

## Client engagement checklist

Good client / investee engagement can create opportunities to build and use leverage by ensuring a common understanding between FIs and clients of human rights risks, gaps, and required actions, ensuring that measures are adequate and appropriated. During client / investee engagement it is important to:

- Clearly communicate human rights expectations to the client / investee, including an FI's own policy requirements, as well as the business rationale underpinning respect for human rights;
- Engage as early as possible, ideally with all relevant parts of the client's / investee's business – from senior management to functional areas ultimately responsible for implementation of any relevant actions;
- Understand and identify potential scope to incentivise client / investee performance on human rights concerns, potentially through a combination of financial (for instance, preferential loan terms, performance-based financing, access to capital – including Sustainability-Linked Loans) and non-financial (capacity building and support, technical assistance) measures;
- Develop actions and mitigations in collaboration with clients / investees in order to ensure that they are responsive to client realities and to encourage clients buy-in;
- Ascertain and promote the client's / investee's capacity to manage identified human rights risks, including identifying scope for direct experience-sharing and capacity building;
- Improve clients' / investees' understanding of the rightsholders who are affected, or potentially affected;
- Encourage clients / investees to establish frequent, transparent and culturally adapted consultation with stakeholders, including through effective grievance mechanisms.
- Clarify to clients / investees that any agreed human rights related plans, including environmental and social action plans (ESAPs) or other action plans, are “live” documents which may change or be updated based on the dynamic nature of risks. Action items may include requiring the client to adopt their own Human Rights policy and procedures committing to the respect of human rights in relation to all rightsholders, mapping potentially vulnerable groups within the direct/indirect influence zones of the client's operations and encouraging meaningful engagement with stakeholders, including consultation with affected and potentially affected rightsholders
- Incentivise clients / investees to have sufficient technical, financial and logistical resources available to manage human rights risks. This could include an interdisciplinary team with human rights expertise and knowledge of local circumstances.
- Encourage clients / investees to develop human rights training tailored to specific business functions. This includes providing human rights training for relevant employees at corporate and/or operational level; providing training for relevant security personnel and contractors on human rights policies and procedures; and tracking the effectiveness of training for employees, security personnel and contractors.