in conflict-affected and high-risk areas (CAHRAs).

Topic background:

CAHRAs (Conflict-Affected and High-Risk Areas) are regions experiencing ongoing armed conflict, violence, or significant risks of harm to individuals. These areas often suffer from political instability, weak institutions, and a breakdown of civil infrastructure, making them particularly susceptible to human rights abuses and the exploitation of resources, such as minerals.¹

The business risks in CAHRAs are generally much greater than those in both developed markets and other emerging markets. Companies operating in regions with human rights issues may face legal, operational, and reputational risks that can lead to significant financial consequences for both the companies and their shareholders. One study found that company operations or supply chains in CAHRAs resulted in financial damage, as demonstrated in multiple case studies.²

Investors aiming to address corporate risks related to CAHRAs generally emphasize the importance of companies, taking stronger measures to manage these associated risks, whether they operate in, supply to, or source resources from regions experiencing ongoing conflict or human rights abuses. The key focus is on the heightened due diligence needed for business operations under such circumstances.

¹ Section 1502 of the Dodd-Frank Act added Section 13(p) to the Securities Exchange Act of 1934, which requires issuers with conflict minerals to disclose whether any of those minerals originated in the Democratic Republic of the Congo or an adjoining country. If an issuer's conflict minerals originated in those countries, Section 13(p) requires the issuer to submit a report to the Commission that includes a description of the measures it took to exercise due diligence on the conflict minerals' source and chain of custody. For more information here is a [link to the SEC rule](#).

² [The Saliency Materiality Nexus](#), Heartland Initiative, Wespath, and Schroders, August 2024

Investors advocate for business practices that reduce negative impacts on local communities and ensure that companies do not contribute to or benefit from conflicts. This type of investor engagement often focuses on³:

- Enhanced Human Rights Due Diligence
- Third-party assessments
- Transparency and Disclosure
- Alignment with International Standards

Considerations for voting:

- Is there evidence that the company's products or services are being used in violation of international humanitarian laws and widely agreed upon human rights?
- Given existing standards and international laws around human rights, it is helpful to understand whether a company has communicated its alignment and the level of transparency it provides to support any public statements.
 - For example, does the company conduct additional human rights monitoring in any CAHRAs, or does it have a process for heightened human rights due diligence?
- Consider whether the shareholder resolution or any accompanying engagement is intended to deter investment in a region, as investment in some CAHRAs could help spur economic growth, reduce conflict, and bolster economic empowerment.

Illustrative examples of votes:

1. Vote in support of shareholder resolutions that request the Company commission an independent third-party report on the Company's due diligence process to determine if and how products or services and supplier in conflict-affected and high-risk areas (CAHRA) expose it to human rights and other material risks.
2. Vote in support of shareholder resolutions that request the Company assess and report to shareholders on the company's approach to mitigating the risks associated with business activities, including within its supply chain, in conflict-affected and high-risk areas (CAHRA).
3. Vote in support of shareholder resolutions that request the Company to heighten its due diligence for operations and its suppliers in CAHRAs.

Harvard offers broader general guidance on its recommended approach to considering shareholder resolutions in "[Overview of Harvard University's Proxy Voting Guidelines for External Managers](#)" (follow [link](#) to download full text). When determining votes on resolutions, we consider each resolution in light of this general guidance as well as in light of a resolution's specific request and contextual information about the relevant company and its approach to the issue. Any reporting should be issued at reasonable cost and omit proprietary information.

³ For an example of investor engagement please see the Investor Alliance for Human Rights, [Investor Engagement on CAHRA](#)