

Responsible Action in Crisis (RAC)

A Guide for Businesses
to Responsibly Remain
or Exit under Crisis,
Conflict or Sanction

BETA VERSION FOR CONSULTATION
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Contents

1	Why this Guidance?	04
	Companies Face Rising Risks & Expectations	05
	Companies Want to be Better Prepared	05
	Aim and Objectives	06
	What this Guidance Does Not Do	06
	Who is this Guidance For?	07
	When to Apply this Guidance	07
	Structure	07
2	If You Read Nothing Else: Strategic Questions, Principles & Action - For Boards & Decision Makers	08
	Strategic Questions	09
	Strategic Principles	10
	Strategic Action	10
3	Tactical Principles - For Executives & Operational Teams	11
	All Businesses	12
	Finance and Insurance Institutions	13
	Collectively	13
4	An Adaptive Operational Process for Responsible Action in Crisis	14
	Preparatory Cycle	17
	Analyse the Context & Establish a RAC Working Group	17
	Prepare a RAC Plan	18
	Use Scenarios & Identify Action Thresholds	19
	Establish the Reference Panel	21
	Commit Publicly	22
	Exercise the RAC Plan	22
	Check the Changing Context	23
	Revise the RAC Plan	24

Responsive Cycle	24
Activate the RAC Plan	24
Protect & Position	25
Engage All Stakeholders	27
Communicate Publicly, Clearly & Consistently	28
Check the Changing Context	29
Adapt	30

Post-Response Action	31
Evaluate	31



Foundations of Good Practice	32
Governance	33
Expertise	33
Gender Mainstreaming	34
Capacity-Building	35
Collaborative Platforms	35



Annexes	
For Annex 1 and 2 please refer to the accompanying document	

Acronyms

BU	Business Unit
ESG	Environmental, Social and Governance
HHRDD	Heightened Human Rights Due Diligence
HRDD	Human Rights Due Diligence
ICC	International Chamber of Commerce
RP	Reference Panel
ILO	International Labour Organisation
NGOs	Non-Governmental Organisations
OECD	Organisation for Economic Co-operation and Development
RAC	Responsible Action in Crisis
RBC	Responsible Business Conduct
SDG	Sustainable Development Goal
UNGPs	UN Guiding Principles on Business and Human Rights

Guidance Development Process

This beta guidance serves to advance responsible business decision-making and action on remaining in or exiting countries facing crisis, conflict or sanction. This draft builds on the UN Guiding Principles on Business and Human Rights¹, the OECD Due Diligence Guidance for Responsible Business Conduct², and tools and frameworks³ associated with ensuring conflict sensitive business. The guidance has been derived from consultations, practice review and literature pertaining to business and peace, conflict and human rights, including recent but emerging acknowledgement that human rights due diligence should incorporate conflict considerations. This document forms the basis for further consultation with business, civil society, and governments with a view to refining the content.

1 Available on https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinessshr_en.pdf

2 Available on <https://www.oecd.org/investment/due-diligence-guidance-for-responsible-business-conduct.htm>

3 Including the 17 Sustainable Development Goals and particularly SDG5 (Achieve gender equality and empower all women and girls) and SDG 16 (Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels)



Why this Guidance?

Companies Face Rising Risks & Expectations

The challenges and responsibilities facing businesses at the intersection of crisis, conflict and human rights violations are increasingly evident as inter-connected and multi-dimensional risks and stakeholder expectations rise globally.⁴

Evidence from business' responses to recent crises, conflict and the imposition of sanctions suggest that individual corporate actors, under pressure from stakeholders to take decisive and principled action, are uncertain of their responsibilities. Corporate actors are seeking an action-oriented, fit-for-purpose analytical and decision-making framework to guide principles-based, and externally credible remain-or-exit positions which meet stakeholders' expectations.

That there should be some uncertainty is understandable. The most important international standards of business conduct (the UN Guiding Principles on Business and Human Rights⁵ (UNGPs) and the OECD Guidelines for Multinational Enterprises (OECD Guidelines)) are clear in their expectation that businesses should act (on the basis of due diligence) to cease, prevent or mitigate adverse human rights impacts, understand their role in conflict, avoid complicity in gross human rights abuses and respect the standards of international humanitarian law. But, the standards and frameworks addressed to business have, to date, stopped short of giving practical guidance on how to resolve remain/exit dilemmas and act responsibly once such decisions have been taken.

Companies Want to be Better Prepared

Companies have expressed a desire to be better prepared to take responsible action in responding to the dilemmas they face in the context of crisis, conflict or sanction-related stay-or-leave decisions (see Annex 2). Accordingly, this guidance is intended to support companies as they seek to weigh reputational and geopolitical risk, commercial opportunity, legal compliance, conformance with their normative responsibility to respect human rights, responsible business conduct, peace and global policy priorities, in determining their response to crisis, conflict and sanction.

4 See, for instance UNDP, Heightened Human Rights Due Diligence for Business in Conflict-Affected Contexts: A Guide, 2022

5 Available on https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinessshr_en.pdf

Aim and Objectives

The guidance sets out principles and a practical process to support, encourage and inform rigorous and externally credible corporate decision-making and responsible conduct in remaining in or exiting jurisdictions experiencing crisis, conflict or sanction. Specifically, it guides companies to:

- Plan and act in ways which respect human rights, support conflict mitigation and peacebuilding efforts, and safeguard responsible business conduct and global policy priorities (such as the energy transition).
- Understand their responsibilities and weigh considerations of: regulatory and legal compliance; corporate reputational risk and consumer perception; corporate policy conformance; consistency with corporate purpose, ESG commitments and strategy; conflict and human rights impact management; stakeholder expectations and the business' long-term role/ impact in-country.
- Provide a basis for inter-stakeholder dialogue, advocacy and collective action or response on responsible exits and business continuation response to crisis, conflict or sanctions.
- Advocate for more focussed dialogue between business and policy-makers to reduce risks to business and to people in such contexts and to identify and mitigate potential unintended consequences of State action for corporate action to address global policy priorities.

What this Guidance Does Not Do

This guidance is not designed to encourage companies to “stick it out” come what may. It does not provide a rationale for business continuation in the teeth of escalating conflict or widespread, serious human rights abuses. On the contrary, it intends to support companies to carefully and comprehensively assess the consequences for and impacts on people, communities and the broader context in taking a decision as to whether to stay or leave. Accordingly, two key aspects of the guidance are encouraging companies to establish (1) a stronger connection to the local context and (2) an integrated and inclusive approach to monitoring country-level risks to support rapid and rigorous decision-making on the basis of a broader set of analysis and technical knowledge.

Who is this Guidance For?

The guidance supports:

Board-level decision-makers in choosing to exit or remain by proposing clear principles and corporate governance structures to ensure assessments and plans inform Board/executive-level decisions at pace, with agility and rigour, at the moment of crisis.

Executives and operational teams within companies in convening the relevant internal actors (group and business unit) around the “key questions” and applying a process with the central task of ongoing planning to responsibly exit or remain.

When to Apply this Guidance

Companies should act on this guidance to their operations in all high-risk contexts now. They should not wait for crisis, conflict or sanctions to emerge.

Structure

The guidance is designed to support good practice, and does so in four parts, each building on the last to establish an integrated approach:

- **Strategic Questions & Principles:** For Boards & Decision Makers
- **Tactical Principles:** For Executives & Operational Teams
- **Operational Management Process:** What & How
- **Foundations of Good Practice:** Essential Structural Components



If You Read Nothing Else:
Strategic Questions, Principles
& Action – For Boards
& Decision Makers

Strategic Questions

In conditions of crisis, conflict or sanction, deciding to responsibly remain or exit, Boards and decision makers must answer the following key questions.

Companies should answer these questions for high-risk markets now.

Do not wait for crisis, conflict or sanctions to emerge.

- Does the company have independent, triangulated contextual awareness informed by a diversity of local stakeholders including women and civil society?
- What are the company's legal and normative responsibilities to the people and communities affected by its activities, in the event of crisis, conflict or sanction?
- If the company remains under crisis: What leverage and influence does the company have to support peace, social cohesion and respect human rights and can it avoid complicity in gross human rights abuses, breaches of international humanitarian law, or support to bad actors?
- If the company exits under crisis: What are the consequences – unintended or otherwise – of the decision and subsequent actions for people and communities? Who bears the cost and who benefits?
- Does the decision to remain or exit – and the actions that follow from it – do harm to :1) people and communities, 2) global policy priorities? If yes, how can harm be avoided or mitigated?
- How will the company - via effective, front footed communication – create sufficient time and space to make an informed decision and to remain or exit in a responsible manner?
- If you are a financial or insurance institution, will your clients or supply chain have any freedom other than to reflect your decision? How can you manage the negative implications of this, particularly with respect to global priorities including the just transition and food security?

The guiding principles, adaptive process and operational foundations outlined below support Boards and executives in answering these key questions, and guide responsible, defensible action.

Strategic Principles

The following overarching principles offer a foundation for an accompanying cycle of action for responsibly remaining in or exiting countries experiencing crisis, conflict or sanction. Businesses should seek to:

- Avoid rushing to leave under pressure of circumstance or scrutiny: withdrawal should be a last resort, weigh planning toward responsible business continuation.
- Respect the human rights of affected stakeholders, including employees, consumers, and workers including in supply chains.
- Safeguard established responsible business practices and consider the impact of any decision on the broader environment for responsible business conduct, including supporting improved human rights performance amongst business partners in-country.
- Ensure that decisions, actions and their consequences are assessed and reflect “do-no-harm”, conflict-sensitive and gender-sensitive principles, and that gains to bad actors are avoided.
- Maintain positive relationships with business partners and other stakeholders in-country, contribute (even at the micro-level) to peacebuilding, and avoid actions (including communications) that increase tensions.
- Consider any potential longer-term negative implications on global policy priorities (such as energy transition, food security, and public health) that may arise as a result of the business’ response to crisis/sanctions.
- Act now, or immediately on market entry, to apply this guidance, identify your company’s level of ambition and establish a RAC Plan accordingly.

Strategic Action

Ensure your company adopts this guidance and establish a RAC planning process for all high-risk countries of operation. A robust RAC Plan serves as the basis for a credible, considered response by the company to an escalation or commencement of conflict, gross human rights violations, the imposition of sanctions or a crisis of governance, such as a coup d’état. The RAC Plan supports the resolution of remain/exit dilemmas, by reference to a sound evidence base of due diligence, engagement with stakeholders, consideration of the company’s responsibilities, leverage, and legacy in-country.



Tactical Principles – For Executives & Operational Teams

The following tactical principles should guide your approach and the establishment of a RAC process in all high-risk countries.

All Businesses

- **Anticipate** crisis, conflict and/or sanction in high-risk countries of operation and develop a Responsible Action in Crisis (RAC) Plan in advance and at the earliest opportunity, in accordance with this guidance.
- **Analyse** the context regularly to ground the exit/remain decision in a clear understanding of the company's relationship with conflict or crisis and its human rights implications. Be driven predominantly by informed analysis, supported by diverse local stakeholder input, (rather than consumer sentiment) and be ready to implement evidence-based and conflict-sensitive decisions that could be unpopular with some stakeholder groups.
- **Assimilate** the RAC Plan (refer Part 4) into existing corporate processes and exercise the plan regularly as part of risk and business continuity processes. Ensure that sufficient resources are available to maintain rigorous analysis, scenario planning and review, on an ongoing basis, for each high-risk country of operation.⁶
- **Acknowledge** that business is not a neutral actor; business activities will have an impact on crisis or conflict contexts. In particular, acknowledge that your business has a responsibility to respect human rights and can have a direct impact on conflict and peacebuilding. In conflict-affected areas (whether or not your business is in scope of any sanctions) – that responsibility should be met by undertaking heightened human rights due diligence and managing actual and potential adverse impacts on both human rights and on conflict. Your business can play a role, even at the micro-level, in fostering trust between local actors, supporting meaningful dialogue or engagement and promoting the rule of law and peacebuilding.
- **Articulate** the rationale and processes your company is adopting throughout the its response to communicate with stakeholders clearly, consistently and transparently. Anticipate sustained civil society and media scrutiny of your company's position and response. Anchor clear messaging and consistent communication on the RAC Plan and cycle outlined in this guidance to create crucial space for informed remain/exit decision-making and responsible action.

⁶ High Risk countries, as per Business for Social Responsibility's (BSRs) definition, are "situations of armed conflict and mass violence as well as areas with weak governance or rule of law; extensive corruption or criminality; significant social, political, or economic instability; historical conflicts linked to ethnic, religious, or other identities; closure of civic space; and a record of previous violations of international human rights and humanitarian law". See J. Vaughan, J. Lovatt, Business in Conflict-Affected and High-Risk Contexts, BSR, 2021

- **Align** with collective corporate responses, wherever possible – for example, by sharing contextual analysis, making joint public statements in support of the international rule-based system, or taking collective action towards mitigation of impacts on people or communities affected by the situation or in support of peace.

Finance and Insurance Institutions

- **Appreciate** that your decision in response to crisis, conflict or sanction may become the default position for every business in your client pool and/or value chain. A decision which appears to minimize your legal or finance risk, very likely significantly amplifies the risk of business failure or industry distortion for your clients and their industries, with potentially profound implications for the local context or indeed when applied to many business at scale.
- **Apply** this guidance to your own business and in doing so weigh how your plans, triggers and positions impact the freedom of action for your clients to determine their decisions and manage their risks.

Collectively

- **Assess** collaboratively (where possible) the socio-economic impacts of remain/exit decisions, in their local context - and (to manage political risks and spread costs) co-invest in the mitigation of those impacts (e.g. by establishing worker compensation funds in the event of withdrawal).
- **Appreciate** the inter-dependent nature of the global economic system means responses at scale represent a risk to businesses and communities along value chains. Seek (by collaborative assessment and participation in multi-stakeholder dialogue) to understand the potentially destabilising or distortionary impacts of any collective response and take action together to mitigate these impacts.
- **Actively** cooperate with the business community, civil society, host and home governments, the international community, and your Reference Panel (see Part 4) to assess the second- and third-order implications of corporate remain/exit decisions, especially where the context presents the risk of widespread corporate exit. Act collectively to ensure that any potential negative consequences of action at scale are understood, minimized and creatively managed.



An Adaptive Operational Process for Responsible Action in Crisis

To activate the Principles above, this guidance recommends companies embed the prepare – respond process cycles outlined below into existing decision making structures, including risk matrices, business continuity and crisis management planning and human resource management systems. The process has a preparatory and a responsive phase, the latter triggered when agreed indicators of crisis, conflict or sanction are met.

The process is designed to be scalable and integrated into existing company systems, iterative, cross-functional and inclusive of commercial and local business unit perspectives. The process should be appropriately resourced and activated at the earliest possible opportunity after market/new country entry to provide oversight of conflict- and human rights-related risks over the lifetime of the firm’s activities.

The preparatory phase outlined below should be initiated at the earliest opportunity, as part of a precautionary approach to operating in high-risk countries, based on building preparedness for responsible remain/exit decisions and action. Such preparedness, through centralised RAC planning, should enable businesses to be more considered and credible in their response to the onset of crisis, conflict or sanctions.

The guidance, however, also recognises that many companies will find themselves reacting to events, in the absence of an established preparatory process; the analytical and decision-making framework is set out such that it may also be used in a solely responsive manner if necessary.

Prepare

The fundamentals are for companies to:

Analyse the context using HHRDD and Scenario Planning

Establish a RAC Plan, Working Group, and Reference Panel

Commit to responsible exit and seek to do no harm

Exercise the RAC Plan

Check the RAC context analysis and scenarios

Revise RAC Plan annually

Respond

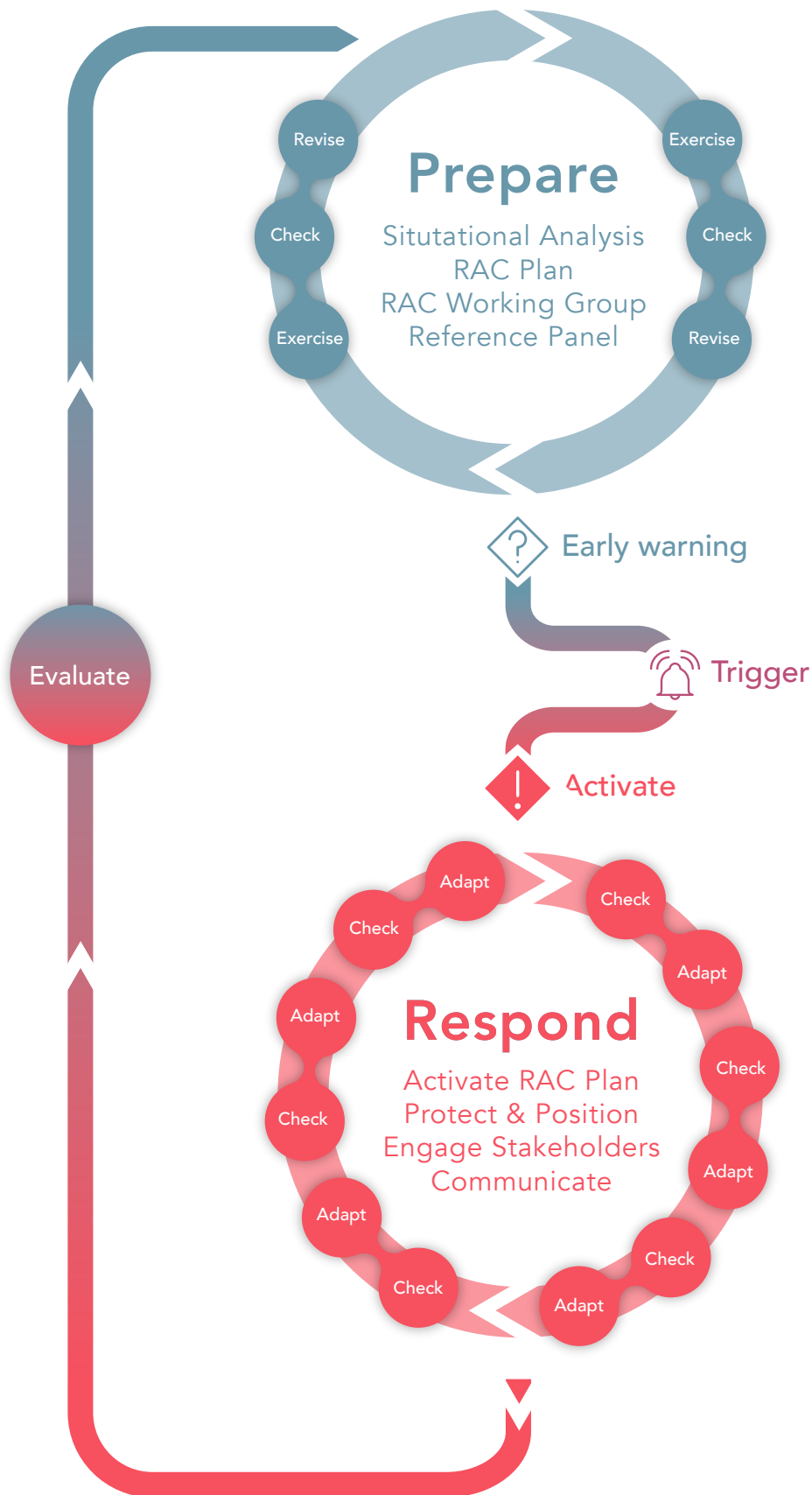
Activate the RAC Plan when thresholds are triggered

Communicate process and decision making

Check the context and do no harm

Adapt RAC Plan and approach to respond to evolving conditions

Cycle through this process in either the preparatory or responsive cycle.



Preparatory Cycle

Analyse the Context & Establish a RAC Working Group

What?

- **Develop a situational analysis as the basis of the RAC Plan**
- **Establish an multi-disciplinary Responsible Action in Crisis Working Group (RAC Working Group).** The RAC Working Group should comprise appropriate commercial representation from the relevant business unit, along with political-economy, peace and conflict, human rights, sanctions compliance and legal risk expertise, to jointly develop the analysis clarifying context, impacts and vulnerabilities.

How?

The situational analysis should integrate consideration of gender and social inclusion and comprise (at a minimum) the following four components:

- **Heightened human rights due diligence (HHRDD):** Undertake HHRDD in accordance with the UNGPs and the recommendations and guidance of the UN Working Group on Business and Human Rights. In undertaking conflict analysis, understand and analyse changing conflict dynamics, know where formal and informal power is held, understand who is excluded or favoured structurally, and identify how the company can potentially impact, positively or negatively, the conflict. Where none is available in-house, engage appropriate peace and conflict expertise in conducting conflict sensitivity assessments.
- **Legal and normative risk assessment:** Assess the company's risks of breaching international humanitarian law, international human rights law, and the company's potential to benefit bad actors in the event of crisis, conflict or sanction.
- **Leverage:** Assess the commercial, practical, political or community influence the company has to support peace, mitigate conflict and respect human rights impacts associated with its activities, in the event of crisis, conflict or sanctions.

- **Sanctions and export/procurement control compliance:** Assess sanctions-related trends and risks in relation to the company's activities.

The situational analysis should be developed by the RAC Working Group. The RAC Working Group should be led (or sponsored) by an Executive with direct responsibility to the Board and should be charged with establishing, reviewing, updating and activating the RAC Plan.

Prepare a RAC Plan

What?

- **At the earliest opportunity following a market/new country entry decision, prepare a Responsible Action in Crisis (RAC) Plan for all high-risk countries.**
- **The RAC Plan should identify early warning indicators for crisis, conflict or sanctions.**

How?

The RAC Plan, developed by the RAC Working Group should :

- Be grounded in the situational analysis and include a process of diversified information gathering to update the analysis at regular intervals.
- Use scenarios to identify the company's possible courses of action and thresholds under conflict, crisis or sanction (see below).
- Establish a governance structure (see Part 5) including TOR for the RAC Working Group and a clear decision-making protocol to identify: 1) who will make remain/exit decisions, 2) who will provide advice and guidance to the decision-makers, and 3) who will communicate regularly the company's RAC plan process and decisions on an ongoing basis.
- Include the TOR for the Reference Panel (RP) to support ongoing and effective stakeholder engagement, especially with local civil society, and to inform contextual analysis and conflict insight.
- Include a clear and established process, including internal responsibilities, for communicating the company's position to a broad set of stakeholders - transparently and regularly, especially in the responsive cycle.

Use Scenarios & Identify Action Thresholds

What?

- **Develop scenarios based on plausible contextual changes, informed by regularly updated situational and conflict analysis.**
- **Use these scenarios to determine thresholds for company decision-making and responsible action in the RAC Plan.**

How?

- Develop plausible scenarios in high-risk contexts for conflict, crisis or sanction outcomes and the company's likely response to each.
- Apply a lens of business continuity, responsibility for people and communities integrating strategic, commercial and supply chain management perspectives, to identify and manage potential disruptions, both to business continuation and responsible exit
- Scenarios should be informed by the Situational Analysis, including the outcomes of HHRDD.
- Under each scenario, the RAC Plan should:
 - Identify indicative triggers which alert the company to a deterioration in the context.
 - Establish early warning triggers⁷ which determine thresholds for the activation of the RAC Plan and could include: armed violence, an international armed conflict between states or internal factions, a full or partial military occupation or military-affiliated power with significant political influence, history of or evidence of gross human rights violations, structural exclusion of women or minorities, a decline in space for civil society, sizable illicit economic activity, or early signs of all of the above
 - Integrate consideration of gendered implications, consequences and mitigations.

⁷ Though every context will be different, for initial high-level guidance on triggers which the business should consider in deciding to enact its RAC plan, see UNDP, Heightened Human Rights Due Diligence for Business in Conflict-Affected Contexts, 2021 (p. 11)

- Identify remain/exit thresholds, response parameters and relevant corporate policy commitments to people and communities (e.g. on human rights, social impact or community investment).
- Where possible, identify indicative 'red lines' beyond which remaining in-country will not be plausible or possible.
- In establishing scenarios and early warning triggers, incorporate the following assessments:
 - HHRDD assessment: Scenarios should include steps to mitigate conflict and human rights impacts, including those on women and vulnerable stakeholder groups, as identified by the situational analysis and HHRDD that is the basis of the country RAC Plan.
 - Supply chain resilience assessment: Scenarios should identify and outline steps to mitigate risks to the supply of services or products, particular to high-risk countries, including by:
 - Supplier engagement, continuity planning, or scoping alternative sources of supply
 - Scoping potential logistical – notably transport – disruptions to business operations.
 - Sanctions resilience risk assessment: Scenarios should identify – and outlines steps to mitigate – potential disruptions to the company's activities in-country:
 - Risks to payments systems and access to finance
 - Commercial and legal risks relating to increased insurance costs; and
 - Should provide a basis for engagement with business partners on contingency planning to mitigate risks to business continuity in the event of sanctions/conflict/crisis.



What?

Establish the Reference Panel

- **Commence stakeholder engagement and continue to engage throughout the process cycle.**
 - **Establish and utilise a Reference Panel (LRP).**
-

How?

- Map key stakeholders, including parties to conflict if present.
- Develop a TOR for the Reference Panel and include this in the RAC Plan.
- The TOR should include: a) the provision of independent advice and contextual information to the company regarding the local context, economy, conflict dynamics and emerging community concerns, b) a process to call the panel together urgently where RAC Plan activation thresholds are met.
- Assess whether the reference panel can safely meet as one group, or if bilateral meetings with the company are needed.
- Seek to ensure participation from: civil society organisations; (a minimum of 40%) women; representative local community voices (including human rights defenders (HRDs) such as union or migrant workers' representatives), and local business partners (if possible).
- Ensure the panel meets regularly and (wherever possible) has a managerial-level point of contact within the company to act as an early warning system.

Commit Publicly

What?

- **Make a corporate public policy commitment to principles-based decision-making and responsible action when remaining in, or exiting from, countries experiencing crisis, conflict or sanctions.**

How?

- At the corporate level, issue a public policy commitment in the form of a standalone statement of company policy, or a statement incorporated into an existing global human rights policy.
- The commitment should reference and follow the establishment of a RAC Plan and be integrated into existing decision-making and governance systems to ensure its consistent application.
- The commitment should refer to conformance with relevant international norms, including (at a minimum) the UNGPs and OECD Guidelines and (where applicable) to this guidance as the basis of the company's principles-based approach.

Exercise the RAC Plan

What?

- **Once a year, undertake a live, scenario-based simulation exercise to practice the activation of a RAC Plan.**

How?

- The RAC Plan forms the basis for action.
- Once a year, practice the activation of a RAC Plan, including the RAC Working Group, the Executive and the Reference Panel in a live, scenario-based simulation.

Check the Changing Context

What?

- **Update the Contextual Analysis and Scenarios on at least an annual basis**
- **Ideally, align with operational continuity and risk reviews.**

How?

- Update situational analysis and review the HHRDD and scenario planning annually, on the basis of multi-disciplinary, subject matter expertise.
- This process should be led by RAC Working Group and include a meeting of the Reference Panel.
- Check that the assessment of the human rights and conflict impacts of activities - and of any withdrawal - is fit-for-purpose in context.
- Check planned mitigations (and assessments of available leverage to address salient issues in-country) against the country context.
- RAC Working Groups should consider whether anything has changed that may make realising a planned mitigation more challenging, or may reduce the company's leverage to deliver planned preventive or mitigative measures.
- Ensure planning and mitigation activities are gender-responsive, considering local vulnerabilities and differential impacts (in their actual context) including the disproportionate impact of conflict or crisis on women and other vulnerable or marginalised groups.
- For smaller businesses, there may be advantage in agreeing to share the situational reviews or understanding them through collaborative structures (see Part 5).

Revise the RAC Plan

What?

- Update the RAC PLAN based on updated Contextual Analysis and Scenarios on at least an annual basis
- Provide an update to the Executive and the Board when required on context changes and status of the RAC Plan
- Cycle through 'Exercise-Check-Revise' steps at least annually

How?

- Revise the RAC Plan annually, based on an updated situational and scenario analysis.
- Revised RAC Plans should be escalated for approval or endorsement through the company's governance structure, to the relevant Executive-level sponsor and the ultimate remain/exit decision-maker(s) for each high-risk country in scope.

Responsive Cycle

Activate the RAC Plan

What?

- When thresholds for RAC Plan activation are reached, immediately activate the RAC Plan and its supporting RAC Working Group and Reference Panel.

How?

- Activate the RAC Working Group and the 'response cycle' governance structure including the decision-making Executive/Board members and the Reference Panel: hold first meetings within 24 hours of activation thresholds being triggered.
- Activate collaborative platforms where present (see Part 5) to drive shared responses and shared analysis of context where appropriate.

How?

- Communicate publicly that the RAC process has been activated.
- Publish early communications (pre-drafted and tested), informing a broad set of stakeholders that the company – on the basis of an established internal process for high-risk countries and in line with its public policy commitment to responsible business continuation, exit and return – is assessing risks and options. Clearly state the company's commitment to regular updates on its position and progress.

Protect & Position

What?

- **Take immediate action to protect staff and vulnerable or marginalised stakeholders in communities, based on the RAC Plan.**
- **Take time to seek additional contextual information to arrive at a company position with respect to remaining in country or exiting.**

How?

Protect:

The company should move quickly to:

- Protect vulnerable stakeholders at immediate risk (on the basis of contextual analysis, HHRDD and stakeholder engagement).
- Understand and attend urgently to the safety of staff, and human rights impacts on other stakeholders, including customers/clients, contractors' and suppliers' workforce, on the basis of salient human rights issues, identified and prioritised through HHRDD and the RAC process.
- Determine whether their product or service, as delivered in-country, might be deemed an essential good or service⁸.
- Implement relevant corporate policies and commitments to people and communities set out in the RAC Plan.

⁸ <https://documents-dds-ny.un.org/doc/UNDOC/GEN/N22/736/72/PDF/N2273672.pdf?OpenElement>



How?

Position:

As part of a longer-term response to the country context which will determine the company's remain/exit decision and accompanying action, the RAC Working Group and appropriate Executive decision-makers should seek to resist any broader "bandwagon effect", drawing on RAC planning to identify and understand the consequences of remaining in-country or exiting:

- Review relationships with formal and informal power-holders and assess whether remaining or exiting will do harm, in accordance with the principles outlined above and the integrated analysis underpinning the country RAC Plan.
- Assess laws and sanctions regimes and develop a compliance plan for all those which apply to the company's business activities.
- Assess risks relating to applicable national laws which may support or promote bad or illegitimate actors, or increase reputational risk (including taxation laws), and potential implications for the sustainability of company operations in-country.
- Review what leverage the company has (under crisis/conflict conditions) to prevent or mitigate harms with which the business is associated.
- Seek to remain as the first best option, adapting your business model/structure if necessary and taking mitigative actions to address impacts of the new circumstance.
- Explore effective and creative countermeasures which enable continued engagement with the business community and to keep channels of dialogue open.
- Employ a conflict-sensitivity lens to avoid actions that might further polarise or create tensions; seek to support conflict mitigation and peacebuilding.
- Consider the potential second- and third-order consequences of any decision to exit on the company's value chain and its strategic contribution to global policy priorities (such as public health, the energy transition or food security); address these potential consequences in public communications and in advocacy (bilateral or collective).
- Consistently communicate the company's principles-based approach, RAC planning process and contribution to global policy priorities to a broad set of stakeholders.



How?

- Consistent with the governance and decision-making flows set out in the RAC Plan, empower the Executive to make informed, iterative decisions, and communicate them clearly and consistently internally and externally.
- Position the RAC Working Group at the core of any broader business continuity/crisis management response framework, to ensure a consistent and integrated approach to context analysis, decision-making, engagement in-country, public communications and impact management.

Engage All Stakeholders

What?

- **Engage with stakeholders, throughout the response.**
-

How?

Engage with key stakeholders including:

- The Reference Panel - to ensure a balanced view of local crisis, conflict or sanction dynamics.
- Civil society (either via the Reference Panel or more broadly) - to understand local expectations of responsible action; civil society engagement should include HRDs (e.g. union or minority groups' representatives) as identified through HHRDD and stakeholder engagement planning.
- Investors - to ensure the company is addressing issues of concern including investor expectations of responsible action.
- Company HQ - especially to ensure local context and conditions are known and understood.
- Other companies operating in-country - either via shared structures (see Part 5) or bilaterally, but seeking a diversity of views and perspectives on the potential consequences of exit.
- Home and host governments - to ensure local conditions are known and understood and options for response are informed.
- Multi-stakeholder dialogue and relevant initiatives - to address country-specific issues of concern including human rights issues in local supply chains; threats to civic space; conflict risks; responsible security provision; and good public governance.

Communicate Publicly, Clearly & Consistently

What?

- **Clearly and consistently communicate the company's RAC-based approach to planning, decision-making and action in relation to responsibly remaining or exiting.**
- **Issue communication before, during and after a decision to remain or exit is determined.**
- **Include the company's approach to stakeholder engagement, engagement of the Reference Panel and impact management in communications.**

How?

To support credibility of the company's position and response, issue clear statements regularly on the company's:

- RAC process - a robust, principles-based and company-wide approach to remain/exit dilemmas.
- ESG priorities, commercial strategy, dilemmas faced, and applicable corporate policy commitments including respect for human rights, support for the rule of law.
- High-level objectives, in deciding whether to remain or exit - and in taking steps to mitigate or prevent any impacts on people or conflict associated with that decision
- Country-specific approaches and adaptation, informed by updated situational analysis and understanding of local realities.
- Where relevant, describe the basis on which, if continuing to carry on business under conditions of crisis or conflict, the company has determined that it provides essential goods and services.
- Stakeholder engagement, outlining a programme for dialogue and awareness-raising vis-à-vis the company's major (corporate- and country-level) stakeholders.
- Wherever possible, communicate any contractual constraints or opportunities relating to exit through disposal of an interest or asset.
- Wherever possible, engage stakeholders on relevant contractual provisions where, as in the extractive industries, multi-stakeholder frameworks for contract transparency/disclosure apply.

Check the Changing Context

What?

- Update the situational analysis on a more frequent basis (daily if necessary).
- Rapidly develop specific scenarios based on unfolding contextual changes including host and home government policy shifts, guided by early analysis and scenarios in the RAC Plan.
- Ensure the Reference Panel and other key stakeholders inform revised analysis and scenarios.
- Update company decision-making, action and communication approaches based on shifting context and scenarios, err on the side of transparency.
- Cycle through Check-Adapt-Check as crisis, conflict, or sanctioning unfolds.

How?

- Review situational analysis, HHRDD and planned impact mitigations against emerging context and scenarios.
- Use the situational analysis and updated scenarios to check that the company's RAC Plan assessment of human rights and conflict impacts of activities - and of any withdrawal - remains aligned to the changing country context.
- Review relationships in the country/conflict context to assess the risk of complicity in gross human rights violations or abuses, based upon updated scenarios and analysis.
- Update mitigation measures as needed and as the context shifts.
- Monitor the company's leverage to deliver planned preventive or mitigative measures.
- Stress-test relevant corporate policies and commitments against the prevailing context - ensure that preventive, mitigative and any discretionary actions planned as part of the company's response are conformant with applicable policies and consistent with undertakings vis-à-vis affected communities.
- Ensure responses are at a minimum gender responsive and attend to the likely disproportionate impact of conflict or socio-economic crisis on women and excluded groups.
- Engage the Reference Panel and subject matter experts where analytical or subject matter gaps exist.
- Seek to ensure dialogue channels with local businesses and communities remain open.

Adapt

What?

- **Adapt and adjust company responses, based on the information emerging from the Check step.**
- **Expect iterative action and cycle through the 'Adapt - Check - Adapt' adaptive process cycle.**
- **Improve the response, based on clearer contextual information, with each cycle.**

How?

Act in accordance Principles set out in this guidance (see Part 2), and applicable corporate policy statements and parameters of the company's RAC Plan. Action should:

- Respond to near term pressures, but keep the long term in view, including the imperatives of mitigating conflict, preserving any gains in responsible business conduct and maintaining community links.
- Seek to remain as a first best option, consistent with international norms.
- Be driven by legal compliance with laws and sanctions, though consider options for compliance in the light of potential gains to bad or illegitimate actors.
- Prioritise the mitigation of adverse impacts on people in affected communities throughout the local value chain.
- Actively weigh second- and third-order implications of company decisions and responses for the value chain and global policy priorities and coordinate with other actors (including through collaborative mechanisms (see Part 5) on related advocacy vis-à-vis policy-makers.
- Ensure effective, rights-compatible remediation is available to stakeholders where the company has caused or contributed to a harm, irrespective of whether the company decides to exit or remain.

Post-Response Action



What?

Evaluate

- **Post-response, once all company decisions have been taken and implemented, evaluate the response and improve future approaches.**
-

How?

- Complete a structured after-action review of the response process, ideally led by an independent party.
- Identify gaps, errors, missteps, and areas for improvement in implementing the RAC Plan
- Update country RAC Plans to incorporate lessons learned from the evaluation process and improve the company's responsiveness to any future crisis events.



Foundations of Good Practice

To establish an effective RAC Plan, a business should: a) pre-position governance structures for the responsive cycle that are appropriate to the size and scale of the business; b) draw on specific expertise (inhouse and external); and, c) prepare to participate in collaborative platforms and mechanisms.

Governance

The RAC Plan should include a clear governance architecture and reporting lines for RAC planning and decision-making. Governance structures should identify:

- One (or more if necessary) points of accountability to approve a posture shift – from “preparatory” to “responsive” cycles.
- Ultimate (Executive-level) decision-making authority for a continue/exit decision.
- A multi-disciplinary RAC Working Group with clear terms of reference set out in the RAC Plan.
- An unencumbered pathway for advice on changes in contextual information and recommended actions to be provided from the RAC Working Group to the points of decision-making accountability at the executive-level.
- Clear expectations for functional/BU participation and the periodicity of review and update of RAC plans.
- Internal accountabilities for the establishment of, and regular engagement with, a Reference Panel (RP) in both the preparatory and responsive cycles, clearly articulating how advice from the RP feeds into advice to the Executive-level decision-makers (including potentially live briefings in the in-response cycle).
- Clear and robust provisions to protect the confidentiality of RAC Plans and supporting analysis, consistent with applicable corporate policies and in view of the potential political risks vis-à-vis host governments (in some country contexts) associated with responsible exit planning.

Expertise

The RAC Plan should be developed through an inclusive, cross-functional and multi-disciplinary process. The RAC Working Group should support a RAC Plan which is externally credible, commercially acceptable and strategically aligned with country-specific plans for responsible continuation, exit or return, consistent with the company's corporate commitments to respect for human rights, ESG priorities and conflict mitigation.

The RAC Working Group should seek to engage, on an inclusive, multi-disciplinary and regular basis, the following corporate functions and relevant capabilities, ideally becoming proficient at working together over time via regular live or desktop simulation exercises:

- Legal (sanctions) compliance and business unit legal tag
- Human rights / social performance
- Peace and conflict expertise
- Security
- Political / public affairs
- Supply chain management
- Corporate strategy
- Business unit commercial planning/strategy
- Communications
- Investor relations
- Sustainability/ESG
- Human Resources
- Finance

Companies should adopt a Working Group size commensurate with company size, scale and reach. Where Working Groups lack conflict specific expertise in particular, this should be sourced early and as part of the RAC Plan development process. Where there is a Level 2 or 3 posture/intent, the RAC Working Group should meet proactively with the RP, on the basis of a clear TOR.

Gender Mainstreaming

Companies should integrate gender considerations in RAC planning for crisis, conflict and sanctions – and in their response to those conditions. This requires that they identify and address people’s different needs and constraints. In such situations as are the focus of RAC Plans, women are more likely to have their human rights negatively impacted⁹. Similarly, other groups (including children, marginalized groups, old and young people) can bear disproportionately negative impacts. Mainstreaming gender in decision-making and action on responsible exit should seek to ensure that **no decision is taken without reflecting on gender-specific risks, discriminations, and inequalities** - whether these result from the crisis or from the decision of the company to remain or exit a country. Across both the preparatory and responsive phases, gender equality and inclusion should be embedded in policy commitments,

⁹ OHCHR, Unilateral sanctions hurt all, especially women, children and other vulnerable groups – UN human rights expert, 2021 and Perry K, Better for whom? Sanction type and the gendered consequences for women, 2022

in the RAC plan governance (including working group and reference panel) and in tools and system used in analysis¹⁰, implementation and monitoring, to minimize adverse impacts on such risks and to contribute to individual, corporate, social, and institutional changes in favor of gender equality.

Capacity-Building

Companies often do not have the expertise needed to effectively assess and address issues of conflict or human rights. There is also a disconnect in most firms between legal compliance and an analysis of implications from a human rights, conflict mitigation, and responsible business conduct perspective. This risks maximalist compliance-led responses at moments of crisis (such as inter-State conflict, the collapse of public governance or the imposition of sanctions) which can lead to unintended negative consequences for communities and, if repeated at scale, global policy considerations. Companies should seek to address the following:

- Internal skills gaps: Companies should seek access to situational analysis, including conflict analysis as part of HHRDD, and due diligence capabilities relevant for all high-risk countries.
- Accountabilities inside the company: Executive-level understanding of the broader implications of decisions taken in relation to crisis, conflict and sanctions requires clear, agreed responsibilities and reporting lines for responsible exit planning, so that RAC Working Groups' assessments and plans are valued, integrated into existing governance and inform Executive- and Board-level decisions.
- Outside the company: Collaborative action and investment is needed in forums where business can participate meaningfully in consultation/ dialogue on the potential impacts of responsible remain/exit decisions and on good practice in managing those impacts.

Collaborative Platforms

In circumstances where a responsive cycle is triggered, companies will often seek similar contextual information and guidance as to how to chart the best course of response. Pre-positioning platforms for information sharing is likely to create efficiencies in information collection and analysis, and may present

¹⁰ For example using questions on how to integrate gender issues into the due diligence of an enterprise, as listed in OECD, Due Diligence Guidance for Responsible Business Conduct, 2018 (p. 41)

opportunities for shared responses, both near- and longer-term, which may help to reduce political and reputational risks to individual companies.

Shared Analysis Where collaborative platforms are established, they should include the ability to receive input and advice from experts and key local stakeholders. They should enable discussion of shared or collective analysis, implications and considerations on global priorities of action at scale including the energy transition, food security, and public health.

Shared Responses These can include the exploration and assessment of options for responses as business or as part of civil society or governmental/multilateral efforts. Consideration can also be given to joint advocacy to governments, decision makers, and financial and insurance institutions. Joint advocacy can encourage coordinated engagement to minimise harmful impacts, including for example on the design of sanctions and to understand the scope of waivers for sectors essential to global priorities (energy transition, food security and public health) or the provision of 'essential goods'.

Responsible Action in Crisis (RAC)

A Guide for Businesses to Responsibly Remain
or Exit under Crisis, Conflict or Sanction

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