Annex 2: Methodology

Scope

Geographically, the research conducted for the purpose of this report was limited to business enterprises involved in Israel's settlement enterprise in the occupied West Bank, including the Eastern part of Jerusalem. This geographic focus does not intend to reinforce the imposed fragmentation of the Palestinian people, as the purpose of this work is specifically centred on Israel's illegal settlement enterprise. In the analysis of financial relationships, the research was limited to financial institutions headquartered in the 27 EU Member States as well as in Norway and the United Kingdom (UK).

Selection of Business Enterprises

The publication of the UN Database in February 2020 (which was updated in June 2023) represented an important milestone for business and human rights-related efforts in the context of Israel's prolonged occupation of the OPT, as well as an important step towards corporate accountability in such contexts. Similar to the DBIO I, II, and III reports, published in 2021 to 2023, the UN Database and the criteria for inclusion are premised on international law and the UNGPs, thereby forming the starting point for this research and work.

However, the narrow interpretation of the mandate and temporal limits applied by the OHCHR to the UN Database have led to the omission of many business enterprises involved in grave violations and international crimes linked to Israeli settlements. Moreover, contrary to initial plans for annual updates, only one update of the UN database has been published to date (June 2023), which only removed 15 business enterprises but did not investigate new listings. A call for input for a renewed update was published in May/June 2024.

Therefore, the research findings presented in this report have identified a limited number of additional publicly listed companies for inclusion in the analysis of financial relationships with European financial institutions. The online database provided by Who Profits was used as a key point of reference for recent evidence of involvement since 2021. Relevant additional information and evidence were gathered from company registers, company publications, media articles, and other related resources.

To determine what constitutes "involvement" in the Israeli settlement enterprise, the analysis followed Article 17 of the UNGPs, with corporate human rights due diligence requiring a business enterprise to: "*[...] cover adverse human rights impacts that the business enterprise may cause or contribute to through its own activities, or which may be directly linked to its operations, products or services by its business relationships*."

Furthermore, the following ten "listed activities", which raise particular human rights concerns and that provide the criteria for the UN Database mandate, were used as a key reference throughout this report:

- The supply of equipment and materials facilitating the construction and the expansion of settlements and the wall, and associated infrastructures;
- The supply of surveillance and identification equipment for settlements, the wall and checkpoints directly linked with settlements;

- The supply of equipment for the demolition of housing and property, the destruction of agricultural farms, greenhouses, olive groves and crops;
- The supply of security services, equipment and materials to enterprises operating in settlements;
- The provision of services and utilities supporting the maintenance and existence of settlements, including transport;
- Banking and financial operations helping to develop, expand or maintain settlements and their activities, including loans for housing and the development of businesses;
- The use of natural resources, in particular water and land, for business purposes;
- Pollution, and the dumping of waste in or its transfer to Palestinian villages;
- Captivity of the Palestinian financial and economic markets, as well as practices that disadvantage Palestinian enterprises, including through restrictions on movement, administrative and legal constraints;
- Use of benefits and reinvestments of enterprises owned totally or partially by settlers for developing, expanding and maintaining the settlements.

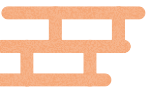
The application of these criteria alone would have generated a much longer list of companies involved in the settlement enterprise, as can be seen from the Who Profits database. Given that a key interest of this research was to identify links with European financial institutions, a public listing at a stock exchange (particularly in Europe or the United States) was an additional selection criterion, as this presents a much higher likelihood for such relationships.

Of the companies included in the DBIO III report, Puma is no longer included as its role as a sponsor of the Israel Football Association has ended. Solvay has spun off its specialty chemical activities to Syensco, which has been included instead. Hamat Group is no longer included despite its continuous presence in a settlement industrial zone as no relevant financial relationships were identified. New companies included in this report are Alon Blue Square, Bright Food Group, Carlsberg, the Coca-Cola Company, Danya Cebus, and HikVision.

The final selection of business enterprises should not be seen as an exhaustive list of those involved with Israeli settlements. Many smaller businesses involved with Israel's settlement enterprise were not included in the scope of this research, although they might have bilateral relationships with banks and FIs.

Financial relationships

The analysis of relationships with European financial institutions looks at investments in shares and bonds based on recent filings. Moreover, the participation in loan and credit agreements and the provision of underwriting services for share and bond issuances in the period January 2021 to September 2024 are considered. Next to still-running agreements, the data also includes deals that have already matured since the aim is to capture all financing provided within a certain time frame (2021-2024). Revolving credit facilities may appear multiple times if they are renegotiated, as they can be drawn down and paid back once, multiple times or not at all during their validity time. Financial institutions act as intermediaries in the underwriting of share and bond issuances, but they are still considered financiers as they facilitate these transactions. The methodology of assigning contributions to the different financial institutions involved in a deal relies on available information provided by the financial databases if available. Where such information is not disclosed, the bank's contribution is estimated based on the type of financing (loan or underwriting) and the role of the bank.

Due hearing

Both the companies and financial institutions mentioned in this report were given the opportunity to review the results and provide input on the findings as well as on their approach to human rights due diligence. Annex 2, available on the DBIO website, includes the responses of companies and FIs who have agreed to have their response mentioned in the report. A total of 156 financial institutions and 56 companies were contacted. At the time this report went to press, the coalition received responses from 37 financial institutions and 3 companies. The processing of feedback means that information in the final report diverts in some places from the initially shared data.