

# CAHRAs and Risk Prioritization under EU Sustainability Regulation

This paper examines risk-prioritization criteria in key EU sustainability regulations. Each of these standards adopts markedly different prioritization logics, but they converge on one constant: that conflict-affected and high-risk areas (CAHRAs) are a priority for upstream and downstream due diligence. Whether through express regulatory requirements, their inherent integration into prioritization architecture, or their close connection with salient risks such as forced labor and child labor, CAHRAs emerge as a constant priority. The paper sets out what this convergence means for corporate governance, concluding that companies should prioritize CAHRAs in traceability and due diligence processes, adopt an integrated approach to prioritization, and ensure their management of conflict risks goes beyond human rights due diligence.

## I. Introduction

Structured prioritization is the centerpiece of effective corporate sustainability programs, enabling resilience to scrutiny as companies seek to address an expansive and dynamic risk landscape. EU sustainability regulations adopt distinct prioritization logics, broadly distinguished by (i) degree of corporate discretion and (ii) weight of risk to stakeholders (salience) v. risk to the business (materiality). Integrated and coherent prioritization accordingly demands a nuanced, company- and context-specific analysis.

CAHRAs are an exception. Across regulations, sectors, and companies, CAHRAs, and their associated risks, are a sustainability priority. This brief explores the risk-prioritization criteria in five key EU sustainability standards: the Corporate Sustainability Due Diligence Directive (CS3D);<sup>1</sup> the Corporate Sustainability Reporting Directive (CSRD);<sup>2</sup> the Conflict Minerals Regulation (EUCMR);<sup>3</sup> the Batteries Regulation (EUBR);<sup>4</sup> and, the Deforestation Regulation (EUDR).<sup>5</sup>

While the prioritization approaches in these regulations differ in meaningful ways, each leads to CAHRAs as priorities for upstream and downstream due diligence. How companies prioritize risk management within CAHRAs is a distinct question that turns on regulation-, context-, and company-specific criteria.

1 European Parliament and Council of the European Union. "Directive (EU) 2024/1760 on Corporate Sustainability Due Diligence." *Official Journal of the European Union* L, June 13, 2024. URL

2 European Parliament and Council of the European Union. "Directive (EU) 2022/2464 on Corporate Sustainability Reporting." *Official Journal of the European Union* L 322, December 16, 2022. URL

3 European Parliament and Council of the European Union. "Regulation (EU) 2017/821 Laying Down Supply Chain Due Diligence Obligations for Union Importers of Tin, Tantalum and Tungsten, Their Ores, and Gold Originating from Conflict-Affected and High-Risk Areas." *Official Journal of the European Union* L 130, May 17, 2017. URL

4 European Parliament and Council of the European Union. "Regulation (EU) 2023/1542 Concerning Batteries and Waste Batteries, Amending Directive 2008/98/EC and Regulation (EU) 2019/1020 and Repealing Directive 2006/66/EC." *Official Journal of the European Union* L 191, July 28, 2023. URL

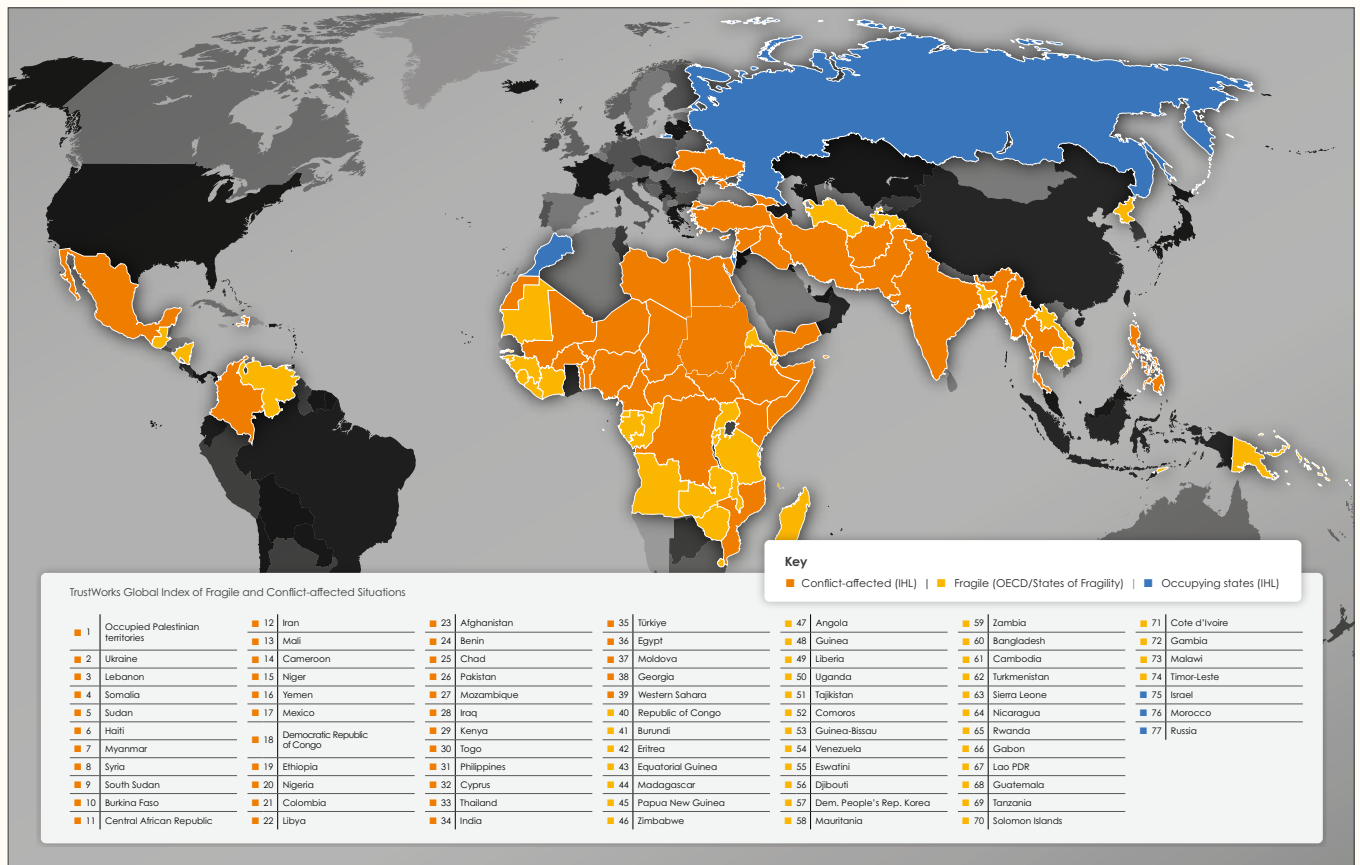
5 European Parliament and Council of the European Union. "Regulation (EU) 2023/1115 on the Making Available on the Union Market and the Export from the Union of Certain Commodities and Products Associated with Deforestation and Forest Degradation." *Official Journal of the European Union* L 150, June 9, 2023. URL

**Text box 1: Conflict-Affected and High-Risk Areas (CAHRAs)**

**What is a CAHRA?**

CAHRAs are contexts in which conflict dynamics or instability materially elevate a company's exposure to "conflict risks", understood as: the heightened risk of human rights abuses, violations of international humanitarian law (IHL), and the risk that business activities may cause, exacerbate, or sustain violent conflict. The term spans a spectrum: "conflict-affected", which encapsulates situations of armed conflict as legally defined under IHL, and "high-risk", which describes the broader range of environments marked by violence, fragility, or systemic instability that fall below that legal threshold. A CAHRA is therefore not a static, blanket, or political designation but a dynamic risk classification that demands ongoing, context-specific assessment.

**Figure 1: TrustWorks Index of Fragile and Conflict-Affected Situations<sup>6</sup>**



<sup>6</sup> TrustWorks Index of Fragile and Conflict-Affected Situations

Given that a "high-risk" context is a question which has relevance only through a sub-national lens, it is not feasible to develop a "CAHRA map" or list. Instead, TrustWorks defines and ranks these contexts in accordance with two highly recognized and established frameworks:

1. International Humanitarian Law (IHL), which applies to all situations of armed conflict and defines the legal thresholds required to classify a situation as either an International Armed Conflict (IAC) – including situations of military occupation – or Non-International Armed Conflict (NIAC);<sup>ii</sup> and
2. The OECD States of Fragility Framework,<sup>iii</sup> which identifies fragile contexts by assessing the risk and coping capacities of countries.<sup>iv</sup>

Together, these frameworks inform TrustWorks' Index of Fragile and Conflict-Affected Situations (FCAS).

- i) There is no central authority under international law that classifies situations of armed conflict. TrustWorks consults the WarWatch Portal (formerly RULAC) – a trusted resource that classifies armed conflicts in accordance with IHL – and its own in-house IHL expert.
- ii) OECD, "States of fragility," OECD Publishing, Paris, 2025. URL.
- iii) Fragility is a useful "proxy" for "high-risk" areas, but there will inevitably be areas within fragile contexts which may not be deemed "high-risk" and vice versa areas that might be considered "high-risk" from the perspective of conflict that are neither conflict-affected nor fragile.

## II. Prioritization criteria under EU legal standards

EU regulatory prioritization criteria broadly fall on two spectra: (i) deference to company decision-making and (ii) relative weight accorded to risk to stakeholders (salience) versus risk to the business (materiality). On the deference spectrum, at one end lie the EUDR and the EU's Forced Labour Regulation (EUFLR), which are both largely regulator led; at the other lie the CS3D and CSRD, which afford companies substantial discretion in identifying priority risks and impacts. In between these poles lie the EUCMR and EUBR, which grant companies discretion within prescribed parameters. On the risk-weight spectrum, the continuum ranges from whether salience is the exclusive criterion (CS3D) to whether it is considered alongside materiality (CSRD); in between lie proxies for materiality and influence, such as supply chain-proximity.

CAHRAs pierce these nuances. They will frequently be priority due diligence jurisdictions for companies across sectors and industries under all regulations, for three reasons: (i) express regulatory requirements; (ii) the architecture of prioritization; and (iii) the close correlation between CAHRAs and salient human rights risks like forced labor and child labor.

### CAHRAs expressly mentioned

CAHRAs are express priorities in several regulations. The EUCMR, for instance, is focused on tin, tantalum, tungsten, and gold (3TG) sourced from CAHRAs. The regulation makes it clear that geographic exposure itself triggers heightened obligations: companies must determine whether they source from CAHRAs and, where they do, establish supply chain due diligence systems in line with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD Guidance). The Swiss Ordinance on Due Diligence and Transparency in Relation to Minerals and Metals from Conflict-Affected Areas and Child Labor (Swiss Ordinance) adopts a similar approach.

### CAHRAs woven into prioritization architecture

The EUBR, by contrast, implicitly prioritizes CAHRAs by incorporating Annex II of the OECD Guidance, which sets out a graduated array of expected responses to supplier wrongs based on five categories. The two most severe relate directly to CAHRAs:

- i) Serious violations of international human rights and international humanitarian law (IHL): torture, cruel, inhuman and degrading treatment; forced or compulsory labor; worst forms of child labor; gross human rights violations and abuses such as widespread sexual violence; war crimes or other serious violations of IHL, crimes against humanity, and genocide.
- ii) Direct or indirect support for non-state armed groups, including through the extraction, transport, trade, handling or export of minerals, or the payment of money or provision of other forms of support such as illegal taxation or extortion.

These harms are directly related to corporate activity in CAHRAs, where, in conflict contexts specifically, IHL plays a critical role and where non-state armed groups are frequently prevalent.

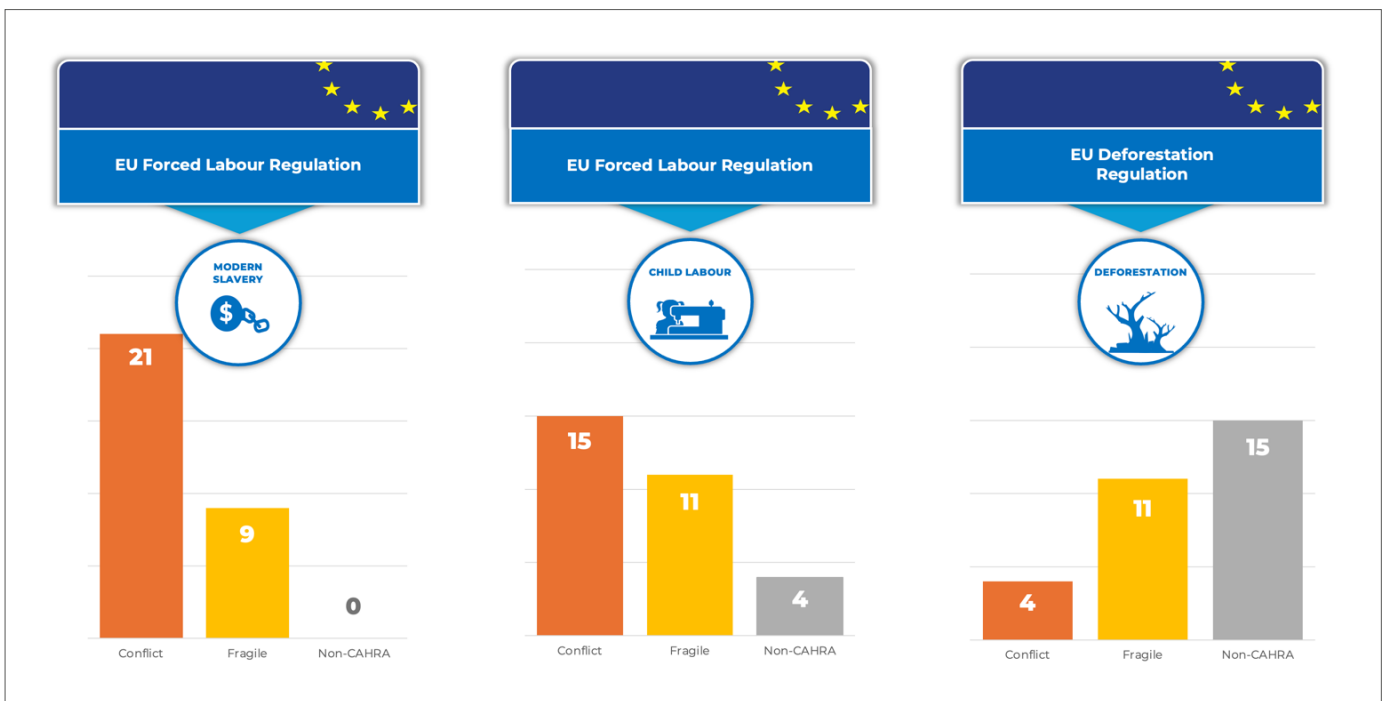
### CAHRAs integrated in practice

The remaining regulations are at opposite ends of the spectrum in terms of company discretion. Least deference is afforded under trade regulations like the EUFLR and EUDR, which advance regulator-led priorities for corporate due diligence programs, tied to geography and sector. The EUDR classifies jurisdictions as low, standard, or high risk, with due diligence-obligations calibrated to the assigned risk category. EUFLR enforcement will be based on Commission and national-authority designations based on a risk assessment, including factors such as the scale and severity of the suspected forced labor, the share of the product linked to forced labor, and the volume of goods placed on the market. The CSRD and CS3D, which consider a far broader array of risks, afford companies substantial discretion within expansive parameters. Under the CSRD, prioritization is driven by double materiality (salience and financial materiality); under the CS3D, companies must prioritize adverse impacts based on salience alone.

None of these specify that companies should prioritize CAHRAs. (The CS3D highlights the congruence between CAHRAs and human rights risk in Recital 42 but stops short of labeling CAHRAs as a categorical priority for due diligence.) In practice, however, CAHRAs in corporate value chains are likely to be a priority under any of these rubrics because of their correlation with the harms they target, for example:

- Forced Labor:** Forced labor illustrates the convergence of company-driven and regulator-driven frameworks around CAHRAs. Across companies and sectors, forced labor is consistently salient, given its scope, scale, and limited remediability. Forced labor risk also correlates with CAHRAs geographically: of the top 30 countries where forced labor is most prevalent, 21 are conflict-affected and the remaining nine are deemed to be 'fragile'.
- Child labor:** Similarly, there is a strong correlation between CAHRAs and child labor. A recent analysis undertaken by the ILO and UNICEF in 2025 found that child labor is four times more likely in CAHRAs than in non-CAHRAs.<sup>7</sup> Of the top 30 countries where child labor is most salient 15 are conflict-affected and 11 are deemed to be 'fragile'.
- Deforestation:** Deforestation also correlates closely with CAHRAs: 15 of the 30 highest risk jurisdictions for deforestation are CAHRAs. Of the top 30 countries where deforestation is most prevalent, four are conflict-affected and 11 are deemed to be 'fragile'.

**Figure 2:** Top 30 highest risk countries of modern slavery, child labour and deforestation separated into conflict-affected, fragile and non-CAHRA according to TrustWorks Index (see figure 1)



<sup>7</sup> International Labour Organization and United Nations Children's Fund, "Child Labour: Global estimates 2024, trends and the road forward," ILO and UNICEF, Geneva and New York, 2025, p. 19.

### III. Practical implications

The convergence of company-driven and regulator-driven prioritization frameworks on CAHRAs has important implications for company governance:

- a. Prioritize CAHRAs in traceability and due diligence processes:** CAHRAs function as de facto priorities across EU sustainability regimes. This means companies should begin their risk screening by identifying whether and where their operations, supply and value chains intersect with CAHRAs. Critically, this does not replace broader risk assessments, but it ensures that the most structurally high-risk jurisdictions are not deprioritized or overlooked in early-stage screening.
- b. Adopt an integrated approach to prioritization:** CAHRAs implicate overlapping human rights, conflict, environmental, and governance risks. Beyond sustainability, operating in CAHRAs exposes companies to an array of broader integrity and compliance risks, including corruption, money-laundering, complicity in atrocity crimes, and terrorist financing (see [The Legal Dimensions of Heightened Human Right Due Diligence](#)<sup>8</sup>). Effective prioritization should therefore be understood as multi-layered and cross-functional, where sustainability impacts intersect with broader legal exposure, requiring an integrated rather than siloed approach.
- c. Address conflict risks, which include but go beyond human rights:** Alongside the heightened risk of human rights and environmental harms, CAHRAs also pose a distinct species of risk tied to the conflict itself, including: exposure to potential violations of IHL, and the risk they may be causing, exacerbating, or sustaining violent conflict (see [Conducting Heightened Human Rights Due Diligence Assessments](#)<sup>9</sup>). Taken together, these interrelated risks are best understood as 'conflict risks' and they demand a different approach – one grounded in understanding the company's connection to the actors and the factors driving the conflict in the areas where the company has business activities (see also [Parallel duties: Navigating International Humanitarian Law & Heightened Human Rights Due Diligence in Conflict-Affected Areas](#)<sup>10</sup>).

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<sup>8</sup> Yousuf Aftab et al., "The legal dimensions of heightened human rights due diligence," Steptoe Risk and Resilience Quarterly, 06 February 2026. [URL](#)

<sup>9</sup> TrustWorks Global, "Conducting Heightened Human Rights Due Diligence," Responsible business in conflict-affected areas series, April 2025. [URL](#)

<sup>10</sup> TrustWorks Global, "Parallel duties: Navigating International Humanitarian Law & Heightened Human Rights Due Diligence in Conflict-Affected Areas," Responsible business in conflict-affected areas series, May 2025. [URL](#)