Working Group on Defense Tech & Responsible Investment

Introduction. The world is experiencing a dramatic surge in conflict and fragility, reaching levels unseen since World War II. From 2020 to 2023, global conflicts increased by a staggering 40%, resulting in more than 167,000 fatalities and 147,000 conflict events. These figures do not account for the tens of thousands of additional deaths, widespread civilian infrastructure damage, and mass population displacement in ongoing conflicts such as those in Palestine, Israel, Ukraine, Russia, Myanmar, Sudan, and other conflicts since 2024. This global escalation also carries immense financial consequences, with conflict and violence costing the global economy an estimated $19.97 trillion in 2025, equating to roughly 12% of the global GDP or $2,455 per person.

In response to growing instability, the defense industry has rapidly expanded and diversified, increasingly integrating emerging technologies. This extends beyond traditional warfare to the militarization of immigration enforcement. The "defense tech" sector now blurs the lines between the technology and defense industries. The sector is characterized by the collection and weaponization of personal data through state-backed surveillance, the increasing use of artificial intelligence (AI) in military operations, and the rise of autonomous weapons systems (AWS).

This convergence implicates a growing number of companies in human rights harms and potential violations of international law. Corporate involvement in these conflicts and state-sponsored actions against at-risk populations create significant material risks for companies and their shareholders. These risks include, but are not limited to, violations of customer privacy, regulatory penalties, strategic litigation, and brand damage.

Purpose. To better understand and address these challenges, Heartland Initiative—in partnership with the Business & Human Rights Centre and the Investor Alliance for Human Rights—convened the **Working Group on Defense Tech & Responsible Investment** (Working Group) in October 2025. The Working Group brings together leading institutional investors, technical experts, and civil society leaders. Its convenings and publications will critically examine and respond to how the rise of defense tech is reshaping responsible investment stewardship, specifically regarding risk analysis, company engagement, and exclusionary screening.

Objectives. The Working Group aims to achieve the following interrelated objectives:

- Develop a taxonomy and analysis of the highest-risk defense technologies: This involves identifying critical components and producing briefing papers that explore the salient and material risks associated with these technologies.
- Map the evolving defense tech ecosystem: By leveraging existing research (e.g., Center for International Governance Innovation, International Committee of the Red Cross, Centre for the Study of Existential Risk, Surveillance Watch), the Working Group will identify key companies, their financiers, and associated violations of human rights and international law stemming from their conduct.
- Establish a robust risk analysis framework for investors: This framework will enable investors to systematically analyze the salient and material risks linked to the development and use of defense tech.
- Formulate investor guidance for company engagement: This guidance will equip investors with strategies for engaging companies in the defense tech sector to advance risk-responsive policy, practice, governance, and a "lawful-by-design" approach in the product life cycle.
- Define criteria for exclusionary screening: The Working Group will develop clear, actionable criteria for both product- and conduct-based exclusionary screens. This will allow investors to limit portfolio exposure to specific types of defense tech and company activities that contribute to human rights harms and violations of international law.
- Facilitate peer learning and knowledge exchange: We will create a platform for institutional investors and civil society experts to share insights, challenges, and best practices related to defense tech and responsible investment.
- Disseminate tailored implementation guidance: The Working Group will publish and socialize practical guidance to facilitate the adoption of company engagement strategies and exclusionary screening criteria among institutional investors.

Membership. Although the Working Group's membership is confidential, it currently consists of diverse investors (e.g., public asset owners and managers, banks, private equity) from North America, Europe, and Australasia, representing over $18 trillion in assets under management and advice. It also includes civil society experts from the academic, legal, advocacy, and policy communities that are at the vanguard of thought leadership on the salient and material risks posed by military AI, AWS, and surveillance technologies.