ESG

IRAQ



Environmental, Social and Governance

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About this Guide

This guide examines the legal and regulatory considerations involved in managing environmental, social and governance (ESG) obligations and risks in Iraq. It covers the ESG landscape and risk assessment, climate governance, greenhouse gas emissions and carbon management, energy and decarbonisation, environmental permitting, air pollution, water, biodiversity, land contamination, hazardous materials, waste and plastics. It also addresses workforce equality, fair work, supply-chain labour standards, human rights due diligence, host communities, land acquisition and resettlement, security and human rights, board oversight, shareholder engagement, sustainability reporting, climate-related disclosures, ESG data and assurance, and sustainable finance. Finally, it considers ESG in public procurement, commercial contracts and transactions, green claims, competition, anti-bribery, whistleblowing, enforcement, litigation, sector-specific risks and international trade requirements, helping businesses build an effective ESG compliance programme and prepare for future developments.

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This publication provides general information for reference purposes only. It does not constitute legal, tax, investment or other professional advice and should not replace advice on a particular matter.

The application of laws and procedures depends on the circumstances, business activity, location and authorities involved. Requirements and administrative practices may change, and different considerations may apply in Federal Iraq and the Kurdistan Region.

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Environmental, Social and Governance

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ESG Legal and Regulatory Landscape

How is ESG understood within the Iraqi legal and regulatory framework?

ESG is not a legal term in Iraq. It is understood mainly as a practice imported by international investors, lenders, oil companies and multinational groups, rather than as a domestic regulatory category. In substance, many ESG components are already regulated by separate laws:

- environmental protection;
- labour rights and occupational safety;
- anti-corruption;
- corporate governance;
- consumer protection;
- land and cultural heritage.

The term “ESG” is used mainly in contracts, financing agreements, project documents and the policies of international companies, and increasingly in the communications of the Central Bank of Iraq and the Securities Commission regarding governance and sustainable finance.

Does Iraqi law recognise ESG as an integrated regulatory concept?

No. There is no ESG law, no economy-wide sustainability reporting regime and no single ESG regulator; sector-specific CBI ESG standards apply to banks. The three pillars are regulated separately:

- Environmental: mainly through the Protection and Improvement of the Environment Law No. 27 of 2009, water, antiquities and protected-area legislation.
- Social: through the Labour Law No. 37 of 2015, the Retirement and Social Security Law for Workers No. 18 of 2023, the Anti-Trafficking in Persons Law No. 28 of 2012, the Care of Persons with Disabilities Law and the Acquisition Law.
- Governance: through the Companies Law, CBI governance requirements for banks, ISC rules for listed companies, the Commission of Integrity Law and the Penal Code.

The Constitution provides the overarching principles: the right to a healthy environment, the state’s duty to protect the environment and biodiversity, equality, the right to work and fair working conditions, and protection of property.

Which Iraqi laws regulate the environmental, social and governance aspects of business operations?

Environmental:

- Protection and Improvement of the Environment Law No. 27 of 2009, with its regulations and instructions on air quality, noise, hazardous waste and environmental impact assessment;
- the Regulation on the Preservation of Rivers and Public Waters from Pollution No. 25 of 1967;
- water resources and irrigation legislation;
- the Wild Animals Protection Law and forestry legislation;
- the regulation on protected areas;
- the Antiquities and Heritage Law No. 55 of 2002;
- public health legislation;
- petroleum legislation and contracts for flaring and spills.

Social:

- Labour Law No. 37 of 2015;
- Retirement and Social Security Law for Workers No. 18 of 2023.
- Care of Persons with Disabilities and Special Needs Law No. 38 of 2013;

- Anti-Trafficking in Persons Law No. 28 of 2012;
- Acquisition Law No. 12 of 1981 for expropriation;
- Consumer Protection Law No. 1 of 2010;
- Residency of Foreigners Law for foreign workers.

Governance:

- Companies Law No. 21 of 1997 (as amended);
- Banking Law and CBI governance guidance;
- ISC regulations;
- Federal Commission of Integrity Law;
- Federal Board of Supreme Audit Law;
- Penal Code (bribery, embezzlement, abuse of office);
- Anti-Money Laundering and Counter-Terrorism Financing Law No. 39 of 2015;
- Competition and Prevention of Monopoly Law No. 14 of 2010;
- Public Contracts Implementation Instructions No. 1 of 2025.

Which ministries, commissions and regulatory authorities oversee ESG-related matters?

- Ministry of Environment, and the Council for the Protection and Improvement of the Environment (with environmental councils in the governorates).
- Ministry of Water Resources.
- Ministry of Health (public health, medical waste).
- Ministry of Labour and Social Affairs (labour inspection, work permits, social security).
- Ministry of Oil (flaring, spills, oil sector operations).
- Ministry of Electricity, Ministry of Industry and Minerals.
- Ministry of Agriculture (land, forests, pesticides).
- State Board of Antiquities and Heritage.
- Central Bank of Iraq, Iraq Securities Commission, Insurance Diwan (governance and financial sector).
- Companies Registrar (Ministry of Trade).
- Federal Commission of Integrity and Federal Board of Supreme Audit.
- Ministry of Planning (public procurement, standards through the Central Organisation for Standardisation and Quality Control).
- High Commission for Human Rights.
- Investment commissions (licence conditions).
- Governorates and municipalities.

How are responsibilities divided between federal, governorate and municipal authorities?

Under the Constitution, environmental policy and the protection of the environment are shared competences between the federal government and the governorates, while major policy, standards and water resources planning are largely federal:

- Federal level: laws, national standards and limits, EIA approval for major projects, national inspection.
- Governorates: environmental directorates and provincial environmental councils inspect facilities, follow up complaints, issue some local approvals and monitor compliance. Under the Governorates Not Organised in a Region Law, they have a

growing role in local services and certain licences.

- Municipalities: building permits, land use, municipal waste collection and disposal, local nuisances (noise, dust, odours), commercial licences and enforcement of cleanliness rules.

In practice, the division can be unclear and approvals may be needed at several levels.

Which ESG obligations apply generally to all businesses?

Compliance with environmental standards (no pollution beyond permitted limits, proper waste disposal, no damage to water, soil or air).

Labour Law obligations: written contracts, minimum wage, working hours, leave, prohibition of discrimination, forced labour, child labour and harassment, occupational safety.

- Social security registration and contributions.
- Tax compliance and proper books.
- Prohibition of bribery and corruption.
- AML obligations where applicable.
- Consumer protection and honest advertising.
- Protection of antiquities discovered during works.
- Compliance with licence conditions.

Which obligations apply only to regulated, listed, state-owned or large companies?

- Banks: CBI corporate governance requirements, risk management, AML/CFT, and the CBI's ESG standards for banks.
- Listed companies: ISC disclosure requirements, governance rules, financial reporting and insider-dealing rules.
- Insurance companies: Insurance Diwan rules.
- State-owned enterprises: public finance and audit rules, oversight by the Federal Board of Supreme Audit and the Commission of Integrity, public procurement rules, asset declarations by officials.
- Large or high-impact facilities: EIA and environmental approval, emissions monitoring, periodic reports and inspection. This covers oil and gas, power, industry, cement, chemicals, mining and large infrastructure.
- Licensed investment projects: investment licence conditions (Iraqi employment, environmental compliance).

Are foreign companies operating in Iraq subject to the same ESG obligations as Iraqi companies?

Yes. Iraqi environmental, labour, health and safety, anti-corruption and consumer protection laws apply territorially to all activities in Iraq, whoever conducts them. Foreign companies operating through branches or subsidiaries must comply in the same way. In addition, foreign companies are often subject to:

- the laws of their home countries (for example anti-bribery, sanctions and supply-chain due diligence laws);
- the requirements of their international lenders and investors, usually stricter than Iraqi law.

Can an Iraqi branch be held responsible for ESG policies adopted by its foreign parent company?

A branch has no separate legal personality from its foreign parent. Commitments made by the parent may be relevant to the branch's activities in Iraq where they are communicated to Iraqi counterparties, employees or authorities, or incorporated into contracts or licence applications. An Iraqi subsidiary is a separate

legal person and is not automatically bound by the parent's policies. It may become bound if:

- it adopts them by board decision;
- it includes them in employment contracts or internal regulations;
- it makes representations to third parties based on them;
- it incorporates them into contracts.

Can voluntary ESG commitments become legally binding?

Yes, in several ways:

- through incorporation into contracts with customers, suppliers, lenders, investors or the government;
- through representations and warranties in transaction documents;
- through employment contracts or work regulations, which bind the employer towards employees;
- through licence or permit applications in which the company commits to certain measures, which may become conditions of the licence;
- through public statements that mislead consumers, which may lead to liability under the Consumer Protection Law or the Civil Code's rules on misrepresentation;
- through financing agreements, where breach can trigger default.

How do international treaties ratified by Iraq influence domestic ESG obligations?

Treaties ratified by law become part of Iraqi law, but often require implementing legislation before they directly create obligations for businesses. Relevant treaties include:

- the UN Framework Convention on Climate Change and the Paris Agreement (ratified in 2021);
- the Convention on Biological Diversity;
- the Ramsar Convention on wetlands (relevant to the Mesopotamian Marshes, a UNESCO World Heritage site);
- the Basel Convention on hazardous wastes;
- the Montreal Protocol;
- ILO conventions, including the core conventions on forced labour, child labour, discrimination and freedom of association;
- UN human rights treaties and the UN Convention against Corruption.

These influence domestic legislation (for example the Labour Law of 2015, aligned with ILO standards), interpretation by courts, government policies and the conditions imposed by authorities.

How do environmental permits, investment licences and sector licences interact with ESG compliance?

These instruments are the main legal channels through which ESG requirements become binding on specific projects:

- environmental approval (based on an EIA) sets operating conditions and monitoring obligations;
- investment licences require compliance with environmental and safety rules and the employment of Iraqi workers, and may be revoked for serious violations;
- sector licences and contracts (oil contracts, power purchase agreements, telecom licences) contain environmental, social and safety obligations;
- government contracts include environmental, safety and labour clauses.

Non-compliance with conditions may lead to suspension, fines, revocation or contractual consequences.

Can government contracts impose ESG standards exceeding statutory requirements?

Yes. Contracting authorities may include requirements stricter than the law, provided they are lawful, stated clearly in the tender documents, and do not unjustifiably restrict competition. This is common in:

- oil and gas contracts (international industry standards for HSE);
- donor- and lender-funded projects (World Bank or IFC environmental and social standards);
- major infrastructure projects.

How should multinational businesses reconcile Iraqi requirements with the ESG policies of their global group?

Apply the stricter standard where both can be complied with.

- Where group policies conflict with mandatory Iraqi law (for example on labour practices, data, or religious and social rules), comply with Iraqi law and document the adaptation.
- Adapt policies to local context (language, culture, practical feasibility).
- Obtain local legal advice.
- Communicate local deviations to the group and lenders transparently.

Which international ESG standards are commonly relied upon in Iraqi projects?

- IFC Performance Standards and the World Bank Environmental and Social Framework.
- Equator Principles, for project finance.
- ISO 14001 (environment), ISO 45001 (occupational health and safety), ISO 9001.
- Oil industry standards (IOGP, API, IPIECA).
- ILO conventions.
- UN Guiding Principles on Business and Human Rights.
- Voluntary Principles on Security and Human Rights.
- GRI and other reporting standards, and the GHG Protocol.
- Extractive Industries Transparency Initiative (EITI), of which Iraq is a member.

What legal consequences may arise from failing to comply with voluntary ESG standards incorporated into a contract?

Once incorporated, the standards become contractual obligations. Breach may lead to:

- claims for damages;
- price reductions;
- withholding of payments;
- termination for material breach;
- calling of performance guarantees;
- default and acceleration under financing agreements;
- loss of insurance cover;
- in public contracts, penalties and possible blacklisting.
- Liability is governed by the contract and the Civil Code.

ESG Risk Assessment and Corporate Strategy

Are businesses required to identify and assess their material environmental and social risks?

There is no general legal obligation to carry out an ESG risk assessment. Specific obligations do exist:

- environmental impact assessment for projects subject to environmental approval;
- workplace risk assessment under occupational health and safety rules;
- risk-management requirements for banks and other regulated institutions (including AML/CFT risk assessment);
- assessments required by investment licences, sector contracts and lenders.

In practice, an ESG risk assessment is the best way to demonstrate that a business has met its duty of care under the Civil Code and its licence conditions.

Which ESG risks should be assessed before entering the Iraqi market?

Environmental: water scarcity, extreme heat and dust storms, contaminated land (especially in former conflict and industrial areas), unexploded ordnance, weak waste infrastructure, legacy oil pollution, gas flaring.

Social: labour practices of contractors, community expectations of jobs and benefits, protests (particularly in Basra and oil regions), land rights and informal occupation, displacement, cultural heritage, security, tribal dynamics.

Governance: corruption in licensing, customs and procurement; politically exposed partners; sanctions exposure; AML risks; weak rule of law and enforcement; delays in payment by state entities.

Regulatory: overlapping approvals, changes in rules, and the federal-regional division.

Should ESG risk assessment be conducted at entity, project or group level?

At all three, each for a different purpose:

- Project level: for site-specific impacts (EIA, social impact, community, land), required by law and lenders.
- Entity level: for the Iraqi company's operations, workforce, suppliers and compliance.
- Group level: for aggregation, reporting and consistency with group policies.

The results should be linked so that the board has a complete picture.

How should a company determine which ESG matters are material to its operations?

By assessing:

- the significance of the company's impacts on the environment and people (impact materiality);
- the significance of ESG matters for the company's financial performance, licences and reputation (financial materiality).

The assessment should draw on:

- sector benchmarks;
- legal requirements;
- stakeholder consultation (employees, communities, government, lenders);
- incident history;
- the specific Iraqi context (water, heat, security, corruption).

The outcome should be documented and approved by management.

What information should be included in an Iraqi ESG risk register?

- A description of each risk and its source (activity, site, supplier).
- The relevant legal requirement (law, permit condition, contract) and international standard.
- Likelihood and severity.
- Affected stakeholders.
- Existing controls and their effectiveness.
- Additional actions, responsible persons and deadlines.
- Status and residual risk.
- Links to incidents, complaints and audit findings.
- Dates of review.

How frequently should ESG risks be reassessed?

At least annually, and in addition:

- when new projects, sites, acquisitions or major changes in operations occur;
- after serious incidents, complaints or enforcement actions;
- when laws, permits or contracts change;
- when the context changes (security, drought, protests).
- High-risk issues should be monitored continuously.

Who within the organisation should approve the ESG strategy?

The board of directors (or the managers of an LLC, or the general assembly where the articles require it) should approve the ESG strategy and key policies, on management's proposal. Executive management is responsible for implementation. For branches of foreign companies, the strategy is approved at group level and adapted by local management.

Should ESG objectives be incorporated into the company's general business plan?

Yes. ESG objectives should be part of the business plan and budget, with allocated resources, rather than a separate document. Integration ensures that:

- costs (pollution control, safety, community investment) are budgeted;
- risks are reflected in investment decisions;
- the company does not make commitments it cannot fund, which could create legal and reputational risk.

How should companies prioritise environmental, workforce, community and governance risks?

By severity (the scale, scope and irreversibility of the harm, especially to people and the environment), likelihood, legal exposure and business impact. In Iraq, high priorities typically include:

- worker safety, including heat stress and construction and oil-field risks;
- community relations and local employment;
- corruption and conflicts of interest;
- water and waste management;
- security and human rights;
- land and resettlement.

Risks to people's life and health should always come first.

What records should demonstrate that ESG risks were properly considered?

- Risk assessments and registers.
- EIAs and social studies.
- Board and committee minutes discussing ESG risks.
- Policies and procedures.

- Training records.
- Monitoring data.
- Incident and complaint logs, with follow-up.
- Audit and inspection reports.

- Correspondence with authorities.
- Consultation records.
- Due diligence on suppliers and partners.

Can failure to conduct an ESG assessment affect environmental or investment approvals?

Yes:

- environmental approval cannot be obtained for projects subject to EIA without an adequate assessment, and operating without approval exposes the project to suspension and penalties;
- investment commissions may require environmental and feasibility studies;
- lenders and international partners will not finance projects without assessments;
- an inadequate assessment can lead to delays, conditions or later suspension if unforeseen impacts occur.

Should Iraqi subsidiaries adopt the ESG policies of their foreign parent companies?

Generally yes, through a formal decision of the subsidiary's board or managers, with adaptation to Iraqi law and local conditions. Formal adoption gives the policies internal force, ensures consistency, and shows lenders and partners that the policies apply locally. The subsidiary should translate key policies into Arabic for employees.

How should inconsistencies between group policies and Iraqi law be addressed?

- Identify the inconsistency through local legal review.
- Where Iraqi law is mandatory, comply with it.
- Where the group policy is stricter and compatible with the law, apply the group policy.
- Where compliance with both is impossible, seek alternative measures that achieve the policy's objective lawfully.
- Document the decision and inform the group compliance function.
- Disclose material deviations to lenders where required.

Can ESG commitments create contractual obligations toward investors, lenders, employees or customers?

Yes:

- Investors: through shareholder agreements, subscription agreements and warranties.
- Lenders: through representations, covenants and reporting obligations in loan agreements.
- Employees: through employment contracts, internal work regulations and policies that form part of the terms of employment.
- Customers: through supply contracts and codes of conduct, and through consumer protection where commitments are advertised.

What procedures should govern changes to ESG objectives?

- Changes should be proposed by management with reasons.
- They should be approved by the same body that approved the original objectives.

- Their contractual and regulatory implications should be assessed (lenders' consent, licence conditions).
- They should be communicated transparently to stakeholders, explaining the reasons, especially if targets are lowered.
- They should be documented.

How should companies monitor whether their ESG strategy is being implemented effectively?

- Key performance indicators with targets.
- Regular management reports.
- Internal audit.
- External verification where needed.
- Site inspections.
- Analysis of incidents and complaints.
- Stakeholder feedback.
- Periodic board review.

Climate Governance and Transition Planning

What Iraqi policies or regulatory measures address climate change and business activity?

- Ratification of the Paris Agreement in 2021, and Iraq's Nationally Determined Contribution, which commits to reducing emissions below business as usual, partly unconditional and partly conditional on international support.
- National climate and environment strategies, and adaptation plans focused on water scarcity, desertification and heat.
- Policies to reduce gas flaring (the Zero Routine Flaring commitment), capture associated gas and expand renewable energy (the target of significant solar capacity by 2030).
- Council of Ministers decisions supporting solar, energy efficiency and tree planting (green belts).
- The CBI's initiatives to finance renewable energy and support sustainable finance.

There is no climate change law, carbon tax, emissions trading or mandatory corporate climate disclosure.

Are businesses expected to prepare climate transition or decarbonisation plans?

There is no legal obligation in Iraq. Transition plans are expected by:

- international parent companies and investors;
- lenders and development finance institutions;
- international customers (particularly export markets subject to carbon border measures);
- oil companies with group commitments.

Iraqi state enterprises in the oil and power sectors are increasingly expected to address flaring and efficiency under government policies and contracts.

Which companies are most likely to be affected by future climate-related regulation?

- Oil and gas companies (flaring, venting, methane).
- Power generation, particularly from liquid fuels and gas.
- Cement, steel, bricks, fertilisers and petrochemicals.
- Refining.
- Transport and logistics.

- Large real estate and construction.
- Banks with exposure to these sectors.
- Exporters to markets with carbon border mechanisms, such as the EU's CBAM.

What should an effective climate transition plan contain?

- Governance and accountability.
- An emissions baseline and inventory.
- Short-, medium- and long-term targets.
- Specific measures (efficiency, fuel switching, renewables, flaring reduction, methane control).
- Capital expenditure and financing.
- Dependencies and assumptions (grid, gas availability, policy).
- Risks and adaptation measures.
- Indicators and progress reporting.
- Review mechanisms.

Should transition plans address operational emissions, purchased energy and supply-chain emissions?

- direct emissions (Scope 1);
- emissions from purchased electricity (Scope 2), although in Iraq many businesses generate their own power with diesel generators, which counts as Scope 1;
- material supply-chain and product emissions (Scope 3) where significant.

Initial efforts usually focus on Scopes 1 and 2, with Scope 3 added as data improves.

How should businesses establish emissions baselines?

- Select a representative base year with reliable data.
- Define the organisational and operational boundaries.
- Identify all emission sources.
- Collect activity data (fuel, electricity, flaring volumes, processes).
- Apply recognised emission factors.
- Document methods and assumptions.
- Recalculate the baseline when significant structural changes occur.

What standards may be used to measure greenhouse gas emissions?

Iraq has no national standard. Companies use:

- the GHG Protocol Corporate Standard;
- ISO 14064;
- IPCC methodologies;
- sector guidance, such as IPIECA and API for oil and gas, and OGMP 2.0 for methane.

How should a company select a legally defensible emissions-reduction target?

- Base it on a reliable baseline and a realistic implementation plan.
- Align it with recognised frameworks (for example science-based targets where relevant).
- State clearly its scope, base year and whether offsets are used.
- Obtain board approval.
- Communicate it with appropriate qualifications.

Targets that are unsupported or vague may expose the company to claims of misleading statements.

Can an aspirational climate target create liability if the company lacks a realistic implementation plan?

Potentially yes. Under Iraqi law, the risk is mainly:

- contractual (where targets are included in financing or commercial contracts);
- misrepresentation towards investors and lenders (under the Civil Code and investment agreements);
- misleading advertising towards consumers (under the Consumer Protection Law).

Litigation risk in Iraq is currently low, but the risk is significant in foreign jurisdictions where parent companies or investors are located.

Should climate targets be approved by the board or shareholders?

At least by the board, which bears responsibility for strategy and risk. Shareholder approval may be appropriate for fundamental commitments affecting the business model, or where investors require it under shareholder agreements.

How frequently should emissions-reduction targets be reviewed?

Progress should be reviewed annually, and the targets themselves every few years (for example every five years), or when significant changes occur in operations, technology, regulation or acquisitions.

What governance arrangements should supervise implementation of a transition plan?

- Board oversight, possibly through a sustainability or risk committee.
- A designated senior executive responsible for the plan.
- A cross-functional team (operations, finance, engineering, procurement).
- Integration into budgets and investment approval.
- Regular reporting.
- Linkage to performance incentives, with safeguards against inaccurate reporting.

How should companies document assumptions underlying climate projections?

In a written methodology note covering:

- data sources;
- emission factors;
- growth and production assumptions;
- technology costs;
- policy assumptions (carbon prices, regulations);
- energy prices;
- grid emissions intensity;
- uncertainties.

The note should be kept with version control and updated when assumptions change.

What legal risks arise when business plans remain inconsistent with publicly announced climate targets?

- Claims of misleading statements by investors, lenders or consumers.
- Breach of financing covenants.
- Reputational harm.
- Scrutiny by foreign regulators of parent companies.
- Questions about directors' oversight.
- Difficulties in obtaining finance or insurance.

How should acquisitions, expansions and new projects be reflected in existing climate commitments?

- recalculation of the baseline for acquisitions;
- assessment of new projects' emissions before approval;
- inclusion of climate considerations in investment decisions;
- adjustment of targets or measures where needed;
- transparent disclosure of changes.

Can climate-related obligations be imposed through environmental permits, investment licences or financing agreements?

Yes:

- environmental approvals can include conditions on emissions, flaring and efficiency;
- oil and gas contracts include flaring-reduction commitments;
- investment licences can include environmental conditions;
- financing agreements commonly impose climate-related covenants, reporting and sustainability-linked targets.

How should companies plan for physical climate risks such as extreme heat, drought, dust storms and flooding?

- Conduct a physical-risk assessment for each site.
- Design facilities for high temperatures and dust (equipment ratings, cooling, filtration).
- Plan water security (alternative sources, recycling, storage).
- Address flood risk for sites near rivers.
- Protect workers from heat stress.
- Prepare business-continuity plans for power and water shortages.
- Secure supply-chain resilience.
- Review insurance.

How should climate adaptation expenditure be allocated among employers, contractors and project owners?

Through clear contractual allocation in EPC, O&M, lease and supply contracts, covering:

- design standards (who designs for heat and flood conditions);
- the cost of measures to protect workers from heat (usually the employer of the workers, with the project owner setting minimum standards);
- force majeure and change-in-law provisions;
- price adjustments;
- maintenance responsibilities.

Statutory employer obligations towards workers cannot be transferred by contract.

Greenhouse Gas Emissions and Carbon Management

Are facilities required to measure or disclose greenhouse gas emissions?

There is no general legal obligation for facilities to measure or publicly disclose greenhouse gas emissions. Some measurement and reporting arises from:

- reporting to the Ministry of Oil on flared gas volumes, and oil contracts requiring data on flaring;
- environmental approval conditions for large facilities;

- national inventory work for Iraq's reports under the UNFCCC;
- reporting required by lenders, parent companies and international buyers.

Which emissions sources should be included in corporate inventories?

- Stationary combustion (boilers, furnaces, turbines, diesel generators).
- Mobile combustion (vehicle fleets).
- Flaring and venting.
- Fugitive emissions (methane leaks, refrigerants).
- Industrial process emissions (for example cement clinker).
- Purchased electricity.
- Material Scope 3 categories where relevant.

Are fugitive emissions, flaring and venting subject to specific controls?

Flaring is the subject of government policy and of commitments in oil contracts. The government's objective is to end routine flaring through gas capture projects (Basrah Gas Company, the TotalEnergies Gas Growth Integrated Project, and other contracts). The Ministry of Oil supervises flaring through field development plans and contracts. Methane leakage and venting are not subject to specific Iraqi regulations, but are covered in operators' contracts and group standards. Environmental legislation prohibits air pollution beyond the established limits.

What monitoring systems should high-emitting facilities maintain?

- Metering of fuel and flared gas.
- Continuous or periodic stack monitoring for key pollutants.
- Leak detection and repair programmes for methane.
- Data management systems with quality control.
- Calibration records.
- Periodic third-party verification.

Must emissions information be verified by an independent party?

Not under Iraqi law. Independent verification is often required by lenders, parent companies, carbon credit standards and international buyers, and is good practice for credibility.

What records should support emissions calculations?

- Fuel purchase and consumption records.
- Meter readings and calibration certificates.
- Production data.
- Flaring logs.
- Emission factors and their sources.
- Calculation spreadsheets or systems with version control.
- Assumptions and estimation methods.
- Verification reports.

Can government authorities require emissions-reduction measures as a condition of operating approval?

Yes. Under the Environment Law, the Ministry of Environment can impose conditions in environmental approvals and require measures to meet emission limits. The Ministry of Oil can impose flaring-reduction obligations through contracts and field development plans. Investment commissions can impose environmental conditions.

Are emission limits established by sector, facility or type of pollutant?

Iraqi standards (determinants) set limits mainly by type of pollutant:

- ambient air quality standards;
- emission limits for stationary sources, such as particulates, sulphur dioxide, nitrogen oxides and carbon monoxide.

Some limits are specific to certain industries. Limits are also set in individual approvals. There are no limits on CO2 or greenhouse gas emissions.

What penalties may arise from exceeding permitted emission levels?

Under the Environment Law:

- a warning and a deadline to remedy;
- temporary suspension of the activity or closure of the facility;
- fines, which can be repeated;
- an obligation to remedy the damage and pay compensation;
- in serious cases, imprisonment.

Penalties for repeat violations are heavier. Civil liability for damage to others also applies.

Can companies trade, transfer or offset carbon emissions in Iraq?

Iraq has no domestic carbon market or emissions-trading system. Companies may voluntarily purchase international carbon credits to offset emissions, or develop projects to generate credits under international standards subject to the absence of a national framework.

Does Iraqi law recognise ownership of carbon credits?

Not expressly. Carbon credits would be treated as intangible rights or contractual rights, whose ownership is determined by contracts and the rules of the issuing registry. Their legal nature (movable property or contractual right), and their treatment for tax and insolvency purposes, are uncertain.

Who owns carbon credits generated by leased land or contracted projects?

In the absence of specific rules, ownership should be determined by contract:

- the lease;
- the project agreement;
- the PPA or contract with the government.

Where the government is a party (state land, state-owned facilities, oil fields), it may claim the credits, and future regulations may require government authorisation. The question should be addressed expressly in agreements.

Can carbon rights be separated from land ownership?

Iraqi law has no specific concept of carbon rights separate from land. In principle, contractual rights to emission reductions can be allocated to a party other than the landowner, but there is no registration mechanism. Enforceability against third parties is uncertain.

What approvals may be required to develop a carbon-reduction project?

The approvals for the underlying project (environmental, investment, land, sector).

Approval or letter of authorisation from the national authority responsible for climate matters (the Ministry of Environment as the UNFCCC focal point), especially for credits used.

Approval of the government entity owning the asset, where relevant (for example the Ministry of Oil for flaring projects).

Can Iraqi carbon credits be transferred to foreign buyers?

In the voluntary market, credits are transferred through international registries according to contracts. For credits used for countries' NDCs, government authorisation and corresponding adjustments to Iraq's accounts are required, and Iraq has not yet established a framework. Foreign-currency proceeds are subject to CBI rules.

What contractual protections should be included in a carbon credit transaction?

- Clear description of the credits (standard, vintage, project, quantity).
- Warranties of title and absence of double claims.
- Registration and delivery mechanisms.
- Price and payment terms.
- Allocation of the risk of non-delivery and invalidation, with replacement or refund obligations.
- Government authorisation risk.
- Change in law.
- Tax.
- Confidentiality.
- Governing law and arbitration.

How should additionality, permanence and double counting be addressed?

Use recognised standards with robust methodologies and independent verification.

Document additionality (the project would not occur without carbon revenue).

For nature-based projects, use buffer pools and long-term monitoring to address permanence.

Use registry systems and contractual undertakings to avoid double counting, including possible counting in Iraq's NDC.

Who bears the risk if an issued carbon credit is later invalidated?

As agreed in the contract. Typically, the seller warrants the validity of the credits and is obliged to replace or refund invalidated credits within limits. Registry rules (buffer pools) may also cover certain risks. Buyers should seek appropriate warranties and remedies.

Can carbon credits be used to support corporate carbon-neutrality claims?

Yes, but claims must be accurate and substantiated. Companies should:

- disclose the use of offsets;
- prioritise real emissions reductions;
- use high-quality credits;
- follow recognised guidance on claims.

Misleading claims may violate consumer protection rules in Iraq and foreign laws.

How should businesses distinguish between emissions reductions and purchased offsets?

By reporting gross emissions, actual reductions achieved and offsets purchased separately, without netting them in a way that misleads. Reduction targets should be based on actual emissions. Offsets should be presented as a complementary measure.

Energy Use & Decarbonisation

Are businesses required to monitor electricity, fuel and overall energy consumption?

There is no general legal obligation to monitor energy consumption for efficiency purposes. Businesses monitor consumption through utility bills, generator fuel records and metering. Large consumers, industrial facilities and government entities have been targeted by government energy-saving measures, and some licence conditions may require reporting.

Do any sectors have mandatory energy-efficiency requirements?

Iraq has no comprehensive energy-efficiency law. Measures include:

- energy-efficiency specifications for some imported appliances (air conditioners, lamps) through the Central Organisation for Standardisation and Quality Control;
- Ministry of Electricity measures to reduce consumption (smart meters, tariffs);
- Council of Ministers decisions requiring government buildings to reduce consumption and install solar;
- building codes with some thermal insulation requirements.

Can energy-efficiency conditions be imposed through licences or environmental approvals?

Yes. Environmental approvals, investment licences and building permits can include conditions on efficient equipment, insulation, renewable energy or limits on generator use, especially for large projects.

Are energy audits required for industrial facilities?

There is no general legal obligation. Audits are recommended and may be required by lenders, donors or parent companies, and are useful to reduce costs given high generator fuel costs.

What records should businesses maintain concerning energy use?

- Electricity bills and meter readings (grid and generators).
- Fuel purchases and consumption per generator and vehicle.
- Production data, to calculate intensity.
- Equipment inventories and maintenance.
- Solar generation data.
- Audit reports and implemented measures.

Are businesses encouraged or required to source renewable electricity?

They are encouraged through government policies and CBI financing, and some categories are required by government decisions:

- government buildings;
- certain large commercial and residential projects;
- private generator operators.

There is no general renewable obligation for businesses.

Can a company generate renewable energy for its own consumption?

Yes. Self-generation from solar for one's own consumption is permitted and widespread. Grid-connected systems require approval from the Ministry of Electricity's distribution company.

What licences or approvals are required for private renewable generation?

Small rooftop systems for self-consumption: generally no specific licence, but equipment must meet standards and building safety rules.

Grid connection: approval from the distribution company, and bidirectional metering where net metering is available.

Large installations: building and land approvals, environmental approval where required, and an investment licence if licensed as an investment project.

Can surplus electricity be sold or supplied to third parties?

To the grid: only through arrangements with the Ministry of Electricity (net metering or a PPA).

To third parties through the national grid: no, since there is no third-party access or wholesale market.

To neighbouring users through private networks: this occurs in practice (like private generators), but its legal basis is uncertain and governorate regulation may apply.

What legal issues arise from private power purchase agreements?

- The absence of a legal framework for private sales and grid wheeling.
- The Ministry of Electricity's legal position as the main supplier.
- Licensing uncertainty.
- Pricing compared with subsidised grid tariffs.
- Land and rooftop rights.
- Metering.
- Security of payment.
- Contractual allocation of performance and maintenance risks.
- On-site PPAs (a developer installing solar on a customer's premises and selling the power) are possible contractually, but should be structured carefully.

Can renewable energy certificates or similar instruments be recognised in Iraq?

There is no national system. International certificates (I-RECs) could be issued through international registries if an issuer is established, but this market is not developed in Iraq.

Who owns environmental attributes generated by a renewable energy project?

As provided in the contract. Under PPAs with the Ministry of Electricity, they may belong to the Ministry or be unaddressed. For self-generation, the generator owns them. They should be addressed expressly.

What rules govern installation of rooftop solar systems on commercial premises?

- Structural safety and building rules.
- Civil defence requirements for fire safety.
- Equipment standards.
- The consent of the landlord or co-owners.
- The distribution company's technical requirements for grid connection.
- Rules on use of common areas in multi-tenant buildings.

How should businesses manage reliance on private generators?

- Ensure that generators are licensed where required.
- Maintain them properly and control emissions and noise.
- Store fuel safely.
- Keep records.
- Plan transition to solar hybrid systems and storage, to reduce costs and emissions.
- Comply with municipal and environmental requirements on location and operating hours.

What emissions and environmental obligations apply to diesel generators?

- Compliance with emission limits and noise limits under environmental standards.
- Proper location (distance from homes, ventilation).
- Exhaust height.
- Safe fuel storage to prevent spills and fires.
- Disposal of used oil and filters as hazardous waste.
- Governorate and municipal rules apply to neighbourhood generators.

Can landlords and tenants allocate responsibility for building energy efficiency by contract?

Yes. Leases can allocate:

- responsibility for efficiency improvements, solar installations, energy data sharing and maintenance;

- costs and savings ("green lease" clauses).

Freedom of contract applies, subject to mandatory rent rules where applicable.

How should energy consumption in shared facilities be measured and allocated?

Through sub-metering where possible, or through objective allocation keys (floor area, operating hours, installed capacity), agreed in contracts and recorded transparently.

What government incentives may support energy-efficiency or renewable energy projects?

- CBI initiatives to finance renewable energy systems at low or zero interest.
- Customs exemptions or reductions on solar equipment in certain periods and under Investment Law licences.
- Investment Law tax exemptions for licensed projects.
- Net metering.
- Programmes supported by donors and international organisations.

Environmental Permitting and Operational Compliance

Which projects require an environmental impact assessment before approval?

Under the Protection and Improvement of the Environment Law and its instructions, projects likely to have significant environmental impacts require an environmental impact assessment before establishment, expansion or change. The instructions classify activities into categories according to their potential impacts. Higher-impact categories requiring a full EIA include:

- oil and gas;
- refineries and petrochemicals;
- power plants;
- heavy industries (cement, steel, chemicals, fertilisers);
- mining and quarrying;
- large infrastructure (dams, roads, airports, ports);
- waste treatment and landfills;
- large residential and tourism projects.

Lower-impact activities need a simplified environmental approval.

At what stage of project development must the environmental assessment be submitted?

Before construction or establishment of the project, generally at the feasibility and design stage, before obtaining final project approvals (investment licence, building permits). Approval of site selection is often required early. Starting construction before environmental approval is a violation.

Which authority reviews and approves environmental impact assessments?

The Ministry of Environment, through its relevant directorates (including the environmental impact assessment department) and the environmental directorates in the governorates, according to the size and category of the project. The Ministry may consult other ministries. Environmental studies must be prepared by consultants registered or approved by the Ministry.

What information must an environmental assessment contain?

- A description of the project and its activities, inputs and outputs.
- The legal framework.
- The environmental and social baseline (air, water, soil, biodiversity, communities, heritage).

- Identification and assessment of impacts during construction, operation and closure.
- Alternatives.
- Mitigation measures.
- The environmental management and monitoring plan.
- Emergency plans.
- Public consultation results where required.
- A non-technical summary.

Must alternative sites, technologies or project designs be considered?

Yes. The analysis of alternatives (site, technology, design, and the no-project option) is part of a proper EIA under the Ministry of Environment's guidelines and international practice, and is required by lenders. The Ministry may reject a site and require an alternative.

When is public or community consultation required?

Iraqi practice on public consultation is less developed than international standards, but consultation with affected communities and authorities is expected for major projects, particularly those funded by international lenders. Governorate councils and local authorities are usually consulted. Lenders' standards require meaningful, documented consultation and disclosure.

Can project approval be challenged because consultation was inadequate?

Affected persons may challenge administrative decisions before the administrative judiciary if the decision violates the law and harms their interests. Since consultation requirements in Iraqi law are not detailed, such challenges are uncommon and their success uncertain. Inadequate consultation can lead to:

- community opposition and protests;
- suspension by the authorities;
- problems with lenders.

What environmental permits are required during construction and operation?

- Environmental approval (site approval and approval of the EIA).
- Conditions on construction activities (dust, noise, waste, wastewater).
- An operating approval or renewal certificate.
- Approvals for water extraction and wastewater discharge.
- Approvals for hazardous waste storage and transport.
- Approvals for emissions where applicable.
- Sector-specific approvals (for example radiation sources from the radiation authority).

Are environmental approvals transferable following a corporate acquisition?

Share acquisition: the company keeps its approvals, since the legal person does not change. Change of control may need to be notified if the approval or licence requires it.

Asset acquisition: approvals issued to the seller generally do not transfer automatically and must be transferred or reissued in the buyer's name with the Ministry's approval.

Must approvals be amended when production capacity or processes change?

Yes. Expansions, process changes, new production lines or changes in raw materials that may change environmental impacts require prior approval and possibly a new or supplementary assessment.

What continuing monitoring obligations apply after a permit is issued?

- Implementation of the environmental management and monitoring plan.

- Monitoring of emissions, discharges, noise and waste according to the approval.
- Record keeping.
- Allowing inspections.
- Reporting incidents.
- Periodic reports to the environmental authority.

Are companies required to submit periodic environmental reports?

Yes, where required by the approval conditions or the Ministry's instructions. Large facilities often must submit periodic monitoring reports (for example quarterly or annual) to the Ministry or the governorate environmental directorate.

Can an authority suspend operations for breach of environmental conditions?

Yes. The Environment Law allows the Minister or the competent authority to warn the violator and set a deadline to remedy. If not remedied, or in cases of serious danger, it can temporarily suspend the activity or close the facility until the violation is remedied, in addition to fines and other penalties.

What procedures apply to renewal of environmental approvals?

Environmental approvals and compliance certificates may have limited validity and require renewal by submitting an application with evidence of compliance (monitoring results, inspection). Renewal may be refused or subject to new conditions if violations exist.

Does an environmental approval protect the operator from civil liability?

No. An environmental approval allows the activity under conditions, but does not exempt the operator from civil liability for damage caused to third parties under the Civil Code and the Environment Law. Compliance with conditions may, however, be relevant to assessing fault.

Can compliance with a permit be used as a defence to pollution claims?

It is a relevant factor, showing that the operator acted lawfully and with due care. It is not a complete defence: if actual damage results and is attributable to the activity, the operator may still be liable, particularly under the Environment Law's provisions on compensation for environmental damage and the Civil Code's rules on harm to neighbours and liability for dangerous things.

Who is responsible for compliance where the facility is operated by a contractor?

Both:

- the permit holder (owner) remains responsible towards the authorities for compliance with permit conditions;
- the contractor is responsible for its own actions and for complying with the law and its contract.

Liability between them is allocated by contract, but the authorities can pursue the permit holder, and the injured party can pursue both.

What environmental obligations continue after operations cease?

- Safe closure.
- Removal of hazardous materials and waste.
- Decontamination and rehabilitation of the site according to the approval or contract.
- Monitoring where needed.
- Liability for damage caused by past operations.

Oil, mining and quarry contracts include decommissioning and restoration obligations.

Air Pollution and Industrial Emissions

What emission standards apply to industrial and commercial facilities?

Under the Environment Law, the regulations on air quality, and the environmental determinants issued by the Ministry of Environment:

national ambient air quality standards (limits for particulates, sulphur dioxide, nitrogen dioxide, carbon monoxide, ozone, lead);

emission limits for stationary sources (stacks) by pollutant, with specific limits for some industries.

Facilities must not cause pollution exceeding these limits. Noise limits are set by separate determinants.

Which facilities require air-emission permits?

Iraq has no separate air-emission permit system. Emission requirements are included in the facility's environmental approval and operating conditions. Facilities with significant emissions are covered, including:

- power plants;
- refineries;
- oil and gas facilities;
- cement, bricks, asphalt, steel, chemical and fertiliser plants;
- incinerators;
- large boilers;
- generators above certain sizes.

How are emission limits established and monitored?

Establishment: by the Ministry of Environment's national standards, and by approval conditions for individual facilities.

Monitoring:

- self-monitoring by the operator (measurements by accredited laboratories);
- inspections and measurements by the Ministry of Environment and governorate environmental directorates;
- national air quality monitoring stations in major cities.

What obligations apply to dust, smoke, odour and particulate emissions?

Facilities must:

- control fugitive dust (from construction, quarries, cement and transport) through spraying, covering, enclosures and filters;
- prevent black smoke from stacks and generators;
- control odours (from waste, wastewater and chemical activities).

The open burning of waste is prohibited. Construction sites must take dust control measures. Municipalities and environmental authorities can act on complaints.

What controls apply to gas flaring and venting?

Flaring is controlled mainly through:

- government policy (the goal of ending routine flaring);
- Ministry of Oil supervision and field development plans;
- obligations in oil and gas contracts (capture and use of associated gas);
- the environmental standards on air pollution.

Venting of gas is generally discouraged for safety and environmental reasons. Iraq remains one of the world's largest flaring countries, and reducing flaring is a top priority.

Are continuous emissions-monitoring systems required for high-risk facilities?

There is no general legal requirement in Iraqi law, but the Ministry of Environment may require continuous monitoring in approval conditions for large facilities. Modern projects (particularly those financed internationally) commonly install continuous emissions monitoring systems in accordance with lenders' standards.

How frequently must emissions be tested?

According to the approval conditions and the Ministry's instructions. This is usually periodic, for example quarterly or semi-annual testing by accredited laboratories for large facilities, and more frequently for high-risk sources.

Must monitoring results be submitted to a regulator?

Yes, where required by the approval or the Ministry's instructions. Results must be available to inspectors in all cases.

What obligations arise when monitoring equipment fails?

- Notify the authority where required.
- Repair promptly.
- Use alternative measurement or estimation methods in the meantime.
- Document the period and the reasons.
- Avoid operating in a way that exceeds limits during the failure.

Can neighbouring residents bring claims relating to air pollution?

Yes. Under the Civil Code (abuse of rights, excessive harm to neighbours, tort liability) and the Environment Law (compensation for damage caused by pollution), neighbours can claim:

- compensation for damage to health, property or use of property;
- orders to stop or reduce the nuisance.

They can also file complaints with the environmental authorities.

How is causation established where several facilities contribute to pollution?

Through technical evidence:

- monitoring data;
- dispersion modelling;
- the nature of the pollutants and their sources;
- the distance and wind patterns;
- court-appointed experts.

Where several facilities contribute, the court may apportion liability according to each one's contribution, or hold them jointly liable under the Civil Code's rules where several persons cause a single harm.

Can an operator be liable for emissions occurring within permitted levels?

Potentially yes. Compliance with limits does not exclude civil liability if actual harm occurs to neighbours exceeding normal tolerance, under the Civil Code's provisions on excessive harm between neighbours. Compliance is, however, strong evidence of absence of fault.

What emergency reporting duties apply to accidental releases?

Operators must immediately notify the environmental authorities, civil defence and other competent bodies (Ministry of Oil, Ministry of Health) of accidental releases that may harm health or the environment. They must take immediate measures to contain and limit the release, and document the incident.

What corrective measures can authorities order following an excessive emission event?

- Immediate cessation or reduction of the activity.

- Repair or installation of control equipment.
- Investigation of causes.
- Remediation of damage.
- Additional monitoring.
- Temporary suspension or closure.
- Fines.
- Referral for prosecution in serious cases.

Water Use and Water Security

What licences or permissions are required to extract surface water or groundwater?

Water resources are owned by the state and managed by the Ministry of Water Resources:

- Surface water (rivers, canals): extraction for industrial, commercial or agricultural use requires a permit (water allocation) from the Ministry of Water Resources or its directorates in the governorates, under the irrigation and water resources legislation.
- Groundwater: drilling wells requires a licence from the Ministry of Water Resources (the groundwater authority), which specifies location, depth and permitted extraction.

Unlicensed wells and pumping are violations and may be closed.

Can companies acquire exclusive rights to use a water source?

No. Water is a public resource, and a permit grants a right of use under conditions and within allocations. It is not exclusive ownership. Permits can be modified or reduced by the authority, especially during shortages.

Are commercial users subject to extraction limits?

Yes. Permits specify the quantity and use, and the Ministry of Water Resources may impose limits according to the available resources and national water plans.

How are water rights affected during drought or water shortages?

Iraq faces severe water scarcity due to reduced flows from upstream countries (Turkey, Iran), drought and climate change. During shortages:

- the Ministry of Water Resources reduces allocations and imposes rotation systems;
- it prioritises drinking water, then other uses;
- it restricts water-intensive agriculture (for example rice cultivation);
- it may restrict new permits.

Can authorities reduce or suspend an existing water allocation?

Yes. Allocations are subject to the availability of water and the public interest, and the Ministry may reduce or suspend them, especially during shortages, without the right to compensation in principle.

Are companies required to measure water withdrawal and consumption?

Permits may require meters and records of withdrawal. Large users, and those with environmental approvals, are expected to measure and report. In practice, metering is incomplete, but it is good practice and often required by lenders.

What information should be maintained concerning water sources and usage?

- Permits and allocations.
- Volumes withdrawn by source.
- Consumption by process.
- Recycling and reuse.
- Discharges and their quality.
- Water quality tests.
- Incidents.
- Water efficiency measures.

Are water-intensive projects subject to enhanced environmental review?

Yes. Projects consuming large amounts of water are examined closely by the Ministry of Environment and the Ministry of Water Resources, given the country's water stress. This covers:

- oil field water injection (where the Ministry of Oil promotes the use of seawater or treated water instead of fresh water, through the Common Seawater Supply Project);
- industry;
- large agriculture;
- data centres.

What rules apply to discharging wastewater?

Under the Regulation on the Preservation of Rivers and Public Waters from Pollution No. 25 of 1967 and the Environment Law:

- discharging wastewater into rivers, canals or public waters without treatment and approval, or exceeding the specified limits, is prohibited;
- discharge into municipal sewers requires approval from the municipal or sewerage authority and compliance with their limits.

Must wastewater be treated before discharge?

Yes. Industrial and commercial wastewater must be treated to meet the discharge limits before release into public waters or sewers.

What standards apply to industrial effluent?

The determinants set limits on parameters such as:

- pH;
- biological and chemical oxygen demand;
- suspended solids;
- oil and grease;
- heavy metals;
- toxic substances;
- temperature.

Can wastewater be reused within industrial operations?

Yes, reuse is encouraged, provided it is safe and does not cause pollution or health risks. Internal recycling usually does not require a special permit, beyond compliance with the conditions of the environmental approval.

What approvals are required for wastewater reuse?

Reuse for agriculture, irrigation or other external uses requires the approval of the Ministry of Environment, the Ministry of Health and the Ministry of Water Resources or Agriculture, according to the reuse standards. Health requirements are strict for irrigation of crops.

Who is responsible for contamination of groundwater?

The person who caused the contamination (the polluter), under the Environment Law and the Civil Code. This may include:

- operators of facilities (leaks from tanks, pits, pipelines);
- owners responsible for their facilities;
- contractors whose activities caused the pollution.

Authorities can order remediation at the polluter's cost.

Can downstream communities bring claims for reduced water quality or availability?

They can bring claims for pollution caused by a specific operator (compensation and cessation). Claims for reduced quantity are difficult if the user extracts within its permit. They can complain

to the Ministry of Water Resources about unlawful extraction or diversion.

How should cumulative impacts on shared water resources be assessed?

In the EIA, by considering all existing and planned uses in the basin or aquifer, seasonal variations and the effects of climate change, in coordination with the Ministry of Water Resources and using data on river flows and aquifers.

What obligations apply when a company uses municipal water supplies?

- A connection contract with the water authority.
- Payment of fees.
- Compliance with consumption rules and restrictions during shortages.
- No unauthorised connections.
- Prevention of backflow contamination.

Must water-related risks be considered in business continuity planning?

There is no legal obligation, but it is essential in Iraq given chronic shortages and quality issues. Plans should cover:

- alternative sources;
- storage;
- treatment;
- reduction of consumption;
- the impact of interruptions on operations.

Can lenders impose additional water-management requirements?

Yes. Lenders often require compliance with IFC Performance Standards (resource efficiency, pollution prevention), water risk assessments, consumption reduction targets, monitoring and reporting.

What remediation duties arise following water contamination?

- Stop the source.
- Contain and clean the contamination.
- Notify the authorities.
- Restore the affected environment as required by the Ministry of Environment.
- Compensate affected persons.
- Monitor until the contamination is resolved.

Biodiversity, Ecosystems and Land Use

Which laws protect biodiversity, wildlife, forests and natural habitats?

- Constitution (protection of the environment and biodiversity).
- Protection and Improvement of the Environment Law, which protects biodiversity and natural resources.
- Wild Animals Protection Law, which regulates hunting and protects wildlife.
- Forests and Woodlands Law, which protects forests and requires approval to cut trees.
- regulation on natural protected areas, which establishes and manages protected areas.
- International conventions: the Convention on Biological Diversity, the Ramsar Convention (the Mesopotamian Marshes, inscribed with archaeological sites on the World Heritage List in 2016), and CITES.

What assessments are required where a project may affect a sensitive ecosystem?

An EIA with a detailed ecological baseline (habitats, species, seasons) and impact assessment, prepared by specialists. Consultation with the Ministry of Environment's biodiversity department is required. Lenders may

require a specific biodiversity assessment according to IFC Performance Standard 6.

Are protected areas subject to special development restrictions?

Yes. Activities that harm natural protected areas are prohibited or restricted, including:

- construction;
- hunting;
- logging;
- grazing;
- extraction;
- pollution.

Development within or near protected areas requires special approval from the Ministry of Environment and the management authority, and is often prohibited.

Can industrial or infrastructure projects be authorised within or near protected areas?

Only in exceptional cases, where the project is of national importance and there are no feasible alternatives, with strict conditions and mitigation measures and the approval of the Ministry of Environment. Oil activities in or near the marshes (for example fields near the Hawizeh Marsh) are an example of this tension and are subject to special conditions.

How should indirect and cumulative impacts on biodiversity be assessed?

By considering:

- indirect effects (access roads that open areas to hunting and settlement, water extraction that affects wetlands, pollution);
- the combined effects of multiple projects in the area (for example several oil fields in the marshes area);
- effects over time, including climate change.

Must a project follow an avoidance, mitigation, restoration and compensation hierarchy?

Iraqi law does not expressly prescribe the mitigation hierarchy, but the Ministry of Environment applies it in practice through EIA review, and it is required by lenders' standards. Projects should:

- avoid impacts first (site selection, design);
- then minimise them;
- then restore;
- and only as a last resort compensate or offset.

Are biodiversity offsets recognised in Iraq?

Not formally. There is no legal framework for biodiversity offsets. The Ministry of Environment may require compensatory measures (for example tree planting, habitat restoration) as approval conditions. Projects financed by international lenders may implement offsets under lender standards.

Can project developers be required to restore habitats damaged during construction?

Yes. Approval conditions and contracts can require restoration. The Environment Law obliges anyone who causes environmental damage to remedy it or pay its cost.

Who monitors compliance with biodiversity-related permit conditions?

The Ministry of Environment and its governorate directorates, the protected-area management authorities, the Ministry of Agriculture (forests and wildlife) and, for financed projects, lenders' independent monitors.

What obligations apply to the removal of trees or vegetation?

Cutting trees in forests, public areas or on public land requires approval from the competent authorities (Ministry of Agriculture, municipalities), and may require replanting.

Unauthorised cutting of protected trees, palm trees and green belts is penalised. The protection of palm trees is a special concern in Iraq.

How are impacts on wildlife migration and breeding areas regulated?

- Wild Animals Protection Law (closed seasons, prohibited hunting);
- protection of protected areas and wetlands (important for migratory birds);
- EIA conditions (for example timing of works, design of power lines to avoid bird collisions).

What legal risks arise from introducing invasive species?

The import of plants and animals requires quarantine approvals from the Ministry of Agriculture. Introducing harmful species may violate agricultural quarantine and environmental laws, and lead to liability for damage. Risks should be considered in landscaping, aquaculture and agriculture.

How should businesses address biodiversity risks in their supply chains?

By identifying commodities with high biodiversity risk (timber, agricultural products, fish), applying supplier due diligence and certification requirements, and complying with CITES for wildlife products. In Iraq, this is mainly relevant for exporters of agricultural products and for international groups.

Can lenders require biodiversity standards exceeding Iraqi law?

Yes. Lenders often apply IFC Performance Standard 6 or the Equator Principles, which may require:

- critical habitat assessment;
- no net loss or net gain;
- biodiversity action plans;
- monitoring.

What obligations apply when previously unidentified sensitive habitats are discovered?

- Stop or modify works that may harm them.
- Notify the Ministry of Environment.
- Conduct an additional assessment.
- Implement mitigation measures.
- Amend the environmental management plan where necessary.

Contracts should provide a procedure for such discoveries.

Can environmental organisations or local communities challenge project approvals on biodiversity grounds?

Persons whose interests are harmed can challenge administrative decisions before the administrative judiciary. Iraqi law does not give environmental NGOs a broad right of action (actio popularis), so their standing depends on demonstrating an interest. They can submit complaints to the Ministry of Environment, Parliament, the High Commission for Human Rights and the media, and can raise concerns with lenders.

Land Contamination and Environmental Liability

Who is responsible for contamination discovered on industrial land?

The person who caused the contamination (the polluter). Under the Environment Law, anyone who causes environmental damage through their activity must remedy it and compensate. Where the polluter cannot be identified, the authorities may turn to the current operator or owner who controls the land, especially if they continued or aggravated the contamination.

Can a current owner be liable for pollution caused by a previous operator?

Iraqi law does not contain an explicit regime of strict liability for current owners for historical contamination, as in some jurisdictions. Liability is primarily on the polluter. However, a current owner may be required by the authorities to:

- take measures to prevent the spread of contamination and protect health;
- remediate where it controls the site and the contamination continues to cause harm.
- It may also be liable if it aggravated the contamination or failed to take reasonable care. Contractual allocation is therefore essential.

What environmental due diligence should be conducted before acquiring land?

- Review of the history of the site (previous uses, industrial, military, oil).
- Review of permits, inspection reports and violations.
- Site visit.
- Interviews.
- Review of registry records.

A Phase I environmental assessment and, where indicated, Phase II sampling.

Checking for unexploded ordnance and conflict remnants in relevant areas.

Should environmental sampling be undertaken before purchasing or leasing industrial property?

Yes, where the history of the site or the Phase I review indicates possible contamination (fuel storage, oil activities, workshops, chemical factories, landfills, military sites). Sampling establishes the baseline, informs negotiation and allocates responsibility.

How should pre-existing contamination be allocated in sale and lease agreements?

- Through a baseline report attached to the contract.
- The seller's or landlord's warranties on the absence of contamination, or disclosure of known contamination.
- Indemnities for pre-existing contamination.
- Price adjustments or retention.
- Remediation obligations before completion.

For leases, a restoration obligation for the tenant limited to contamination it causes, compared with the baseline.

Are polluters required to remediate contaminated land?

Yes. The Environment Law requires the person responsible for environmental damage to remedy it, by restoring the environment to its previous condition where possible, or paying the cost of remediation as determined by the authorities, in addition to compensation for damage.

Which authority determines the required remediation standard?

The Ministry of Environment, according to the environmental determinants and the intended use of the land. Iraq has no comprehensive

standards for contaminated soil, so international standards are often used as references. The Ministry of Oil may be involved for oil-related contamination.

Can a company choose between remediation and financial compensation?

Not freely. The authorities decide on the measures required, preferring remediation where possible. Financial compensation may be required in addition to, or instead of, remediation where restoration is impossible. Agreements with the authorities are possible in practice.

Who is responsible for contamination caused by contractors or tenants?

- The contractor or tenant who caused it is primarily responsible as polluter.
- The owner or employer may also be held responsible towards the authorities and third parties (as permit holder, or for failure to supervise, or under the Civil Code's rules on responsibility for persons under one's direction).

Contracts should allocate responsibility and provide indemnities and insurance.

Can environmental liability transfer through a share acquisition?

Yes. In a share acquisition, the company remains the same legal person, so its liabilities (including environmental liabilities for past activities) remain with the company and are economically borne by the buyer. Warranties, indemnities and price adjustments are therefore essential.

Does liquidation or insolvency extinguish environmental obligations?

Liquidation requires the settlement of debts, including obligations to the state. Environmental obligations should be satisfied or provided for before distribution. After the company is struck off, recovering them becomes difficult, though liquidators and shareholders may be liable in some cases (for example where they distributed assets without settling obligations). The authorities may also oppose liquidation while obligations are outstanding (tax and other clearances).

Can parent companies be liable for contamination caused by subsidiaries?

In principle no, because of separate legal personality and limited liability. Exceptions may arise:

- where the parent directly intervened in or controlled the polluting activity;
- through contractual guarantees (for example parent company guarantees in oil contracts);
- in cases of abuse of legal personality.

Parent companies may also face claims in their home jurisdictions.

How should environmental indemnities be structured in corporate transactions?

- A definition of covered liabilities (known and unknown contamination, fines, remediation costs, third-party claims).
- Time limits (often longer than general warranties).
- Monetary limits and thresholds.
- Procedures for claims and control of remediation.
- Standards of remediation (according to industrial use).
- Security (escrow, retention, parent guarantee).
- The relationship with insurance.

What insurance may be available for pollution and remediation risks?

In Iraq, specialised environmental insurance (pollution legal liability, remediation cost cover) is rarely available from local insurers. International insurers may provide it for large projects, often through reinsurance. General liability policies

usually exclude gradual pollution, covering only sudden and accidental pollution.

What reporting duties arise when historical contamination is discovered?

Notify the Ministry of Environment where the contamination poses a risk to health or the environment, or where required by the approval or contract, and take immediate measures to prevent its spread. Discovery may also trigger notification duties under transaction documents, financing agreements and leases.

Can authorities recover public remediation costs from responsible businesses?

Yes. Under the Environment Law, if the polluter fails to remedy the damage, the authorities may carry out the remediation themselves and recover the costs from the polluter, with additional amounts, as a debt owed to the state.

Chemicals and Hazardous Materials

What approvals apply to the manufacture, import, storage and use of hazardous chemicals?

- Import: import licences, and the approval of competent authorities for certain chemicals (Ministry of Environment, Ministry of Health, Ministry of Industry, Ministry of Agriculture for pesticides, and security authorities for precursors and dual-use chemicals); customs clearance; compliance with quality standards.
- Manufacture: an industrial licence (Ministry of Industry or the Industrial Development Directorate), environmental approval, and civil defence approval.
- Storage: approval of storage facilities by civil defence and the environmental authorities, with safety conditions.
- Use: compliance with occupational safety requirements.

Certain chemicals (explosive precursors, drugs) are subject to strict security controls.

Must chemical substances be registered before being placed on the Iraqi market?

Iraq has no general chemical registration system comparable to REACH. Registration is required for specific categories:

- pesticides (Ministry of Agriculture);
- medicines and cosmetics (Ministry of Health);
- certain controlled substances.

Other chemicals require import approval and compliance with standards.

What information must accompany hazardous chemicals?

Labels identifying the substance, its hazards, precautions and the supplier, and safety data sheets. Requirements follow Iraqi standards and are often based on the Globally Harmonized System (GHS).

Are Arabic safety data sheets required?

Iraqi standards and consumer protection rules generally require information on products in Arabic. For hazardous chemicals, providing Arabic safety data sheets and labels is required in practice for customs, authorities and workers' safety, and is essential for compliance with occupational safety obligations.

What labelling and packaging rules apply?

- Packaging appropriate to the hazard, resistant and secure.
- Hazard symbols.
- Arabic labelling (with English often accepted additionally).
- Product name, composition, hazards, instructions for use and storage, first aid, manufacturer or importer, and dates.

Requirements are determined by Iraqi standards and specific regulations.

What restrictions apply to persistent, toxic or bioaccumulative chemicals?

Iraq has acceded to the Stockholm Convention on Persistent Organic Pollutants, and to other chemicals conventions such as Rotterdam, and implements restrictions on the import and use of listed substances (certain pesticides, PCBs) through Ministry of Environment and Ministry of Agriculture decisions. It also implements the Montreal Protocol on ozone-depleting substances (import quotas and licensing). Implementation is gradual.

Are PFAS or similar persistent chemical compounds specifically regulated?

Not specifically, beyond the substances listed in the Stockholm Convention (such as PFOS and PFOA, which are listed in it). There is no comprehensive PFAS regulation in Iraq.

Can general pollution or product liability laws apply where no chemical-specific regulation exists?

Yes. The Environment Law (prohibition of pollution and compensation), the Civil Code (liability for harmful acts and for dangerous things), the Consumer Protection Law (safe products, information) and the Penal Code (endangering public health) apply regardless of specific chemical regulations.

What obligations apply to asbestos and asbestos-containing materials?

The import and use of asbestos have been restricted in Iraq. Asbestos remains in older buildings and pipes. Removal and disposal must be carried out safely, as hazardous waste, with worker protection, in accordance with Ministry of Environment and occupational safety requirements.

How must hazardous materials be transported?

- Suitable licensed vehicles, with labelling.
- Trained drivers.
- Transport documents.
- Approved routes.
- Emergency equipment.
- Compliance with Ministry of Interior (traffic, civil defence) and Ministry of Environment requirements.
- International standards (ADR, IMDG for sea transport, IATA for air) are applied for international transport.

What emergency plans must facilities storing dangerous substances maintain?

- Emergency response plans approved by civil defence.
- Firefighting and spill-containment equipment.
- Training and drills.
- Coordination with civil defence, health and environmental authorities.
- Communication with neighbours where appropriate.
- An inventory of stored substances.

What notification duties arise following a leak, spill or exposure incident?

- Immediately notify:
- civil defence;
- the environmental authorities (Ministry of Environment or the governorate directorate);
- the health authorities where people are exposed;
- the Ministry of Labour for workplace incidents;

- for oil incidents, the Ministry of Oil.

Who bears liability for contamination caused during transport?

The transporter, as the party in control of the goods during transport, is primarily liable for damage caused by its fault or by the dangerous goods it carries. The consignor may also be liable if it failed to provide correct information or appropriate packaging. Contracts should allocate risks and require insurance.

What obligations apply to contractors handling hazardous substances?

They must:

- comply with the law and the site's safety rules;
- have qualified staff and appropriate equipment;
- follow procedures for storage, use and disposal;
- report incidents.

The site owner must assess contractors and supervise their work.

How should obsolete or prohibited chemicals be disposed of?

As hazardous waste, through approved disposal methods and licensed contractors, under the Ministry of Environment's instructions. Large quantities of obsolete pesticides and chemicals are a known problem in Iraq. Export for disposal abroad may be necessary under the Basel Convention.

Can companies export hazardous waste or chemicals for treatment abroad?

Yes, subject to the Basel Convention procedures (prior informed consent of the importing and transit countries), the approval of the Ministry of Environment, and compliance with export and customs rules.

What occupational health obligations apply to workers exposed to hazardous materials?

Under the Labour Law and occupational safety instructions, employers must:

- assess risks;
- provide information and training;
- provide personal protective equipment;
- provide ventilation and engineering controls;
- monitor exposure;
- arrange periodic medical examinations for exposed workers;
- maintain records.

Pregnant women and minors are prohibited from hazardous work.

What records should be retained concerning chemical use and worker exposure?

- An inventory of chemicals.
- Safety data sheets.
- Purchase, use and disposal records.
- Risk assessments.
- Exposure monitoring.
- Workers' medical examinations.
- Training records.
- Incident reports.

Exposure and medical records should be kept for long periods, since some diseases appear years later.

Waste Management and Circular Economy

How does Iraqi law classify municipal, industrial, hazardous and medical waste?

Under the Environment Law and the Ministry of Environment's instructions (including the instructions on hazardous waste management):

- Municipal (domestic) waste: managed by municipalities.
- Industrial (non-hazardous) waste: the generator's responsibility.
- Hazardous waste: waste with toxic, flammable, corrosive, reactive or infectious properties, subject to strict rules on storage, transport, treatment and disposal.
- Medical (healthcare) waste: regulated by the Ministry of Health and the Ministry of Environment, requiring segregation and treatment (incineration, sterilisation).

Other categories include construction waste, oil waste and radioactive waste (under the radiation authority).

Who is legally responsible for waste generated by a business?

The generator is responsible for managing its waste safely, from generation to final disposal ("cradle to grave"), especially for hazardous waste. For municipal-type waste, the business must comply with municipal arrangements and fees.

Can responsibility be transferred to a waste contractor?

Operational responsibility can be delegated to a licensed contractor, but the generator remains responsible for ensuring that the contractor is licensed and that the waste is disposed of lawfully. If the contractor disposes of waste illegally, the generator may still be liable, particularly if it did not exercise due diligence.

What due diligence should be conducted before appointing a waste contractor?

- Verify licences and approvals (Ministry of Environment, municipality).
- Verify the vehicles and treatment and disposal facilities.
- Check experience and reputation.
- Visit the facilities.
- Require documentation of the waste's final destination (manifests and certificates).
- Check insurance.
- Conduct periodic audits.

Which waste activities require licences?

- Collection and transport of hazardous waste.
- Treatment, recycling and disposal facilities.
- Landfills.
- Incinerators.
- Medical waste management.
- Storage of hazardous waste beyond permitted periods.
- Import and export of waste.

These require approval from the Ministry of Environment and other competent authorities.

What documentation must accompany the transportation of hazardous waste?

A waste manifest identifying the generator, transporter and receiving facility, the type and quantity of waste, its hazards and handling precautions. It is signed at each stage and kept by each party, under the hazardous waste instructions.

Must companies maintain waste inventories or manifests?

Yes, for hazardous waste: records of quantities generated, stored and transferred, and manifests. For other waste, records are good practice and are often required by environmental approval conditions.

What obligations apply to temporary waste storage?

- Designated areas that are secured, covered and impermeable.
- Labelling.
- Segregation of incompatible wastes.
- Spill prevention.
- Limits on storage periods.
- Inspection.
- Fire safety.

Are businesses required to separate different categories of waste?

Yes, at least separation of hazardous from non-hazardous waste, and of medical waste into categories. Separation of recyclables is encouraged and may be required by municipal rules or approval conditions.

Can waste be reused or sold as a commercial by-product?

Yes, if it is safe, has a lawful use and complies with environmental requirements. Examples include scrap metal, used oil to licensed recyclers, and fly ash. Sale of hazardous waste must go only to licensed recipients.

When does waste cease to be legally classified as waste?

Iraqi law has no detailed “end-of-waste” criteria. In practice, a material that has been processed into a product with a lawful use and market, meeting standards, is no longer treated as waste. The Ministry of Environment’s position may be needed in uncertain cases.

Are manufacturers responsible for waste arising from their products?

Iraq has no general extended producer responsibility (EPR) legislation. Manufacturers and importers are not legally responsible for the post-consumer waste of their products, except for specific obligations (for example certain hazardous products).

Do take-back or extended producer responsibility requirements apply?

No general take-back or EPR requirements exist. Some voluntary initiatives exist (for example for batteries and tyres), and EPR may be introduced as part of future waste reforms.

Are recycling targets imposed on particular sectors or products?

No legally binding recycling targets.

Must products incorporate a minimum proportion of recycled materials?

No.

What rules apply to electronic and electrical waste?

There are no specific e-waste regulations. E-waste containing hazardous components is subject to the hazardous waste rules. Informal recycling of e-waste is a health and environmental risk.

What responsibilities apply to batteries, tyres, oils and vehicle parts?

- Used oils and lead-acid batteries: hazardous waste, to be collected and recycled through licensed operators.
- Tyres: must not be burned in the open, and should be disposed of through licensed recycling.
- Vehicle parts: containing oils and fluids must be managed properly.

- Burning tyres and waste is prohibited and is a source of air pollution.

Are businesses required to design products for repair, reuse or recycling?

No legal requirements exist in Iraq.

What obligations apply to destruction of expired or defective goods?

Expired or defective food, medicines and consumer goods must be destroyed under the supervision of the competent authorities (Ministry of Health, Ministry of Trade, consumer protection, customs), with destruction records, in an environmentally safe manner. Selling or re-circulating them is prohibited and penalised

Can businesses be liable for waste illegally dumped by third-party contractors?

Yes. The generator may be liable if the waste is traced back to it, particularly if it failed to verify the contractor's licence or the final destination. Penalties and remediation costs may be imposed on both.

Plastics and Packaging

What restrictions apply to the manufacture, import or use of single-use plastics?

Iraq has no national law banning or restricting single-use plastics. The Ministry of Environment has launched awareness campaigns, and some government entities and governorates have announced initiatives to reduce plastic bags and disposable items. The manufacture and import of plastics are subject to general quality standards.

Can national or local authorities prohibit particular plastic products?

In principle yes:

- the federal government through legislation, Council of Ministers decisions or Ministry of Environment instructions under the Environment Law;
- governorates and municipalities through local decisions within their competences (for example in public places).

Few binding prohibitions exist so far.

Are producers or importers responsible for post-consumer plastic waste?

No. There is no EPR system for plastics.

Do packaging-reduction requirements apply?

No specific packaging-reduction requirements.

Are businesses required to use recyclable or reusable packaging?

No.

Must plastic packaging contain recycled material?

No. Food-contact packaging must meet safety standards, which may restrict the use of recycled plastics.

What labelling requirements apply to recyclable, biodegradable or compostable products?

There are no specific rules. General rules on accurate labelling (Iraqi standards) and the prohibition of misleading information under the Consumer Protection Law apply.

What evidence is required to support biodegradable or plastic-free claims?

Iraqi law does not specify the evidence required, but under consumer protection rules claims must be truthful and substantiated. Businesses should hold certification under recognised standards (for example EN 13432 or ASTM for compostability) and test results, and avoid vague claims.

Are plastic bags subject to charges, levies or restrictions?

There are no national charges or levies on plastic bags in Iraq.

What rules apply to plastic packaging used for food, medicines and cosmetics?

Strict safety rules apply:

- materials in contact with food must comply with the standards of the Central Organisation for Standardisation and Quality Control and the Ministry of Health (no migration of harmful substances);
- packaging for medicines and cosmetics is subject to the requirements of the Ministry of Health for registration and quality.

Can a retailer be responsible for packaging selected by a foreign manufacturer?

Yes. Under the Consumer Protection Law, the importer and the seller are responsible towards the consumer for the conformity and safety of the products they sell, including packaging and labelling, with a right of recourse against the manufacturer.

What obligations apply to commercial packaging used in transportation?

It must be suitable and safe, comply with dangerous-goods rules where applicable and be disposed of properly. No specific recycling obligations exist.

Can public procurement contracts favour reduced or recyclable packaging?

Yes. Contracting authorities may include environmental requirements in technical specifications and evaluation criteria, provided they are clear, non-discriminatory and announced in the tender documents.

What penalties may arise from improper disposal or burning of plastic waste?

Under the Environment Law and municipal regulations, open burning and dumping of waste are prohibited. Penalties include fines, the obligation to remove waste and remedy damage, and closure in serious cases. Municipalities may impose fines for dumping.

Workforce Equality and Non-Discrimination

What forms of employment discrimination are prohibited?

The Labour Law No. 37 of 2015 prohibits direct and indirect discrimination in all aspects of employment, including:

- recruitment;
- training;
- wages and benefits;
- promotion;
- conditions of work;
- termination.

The Constitution guarantees equality of Iraqis before the law without discrimination.

Which protected characteristics are recognised under Iraqi law?

The Labour Law lists grounds including:

- race, colour, sex, religion, sect, opinion and political belief;
- national origin, ethnicity, language and social origin;
- disability;
- HIV/AIDS status.

The Constitution also prohibits discrimination on the grounds of sex, race, ethnicity, nationality, origin, colour, religion, sect, belief, opinion, and economic or social status.

Do equality obligations apply during recruitment, promotion and termination?

Yes. The prohibition of discrimination covers job advertisements, selection, training, promotion, wages and termination. Termination based on a prohibited ground is unlawful.

Are employers required to adopt equal opportunity or anti-discrimination policies?

There is no explicit obligation to adopt a written policy, but employers with a certain number of workers must have internal work regulations, which should reflect the Labour Law's prohibitions. A written policy is strongly recommended to demonstrate compliance.

Can employers establish diversity targets?

Yes, voluntarily, provided they do not lead to unlawful discrimination against other candidates. Targets can be supported by measures such as outreach, training and flexible arrangements.

Would preferential recruitment designed to improve representation be lawful?

The Labour Law allows special measures for certain groups (for example persons with disabilities and women, in protective provisions), and the Care of Persons with Disabilities Law imposes employment quotas. Other forms of preferential treatment (for example on the basis of religion or ethnicity) may be considered discriminatory. Positive action should be carefully designed and justified.

What obligations apply to the employment of women?

Labour Law:

- guarantees equal opportunity and equal pay;
- prohibits the employment of women in work that is arduous or harmful to health, as specified by instructions;
- regulates night work in certain cases;
- provides maternity leave (with full pay for a defined period, extendable), and protects pregnant women and new mothers;
- provides breastfeeding breaks;
- prohibits dismissal because of pregnancy or maternity leave;
- prohibits sexual harassment.

What protections apply to employees with disabilities?

The Care of Persons with Disabilities and Special Needs Law, and the Labour Law, provide:

- non-discrimination;
- employment quotas (a percentage of positions in public-sector and private-sector entities with a certain number of employees, for qualified persons with disabilities);
- training and rehabilitation;
- certain benefits.

Are employers required to make workplace accommodations?

The law encourages the provision of a suitable work environment for persons with disabilities. There is no detailed duty of reasonable accommodation like in some countries, but accommodation is good practice and consistent with Iraq's ratification of the UN Convention on the Rights of Persons with Disabilities.

What rules apply to equal pay for equal or comparable work?

The Labour Law requires equal pay for men and women for work of equal value, and prohibits wage discrimination on prohibited grounds.

Are employers required to analyse or disclose gender pay differences?

No. There is no obligation to analyse or report gender pay gaps.

What protections apply to pregnant employees and employees with family responsibilities?

- Maternity leave with pay, extendable for health reasons.
- Prohibition of dismissal during pregnancy and maternity leave.

- Breastfeeding breaks.
- Prohibition of hazardous work for pregnant women.
- Sometimes childcare facilities in larger workplaces.
- Leave for family needs under the law's provisions.

How should discrimination complaints be investigated?

- Promptly, impartially and confidentially.
- By a person not involved.
- Hearing the complainant, the accused and witnesses.
- Documenting the findings.
- Taking corrective and disciplinary measures.
- Protecting the complainant from retaliation.

Complainants may also go to labour inspectorates and the Labour Court.

Can an employer be liable for discriminatory conduct by managers or colleagues?

Yes. Under the Labour Law and the Civil Code (liability of the principal for acts of its agents), the employer may be liable for discrimination and harassment committed by managers or employees in the course of employment, particularly if it failed to take preventive measures or act on complaints.

What obligations apply to harassment and sexual harassment?

The Labour Law prohibits sexual harassment in employment, including any physical or verbal conduct of a sexual nature that violates the dignity of the person, and provides penalties. The Penal Code also punishes indecent acts and assaults. Employers must prevent harassment, provide complaint mechanisms and take action.

Must employers provide anti-harassment training?

There is no explicit legal obligation, but training is recommended as part of the prevention duty and is required by many international groups and lenders.

Can workplace equality requirements be imposed through government or donor-funded contracts?

Yes. Contracts can require compliance with non-discrimination, gender equality and anti-harassment policies, the employment of women and local people, and reporting.

How should multinational employers reconcile global EDI policies with Iraqi law and workplace practice?

Apply global policies where they are consistent with Iraqi law.

Adapt them to the local legal and cultural context, without lowering the legal protections.

Ensure that policies do not conflict with mandatory Iraqi law or public order (some characteristics protected in other jurisdictions, such as sexual orientation, are not recognised and are sensitive in Iraq, so the practical approach requires careful legal advice).

Focus on legally recognised characteristics and on universal principles of respect and dignity.

Fair Work and Employee Welfare

What minimum employment conditions form part of a company's social responsibilities?

Under the Labour Law No. 37 of 2015:

- written employment contracts;
- the minimum wage;
- regular payment of wages;
- maximum working hours and overtime pay;
- weekly rest and public holidays;
- annual, sick and maternity leave;
- occupational health and safety;
- social security registration and contributions;
- non-discrimination and prohibition of forced labour, child labour and harassment;
- notice periods and end-of-service rights;
- freedom of association and collective bargaining;
- dispute resolution through the labour courts.

Are employers required to pay a statutory minimum wage?

Yes. The Labour Law provides for a minimum wage that must not be less than the amount set by the authorities, and wages below it are prohibited.

How is the applicable minimum wage determined?

By decision of the Council of Ministers, on the recommendation of a tripartite committee (government, employers and workers), taking into account the cost of living and economic conditions. It is reviewed periodically. Employers should check the current amount.

Is there a separate legal concept of a living wage?

No. Iraqi law recognises only the statutory minimum wage. The living wage is a voluntary standard used by some companies and international initiatives.

Can ESG policies commit a company to wages exceeding statutory minimums?

Yes. A company may voluntarily commit to higher wages (for example a living wage). If included in employment contracts or internal regulations, the commitment becomes binding towards employees.

What working-time and rest requirements apply?

The Labour Law sets:

- standard working hours (generally 8 hours a day and 48 hours a week, with lower limits for arduous or hazardous work);
- daily breaks;
- weekly rest of at least one day;
- overtime limits and pay at higher rates;
- public holidays with pay;
- paid annual leave that increases with service.

What welfare facilities must be provided at workplaces and project sites?

- Clean drinking water.
- Sanitation facilities.
- Rest areas.
- First aid and medical care.
- Protection from heat.
- Lighting and ventilation.
- Facilities appropriate for women workers.

Remote sites additionally need accommodation, catering and transport, in accordance with occupational safety instructions and international standards.

What obligations apply to employee accommodation and transportation?

Where the employer provides accommodation (common in oil, construction and remote projects), it must be:

- safe and hygienic;
- not overcrowded;
- equipped with water, sanitation, cooling and fire safety.
- respectful of privacy.

Transport must be safe and roadworthy, with qualified drivers. International standards (IFC/EBRD guidance on workers' accommodation) are commonly required by lenders.

How should companies protect workers from extreme heat and adverse weather?

Iraq's summer temperatures often exceed 50°C. Measures include:

- adjusting working hours (avoiding work during the hottest midday period, which the government and governorates often require by decision during the summer);
- rest breaks in shaded and cooled areas;
- adequate drinking water;
- training on heat stress;
- monitoring vulnerable workers;
- appropriate clothing;
- stopping work in dust storms or extreme conditions.

What occupational health and safety management systems are required?

The Labour Law and occupational safety instructions require employers to:

- provide a safe working environment;
- assess risks;
- provide protective equipment;
- train workers;
- maintain safety records;
- in larger establishments, appoint safety officers or committees.

Formal management systems (ISO 45001) are not legally required, but are common in large projects.

Must businesses assess psychosocial and mental health risks?

There is no explicit obligation in Iraqi law. It is recognised as good practice and as part of the general duty to protect workers' health, especially in remote, conflict-affected or high-pressure operations.

What protections apply against workplace bullying and degrading treatment?

The Labour Law prohibits treatment that violates workers' dignity, as well as harassment, and the Penal Code punishes insults and assault. Employers should prohibit bullying in their internal regulations and provide complaint mechanisms.

Can workers refuse work presenting an immediate and serious danger?

Under occupational safety principles and ILO standards (to which Iraq adheres), workers may withdraw from imminent and serious danger without penalty. Iraqi law does not regulate this right in detail. Employers should recognise it in their safety policies.

What reporting duties apply to workplace injuries and fatalities?

Employers must:

- notify the Ministry of Labour (labour inspection) and the social security department of work injuries within the deadlines set by law;
- notify the police in cases of death or serious injury;
- investigate and record the incident.
- Work injuries give rise to social security benefits.

Are employers responsible for health and safety conditions maintained by subcontractors?

The subcontractor is responsible for its own workers, but the main contractor and site owner who control the site have obligations to:

- coordinate safety;
- ensure safe conditions;
- supervise subcontractors' compliance.

What protections apply to temporary, casual and outsourced workers?

The Labour Law applies to all workers, including temporary and casual workers, with the same basic protections (minimum wage, safety, social security). Outsourced workers are employed by their direct employer, and the user company should verify that their rights are respected.

How should employee grievances be received and investigated?

Through an accessible and confidential internal grievance procedure, with:

- defined deadlines;
- impartial investigation;
- the right to be heard;
- written outcomes;
- the right to escalate;
- protection against retaliation.

This complements the right to complain to the labour inspectorate and the Labour Court.

What protections apply to employees who raise safety, environmental or ethical concerns?

Iraq has no comprehensive whistleblower protection law. Protection derives from:

- the prohibition of arbitrary dismissal under the Labour Law;
- the protection of informants under the Commission of Integrity Law for corruption reports;
- company policies.

Employers should adopt explicit non-retaliation policies.

Labour Rights in the Supply Chain

Are companies required to examine labour conditions within their supply chains?

There is no legal obligation in Iraq to conduct supply-chain due diligence. It is required in practice by:

- foreign laws applicable to parent companies or buyers;
- international buyers;
- lenders;
- the UN Guiding Principles.

What due diligence should be conducted before appointing contractors and suppliers?

- Legal registration.
- Social security and tax compliance.
- The labour practices record.
- Health and safety performance.
- Recruitment practices.

- Use of foreign workers.
- Accommodation conditions.
- Absence of child labour or forced labour.
- Sanctions and integrity checks.
- Certifications.
- Site visits for high-risk suppliers.

Can a company be liable for labour violations committed by a contractor?

In principle the contractor, as employer, is liable. The company may be liable:

- where it controls the work or the site and fails to ensure safety;
- where it is involved in the violation;
- in certain cases of joint liability for workers' wages in subcontracting arrangements, depending on the law and the contract.

Reputational and contractual risks exist in all cases.

What responsibilities apply to recruitment agencies and labour suppliers?

Private employment agencies must be licensed by the Ministry of Labour and Social Affairs. They must not charge workers fees in violation of the rules, deceive workers about conditions, or engage in trafficking. The Anti-Trafficking Law applies to exploitation through recruitment.

How should companies identify risks of forced labour and human trafficking?

By looking for indicators such as:

- recruitment fees and debts;
- retention of identity documents;
- restrictions on movement;
- unpaid or withheld wages;
- excessive working hours;
- threats;
- deceptive recruitment;
- poor accommodation.

High-risk groups include migrant workers in construction, cleaning and domestic work. Risk assessments, worker interviews and audits help identify them.

What controls should prevent charging recruitment fees to workers?

- An "employer pays" policy.
- Contractual prohibition of fees charged by agencies and contractors.
- Verification through worker interviews.
- Reimbursement of fees found to have been paid.
- Use of licensed agencies only.

How should businesses identify and prevent child labour?

The Labour Law prohibits the employment of children under 15, and prohibits hazardous work for young persons under 18. Measures include:

- age verification using official documents;
- supplier audits;
- training;
- remediation plans that ensure the child's welfare (education) rather than simple dismissal.

What age-verification procedures should suppliers maintain?

- Copies of identity documents for all workers.
- Records of dates of birth.
- Verification of the authenticity of documents.
- Registers of young workers, with the conditions of their work.

What protections apply to migrant and foreign workers?

They are protected by the Labour Law in the same way as Iraqi workers, and must have work permits and residency. Employers:

- must not retain passports;
- must pay wages on time;
- must provide written contracts in a language they understand;
- must respect their rights on termination and repatriation.

The Anti-Trafficking Law protects them from exploitation.

Can employers or recruiters retain workers' passports?

No. Retaining workers' identity documents against their will is an indicator of forced labour and may constitute an offence under the Anti-Trafficking Law and other laws. Documents may be held only voluntarily for safekeeping, with free access.

What contractual clauses should address supply-chain labour standards?

- Compliance with the Labour Law and international standards (ILO).
- Prohibition of child labour, forced labour and recruitment fees.
- Wages, hours and social security.
- Health and safety.
- Accommodation.
- Grievance mechanisms.
- Audit rights.
- Reporting of violations.
- Corrective action obligations
- Pass-through to subcontractors.
- Termination for serious violations.

Should suppliers be required to permit workplace audits?

Yes. The right to audit (by the buyer or independent auditors) should be included in contracts, with access to premises, records and workers.

How should announced and unannounced supplier audits be conducted?

Announced audits: for systematic documentation review.

- Unannounced audits: to verify actual conditions, especially for high-risk suppliers.
- Both: should include document review, site inspection and confidential interviews with workers (in their language and without management present), conducted by qualified, independent auditors.

What action should be taken when a supplier violates labour standards?

- Assess the severity.
- Agree on a corrective action plan with deadlines.
- Provide remediation to affected workers.
- Verify implementation.
- Escalate (suspension, termination) if the supplier fails or the violation is severe.

Must the commercial relationship be terminated immediately?

Not necessarily. International principles favour using leverage to remedy the situation first, unless the violation is severe and the supplier refuses to cooperate. Immediate termination may harm workers. Contracts should allow termination for serious violations.

How should remediation for affected workers be organised?

- Payment of unpaid wages and reimbursement of illegal fees.
- Return of documents.
- Medical care.
- Safe repatriation where needed.
- For children, removal from work with support for education.

It should be funded by the responsible party, and verified.

What records should demonstrate ongoing supply-chain monitoring?

- A supplier list with risk classification.
- Questionnaires.
- Audit reports.
- Corrective action plans and follow-up.
- Training records.
- Grievances.
- Decisions on suspension or termination.

Can international buyers impose labour standards exceeding Iraqi requirements?

Yes, contractually. Suppliers may accept them as a condition of business. They then become binding contractual obligations.

Human Rights Due Diligence

Which human rights are most relevant to business operations in Iraq?

- Right to life and security (security operations, conflict).
- Labour rights (safe work, fair pay, freedom from forced and child labour, freedom of association).
- Right to health and a healthy environment (pollution, flaring).
- Right to water.
- Right to property and adequate housing (land acquisition, resettlement).
- Rights of communities to participation and information.
- Non-discrimination (women, minorities, persons with disabilities, displaced persons).
- Cultural rights (heritage and religious sites).
- Freedom of expression and assembly (protests).
- Privacy (data).

Are companies required to identify actual and potential human rights impacts?

Not under Iraqi law. It is expected under the UN Guiding Principles and OECD Guidelines, and required by foreign laws affecting multinational groups and by international lenders.

Should human rights assessment be integrated into general business risk management?

Yes. It should be integrated into enterprise risk management, project approval, procurement, security and community relations, while keeping the focus on risks to people (not only risks to the company).

Which operations, projects and commercial relationships should be included?

- company's own operations.
- Its projects.
- Contractors and suppliers.
- Joint venture partners.
- Security providers.

- Customers in high-risk sectors.
- Government counterparties where relevant (for example for land acquisition and security).

How should companies prioritise severe human rights risks?

According to:

- severity (scale, scope and irremediability);
- likelihood.

Risks to life, health and liberty, and irreversible impacts, come first.

Should affected communities and workers participate in the assessment?

Yes. Meaningful engagement with affected stakeholders (workers, communities, women, vulnerable groups), through appropriate and culturally sensitive methods, is essential for an accurate assessment.

What documentation should support a human rights due diligence process?

- Policy commitment.
- Risk assessments.
- Engagement records.
- Action plans.
- Monitoring data.
- Grievances and their resolution.
- Reports to the board.
- Public reporting where relevant.

How frequently should human rights assessments be updated?

Periodically (for example annually for high-risk operations), and when:

- new projects or relationships begin;
- significant changes or incidents occur;
- the context changes (conflict, protests).

What measures should be taken to prevent or reduce identified harm?

Changes in project design, contractual requirements, training, security protocols, community investment, grievance mechanisms, monitoring and use of leverage over partners.

What responsibilities arise where a company contributes to, but does not directly cause, an adverse impact?

Under the UN Guiding Principles:

- stop the contribution;
- use leverage to mitigate the remaining impact;
- contribute to remediation to the extent of its contribution.

Under Iraqi law, liability may arise under the Civil Code's rules on joint wrongdoing if the contribution is a fault that causes damage.

Can a company be responsible for impacts linked to suppliers or business partners?

Under the UN Guiding Principles, the company must seek to prevent or mitigate impacts directly linked to its operations through business relationships, even if it did not cause them, but it is not necessarily required to provide remediation. Legal liability in Iraq requires a fault and a causal link. Foreign due diligence laws may impose further obligations.

When should a commercial relationship be suspended or terminated?

- the partner causes severe impacts and refuses to remedy;
- the company's leverage is insufficient;
- continuing the relationship would make the company complicit.
- The potential adverse effects of termination on people should be considered.

How should businesses provide or participate in remediation?

- compensation;
- restitution;
- rehabilitation;
- apology;
- guarantees of non-repetition.

These may be delivered via grievance mechanisms, agreements with affected persons, or cooperation with state processes.

What grievance mechanisms should be available to affected persons?

Operational-level grievance mechanisms that are:

- accessible, free and available in Arabic and local languages (Kurdish, Turkmen where relevant);
- confidential;
- equipped with clear procedures and deadlines;
- free of retaliation;
- monitored.

Can group-level human rights commitments be relied upon against an Iraqi subsidiary?

Only if the subsidiary has adopted them or they have been incorporated into contracts or representations. Group-level commitments may, however, be relied upon against the parent in its home jurisdiction.

How should companies address human rights standards imposed by foreign laws or international lenders?

- identifying the applicable requirements;
- integrating them into local procedures and contracts;
- ensuring compliance with Iraqi law at the same time;
- documenting implementation.

What legal risks arise from incomplete or misleading human rights reporting?

- Misrepresentation claims by investors and lenders.
- Consumer protection claims.
- Liability under foreign reporting and due diligence laws.
- Reputational harm.
- Breach of financing covenants.

Can affected persons bring claims against a parent company outside Iraq?

Possibly, depending on the parent's home jurisdiction. Courts in some countries (for example the UK and the Netherlands) have accepted jurisdiction over claims against parent companies for harm caused by subsidiaries abroad, in cases of direct involvement or control. The amended EU Corporate Sustainability Due Diligence Directive may create additional obligations for in-scope groups from July 2029.

Host Communities and Social Impact

When must a project assess its impact on neighbouring communities?

When the project is subject to an EIA, which should include social impacts, and in all projects affecting land, water, livelihoods, health or safety of communities. Lenders require a separate or integrated social impact assessment for significant projects.

What should be covered by a social impact assessment?

- Demographics.
- Livelihoods.
- Land use and tenure.
- Access to services.
- Health and safety.
- Employment.
- Cultural heritage.
- Vulnerable groups.
- Gender.
- Security.
- Influx of workers.
- Tribal and social structures.
- Cumulative impacts.
- Mitigation and enhancement measures.

Which communities should be consulted before project approval?

Communities directly and indirectly affected (residents, landowners and users, farmers, herders, fishermen), their representatives (tribal leaders, mukhtars, local councils) and local authorities, including women and vulnerable groups.

How should meaningful consultation be documented?

Records of:

- meetings (dates, places, participants, gender breakdown);
- information shared;
- concerns raised;
- responses;
- how concerns were taken into account.

Supporting evidence includes photographs and attendance lists, with consent.

Are companies required to disclose project risks to affected communities?

Iraqi law has no detailed disclosure obligation. EIA processes and lender standards require the disclosure of relevant information in an understandable language and form.

What obligations apply where local livelihoods depend on project land or natural resources?

- Assess the impacts.
- Compensate for losses.
- Restore livelihoods.
- Provide alternatives (land, access, training, employment).
- Monitor results.

Iraqi law provides compensation through the Acquisition Law, and lenders require full livelihood restoration.

How should impacts on farmers, fishermen, herders and small businesses be assessed?

- censuses and socio-economic surveys;
- identification of affected assets and incomes (crops, trees, livestock, grazing, fishing areas, shops);
- assessment of seasonal and informal uses;
- valuation of losses.

What obligations apply to economic or physical displacement?

Under Iraqi law: expropriation and compensation through the Acquisition Law, and compensation for crops and buildings.

Under lender standards: a resettlement action plan or livelihood restoration plan, consultation, replacement-cost compensation, relocation assistance and monitoring.

How should compensation for land, crops and livelihood losses be determined?

Under the Acquisition Law: by valuation committees on the basis of market value, with the possibility of objection and judicial review.

For crops and trees: valuation by agricultural committees.

Under lender standards: full replacement cost, including transaction costs, without deduction for depreciation.

Any gap between the two should be covered by the project.

Are companies required to provide livelihood restoration?

Not under Iraqi law, beyond compensation. It is required by IFC Performance Standard 5 and other lender standards for financed projects.

What protections apply to cultural, religious and archaeological sites?

The Antiquities and Heritage Law No. 55 of 2002:

- protects archaeological and heritage sites;
- requires approval from the State Board of Antiquities and Heritage for works near them;
- requires the immediate cessation of works and notification upon discovering antiquities;
- punishes damage to antiquities.
- Religious sites (shrines, cemeteries) are highly sensitive and require careful consultation.

How should companies respond to community complaints and demonstrations?

- Through dialogue and the grievance mechanism.
- Through engagement with community representatives and local authorities.
- With transparency.
- By avoiding excessive use of force (relying on public security forces under the law, with human rights considerations).
- By documenting incidents.
- By addressing the root causes (jobs, services, environmental impacts).

What grievance mechanism should be available to local residents?

An accessible, free, culturally appropriate mechanism with:

- several channels (box, telephone, community liaison officers);
- confidentiality;
- deadlines;
- written responses;
- escalation;
- records.

Can compensation agreements with community representatives bind all affected persons?

Generally not. Under Iraqi law, an agreement binds only those who are parties to it or who authorised the representative. Representatives without a legal mandate (tribal leaders, for example) cannot waive individual rights. Agreements should be concluded with each rights holder, or with properly authorised representatives.

What risks arise from negotiating with individuals who lack authority to represent the community?

- Agreements that do not bind the affected persons.
- Disputes and protests.
- Elite capture of benefits.
- Corruption risks.

- Claims by excluded persons.
- Reputational damage.

Can community-benefit agreements be enforced?

They are enforceable as contracts between the parties under the Civil Code if they are sufficiently clear and the parties have capacity and authority. Enforcement by communities as such is difficult, since communities lack legal personality, unless represented by an entity.

What rules should govern donations and local development programmes?

- Written policies.
- Needs assessments.
- Transparent selection.
- Agreements with recipients.
- Payment to institutions rather than individuals.
- Due diligence on recipients.
- Monitoring.
- Separation from permitting decisions.
- Compliance with anti-corruption rules.

How should companies prevent community investment from being treated as bribery or improper influence?

- Make no contributions to public officials or their relatives.
- Ensure contributions are not linked to the granting of approvals.
- Be transparent and document everything.
- Have contributions approved by compliance.
- Pay institutions, not individuals.
- Monitor the use of funds.

Who bears responsibility for community impacts caused by contractors?

The contractor for its own acts, and the project owner towards the authorities, communities and lenders. The owner must manage contractors' impacts through contractual requirements and supervision.

What obligations continue after the project closes?

- Closure and rehabilitation of sites.
- Remaining compensation.
- Commitments to communities.
- Environmental monitoring.
- Handover of community infrastructure.
- A social transition (workforce, services).

Land Acquisition and Resettlement

What due diligence is required before acquiring land for a project?

- Verify ownership and rights through the Real Estate Registration Department (current extract).
- Verify the type of land: private freehold, state land, agricultural land held under state-granted rights, waqf land.
- Check encumbrances (mortgages, attachments, disputes).
- Check informal occupants and users.
- Check land-use classification and master plans.
- Check archaeological sites and unexploded ordnance.
- Check access and utilities.
- Check any restrictions on transfer to companies or foreigners.

How should legal title and occupancy rights be verified?

- registry extracts and the property file;
- inheritance certificates where the owner has died;
- site visits;
- surveys;
- interviews with occupants and neighbours;
- verification with the municipality and the Ministry of Agriculture (for agricultural leases);
- court searches for disputes.

What protections apply to lawful occupants who are not registered owners?

Tenants, holders of agricultural leases, holders of use rights and occupants with contracts have rights under the Civil Code and specific laws.

They are entitled to compensation for their rights and investments (buildings, trees, crops) if their rights are terminated, under the Acquisition Law and other laws.

How are informal occupants and users of land treated?

Iraqi law generally does not give informal occupants (encroachers on state land, unauthorised settlements) a right to compensation for land. They may receive compensation for buildings and crops in some cases, and government programmes have sometimes regularised or compensated informal settlements. Lender standards require that informal occupants receive assistance and compensation for assets and resettlement support, without legalising their claim to the land.

Can private businesses initiate or benefit from compulsory acquisition?

Compulsory acquisition is carried out by the state for public benefit projects under the Constitution and the Acquisition Law. Private companies cannot expropriate directly, but they can benefit where:

- the project is a public-benefit project (for example infrastructure or power under a contract with the state);
- the state acquires the land and allocates it to the project (for example under the Investment Law for strategic projects).

What governmental procedures must precede expropriation?

Under the Acquisition Law:

- a decision on the public benefit of the project;
- a request by the beneficiary entity;
- an inventory and survey of the properties;
- notification of owners and holders of rights;
- valuation by a committee;
- judicial proceedings before the competent court of first instance in cases of judicial acquisition;
- payment or deposit of compensation;
- registration of the transfer.

Acquisition by agreement with the owners is also possible.

How should compensation be calculated?

Under the Acquisition Law, compensation is based on the market value of the property at the date of the valuation, determined by valuation committees, taking into account:

- the location;
- the use;
- prices of similar properties;
- compensation for buildings, trees and crops.

The Constitution requires fair compensation. Lender standards require full replacement cost.

Can affected persons challenge the valuation or acquisition decision?

Yes. The Acquisition Law allows objection to the valuation and appeal before the courts. Administrative decisions can also be challenged before the administrative judiciary on grounds of illegality.

When must compensation be paid?

Before taking possession of the property, in accordance with the Constitution and the Acquisition Law, except in specific urgent cases provided by law. Compensation may be deposited if the owner refuses or is unknown. Lenders require payment before displacement.

What additional requirements may be imposed by international lenders?

- A resettlement action plan.
- A census and cut-off date.
- Replacement-cost compensation.
- Assistance for informal occupants.
- Livelihood restoration.
- Special assistance to vulnerable groups.
- Consultation and disclosure.
- A grievance mechanism.
- Monitoring and a completion audit.

How should physical relocation be planned and implemented?

- Through consultation on relocation sites and housing.
- Provision of adequate housing with services and secure tenure.
- Moving assistance.
- Timing that respects school years and harvest.
- Special support to vulnerable households.
- No forced evictions without due process.
- Monitoring after relocation.

What obligations apply to restoring access to schools, healthcare and public services?

Under lender standards, relocation sites must have access to services at least equal to the previous situation, in coordination with the competent ministries and authorities, who remain responsible for providing public services.

How should vulnerable households be identified and protected?

During the census, identify:

- female-headed households;
- the elderly;
- persons with disabilities;
- the very poor;
- the landless;
- displaced persons;
- minorities.

Then provide targeted assistance: additional support, help with procedures, priority in employment and livelihood programmes.

Can construction begin before all compensation disputes are resolved?

Under Iraqi law, possession can be taken after compensation is paid or deposited in accordance with legal procedures, even if disputes on the amount continue in court. Lender standards generally require that compensation be paid (or placed in escrow) and relocation completed before construction on the affected land.

What records should demonstrate lawful acquisition and consultation?

- Acquisition decisions.

- Surveys and inventories.
- Valuation reports.
- Notifications.
- Court decisions.
- Payment receipts and deposit records.
- Registration of transfers.
- Consultation records.
- Grievances and resolutions.
- Monitoring reports.

What long-term monitoring should follow resettlement?

Monitoring of:

- living standards, incomes and access to services, against baseline data;
- the effectiveness of livelihood restoration;
- grievances.

It should continue until the objectives are achieved, followed by a completion audit (lender requirement).

Security and Human Rights

What legal responsibilities apply when companies use public or private security forces?

Private security: companies may hire licensed private security companies or employ their own guards in compliance with the law. They are responsible for the conduct of these forces in their service under the Civil Code (liability for agents).

Public security forces: protecting projects (police, army, oil police, Popular Mobilisation Forces in some areas) is a state function. Companies should engage with them responsibly, under agreements or memoranda that address human rights, and should avoid complicity in abuses.

What licensing requirements apply to private security providers?

Private security companies must be licensed by the Ministry of Interior and registered with the Companies Registrar. Their personnel and weapons must be licensed. Foreign security companies face additional restrictions and requirements.

What due diligence should be conducted before appointing security contractors?

- Licences and permits.
- The company's human rights record and any allegations of abuses.
- Vetting of personnel.
- Training programmes.
- Rules on the use of force.
- Weapons management.
- Insurance.
- Ownership and links to political or armed groups.
- References.

How should security personnel be trained on use of force and human rights?

- the Iraqi law on self-defence and use of force;
- the principles of necessity and proportionality
- the Voluntary Principles on Security and Human Rights;
- treatment of detainees and protesters;
- cultural and gender sensitivity;
- first aid;
- reporting.

Training should be repeated and documented.

What rules govern searches, detention and removal of persons from company property?

Private security personnel have no police powers. They may:

- control access to property;
- search persons and vehicles with consent as a condition of entry;
- prevent offences.

Detention is limited to holding a person caught in the act of a crime until delivery to the police, as allowed by the Criminal Procedure Code. Removal of trespassers should be done with minimum force, and with the police where necessary. Exceeding these limits may constitute an offence.

Can a company be liable for excessive force used by security personnel?

Yes:

- civil liability for damage caused by its employees or contractors acting in the course of their duties;
- possible criminal liability of individuals;
- reputational and contractual consequences (lenders);
- foreign litigation risk.

What reporting and investigation procedures should follow a security incident?

- Immediate first aid.
- Notification of the police and authorities.
- Preservation of evidence.
- Internal investigation.
- Reporting to senior management and, where required, to lenders.
- Communication with affected persons and communities.
- Corrective measures.
- Documentation.

How should companies respond to allegations involving public security forces?

- Record the allegations.
- Raise them with the competent authorities (security commanders, governor).
- Encourage investigation.
- Avoid supporting abuses (for example by not providing equipment that could be misused).
- Review the security arrangements.
- Engage with the affected communities and human rights bodies.

Can security arrangements be assessed against international voluntary principles?

Yes. The Voluntary Principles on Security and Human Rights are widely used by oil and mining companies in Iraq and are required by lenders. The International Code of Conduct for Private Security Service Providers is also used.

What obligations apply to the protection of protesters and community representatives?

The Constitution guarantees freedom of assembly and peaceful demonstration within the law. Companies should:

- not request or encourage the use of force against peaceful protesters;
- deal with protests through dialogue;
- avoid retaliation against community representatives;
- report threats to them.

How should weapons and security equipment be controlled?

- Licensed weapons only.
- A register of weapons and ammunition.
- Secure storage.
- Issue and return logs.
- Use only by trained and authorised personnel.
- Periodic audits.

What contractual protections should be included in security services agreements?

- Compliance with Iraqi law and the Voluntary Principles.
- Rules on the use of force.
- Vetting and training.
- Weapons management.
- Incident reporting.
- Audit rights.
- Termination for violations.
- Indemnities.
- Insurance.
- Prohibition of subcontracting without approval.

What grievance mechanism should be available for security-related complaints?

An accessible, confidential mechanism for communities and workers, independent of the security team, with investigation and protection against retaliation.

Should serious security incidents be disclosed to lenders or investors?

Yes, where required by financing agreements (which usually require prompt notification of serious incidents), and where they are material to investors.

Corporate Governance and Board Oversight

What responsibility do directors have for environmental and social risks?

Under the Companies Law, managers and board members must manage the company with the care of a diligent person, in the interest of the company, and in compliance with the law and the company's articles of association. They are liable to the company, shareholders and third parties for violations of the law, and for management errors. Failure to ensure compliance with environmental and labour laws, causing losses (fines, closures, compensation), may engage their liability. Banks have additional governance requirements from the CBI.

Must directors consider the interests of employees, communities and other stakeholders?

Iraqi company law does not expressly require directors to consider stakeholders, as some jurisdictions do. The duty is to the company. Considering stakeholders is, however, part of the company's long-term interest and legal compliance, and the CBI's governance guidance for banks refers to stakeholders.

Can failure to supervise ESG risks constitute a breach of directors' duties?

Yes, where it amounts to negligence in managing the company, in particular a failure to ensure compliance with laws, leading to losses for the company. The burden of proof is on the claimant.

How should the board's ESG responsibilities be documented?

- the articles of association or board charter;
- committee charters;
- board resolutions approving strategies and policies.
- the delegation of authority;

- minutes recording ESG discussions and decisions.

Should the board establish a dedicated sustainability or ESG committee?

For non-banks, an ESG committee is generally optional. The CBI's ESG standards guide requires banks to form an ESG and Sustainability Committee. Other companies may establish one or assign ESG oversight to an existing committee.

What expertise should be represented on that committee?

Environment and HSE, social and community matters, governance and compliance, finance and risk, and sector knowledge. External advisers can supplement.

How frequently should management report ESG performance to the board?

At least quarterly for high-risk companies, and immediately for serious incidents. A comprehensive annual review is also needed.

Which ESG decisions should require board approval?

- ESG strategy and key policies.
- Targets.
- High-impact projects.
- Material ESG risks and incidents.
- Sustainability reports.
- Significant expenditure.
- Major settlements.

Should responsibility be allocated to a particular executive?

Yes. A designated senior executive (for example a sustainability or HSE director reporting to the CEO) ensures accountability. Responsibilities should be integrated into all functions.

How should ESG responsibilities be incorporated into management delegations?

Through the delegation of authority matrix:

- ESG approvals for projects;
- authority to stop work for safety reasons;
- approval of community contributions;
- incident escalation thresholds;
- responsibilities in job descriptions and performance objectives.

Can directors rely on specialist environmental or social advisers?

Yes. Reliance on qualified advisers is evidence of due care, provided that the directors choose competent advisers, provide them with accurate information, consider their advice critically, and act on it.

What questions should directors ask before approving high-impact projects?

- Have environmental and social impacts been assessed, and are approvals obtained or obtainable?
- What are the risks to people, the environment and communities?
- Are land rights clear?
- What are the security arrangements?
- Are there corruption risks in approvals?
- What are the costs of mitigation, and are they budgeted?
- What are the lender requirements?
- What are the reputational risks?
- What is the closure plan?

How should conflicts between short-term profitability and ESG risks be documented?

In board minutes, by recording:

- the options considered;
- the risks identified;
- the advice received;
- the reasons for the decision;
- any mitigation measures.

Can shareholders challenge directors over failures relating to ESG oversight?

Under the Companies Law, shareholders may hold directors accountable at the general assembly (refusing to discharge them, dismissing them) and bring a liability action against directors on behalf of the company or for personal damage, subject to the conditions of the law. Such actions are rare in practice.

Are directors exposed to liability for inaccurate ESG disclosures?

Yes, in principle:

- civil liability for misleading information that causes damage to shareholders or investors;
- ISC sanctions for listed companies for inaccurate disclosures;
- criminal liability in cases of fraud or forgery.

What protections are available to directors who rely on verified information?

Reliance in good faith on information prepared or verified by competent employees, auditors or experts, together with documented due diligence, supports the defence that the director acted with due care. Discharge by the general assembly may also limit liability for disclosed matters.

Should directors' and officers' insurance expressly cover ESG-related claims?

Yes, where available. D&O insurance in Iraq is limited, and international policies are used by multinational groups. Policies should be checked for pollution and regulatory exclusions.

How should boards supervise ESG risks arising in subsidiaries and joint ventures?

- Group policies adopted by subsidiaries.
- Board representation.
- Reporting requirements.
- Audit rights.
- Shareholder agreements in joint ventures with ESG provisions.
- Consolidated risk reporting.

Shareholder Rights and ESG Engagement

Can shareholders request information concerning environmental and social performance?

Shareholders have the information rights provided by the Companies Law (annual reports, financial statements, the auditor's report, questions at the general assembly). Specific ESG information can be requested at general assemblies, and companies may disclose it voluntarily. Broader information rights can be provided through shareholder agreements.

Can shareholders propose ESG-related resolutions?

Shareholders holding the percentage required by the Companies Law may request the convening of a general assembly or add items to the agenda, including ESG items, within the assembly's competences.

What voting thresholds apply to shareholder proposals?

According to the Companies Law and the articles:

- ordinary resolutions by the majority of shares represented;
- extraordinary resolutions (amendments to articles, capital, merger, dissolution) by qualified majorities.

Can minority shareholders challenge decisions creating serious environmental or social risk?

They may challenge general assembly or board decisions that violate the law, the articles or the company's interest, and claim compensation for damage. Challenging lawful business decisions solely on ESG risk grounds is difficult.

How should companies respond to institutional investor ESG requirements?

- understanding the requirements;
- providing transparent information;
- adopting appropriate policies;
- agreeing realistic commitments in investment agreements;
- reporting progress.

Can shareholders require the company to adopt international sustainability standards?

Through general assembly resolutions within its competence, or through shareholder agreements binding the parties. A single shareholder cannot impose them unilaterally.

What rights do investors have where ESG information provided before investment was inaccurate?

Under the Civil Code (misrepresentation, fraud) and the investment agreement (warranties, indemnities), investors may claim compensation, price reduction or, in serious cases, rescission of the agreement.

Can ESG representations create warranty or misrepresentation claims in investment agreements?

Yes. ESG warranties (compliance with laws and permits, absence of incidents or claims, accuracy of ESG data) give rise to contractual claims if they prove untrue, under the agreement's limitation provisions.

How should ESG matters be addressed in shareholder agreements?

- An ESG policy and compliance obligations.
- ESG action plans.
- Reporting and information rights.
- Approval rights for high-impact decisions.
- Board composition with relevant expertise.
- Consequences of serious violations.

Can shareholder agreements impose enhanced sustainability obligations?

Yes, as contractual obligations between the parties, enforceable among them. To bind the company and future shareholders, they should be reflected in the articles where permitted.

What information rights should investors receive regarding serious ESG incidents?

Prompt notification (for example within a defined number of days) of:

- fatalities and serious injuries;
- major environmental incidents;
- serious community conflicts;
- regulatory actions.
- allegations of corruption or human rights abuses.

Investors should then receive follow-up reports on investigation and remediation.

Can investors require board representation or veto rights over ESG matters?

Yes, through shareholder agreements and the articles: rights to appoint directors, and reserved matters requiring investor approval (for example ESG policies, high-impact projects).

How should ESG deadlocks between shareholders be resolved?

- escalation to senior representatives;
- independent expert opinion;
- mediation;
- arbitration;
- as a last resort, exit mechanisms.

Can a failure to meet ESG targets trigger investor exit or buyback rights?

Yes, if agreed contractually: put options, buyback rights, or other remedies triggered by serious ESG breaches or failure to meet agreed targets. These should be clearly defined.

ESG Reporting And Sustainability Disclosures

Which Iraqi companies are required to publish environmental, social or governance information?

There is no general obligation to publish sustainability reports. Governance information is required for:

- listed companies (ISC disclosure, annual reports);
- banks (CBI governance and disclosure requirements).

Environmental reporting to the authorities (not public) is required under approvals. State oil revenues are disclosed under the EITI.

Are listed companies subject to specific sustainability disclosure requirements?

Not specific sustainability disclosure. Listed companies must disclose financial statements, material information, ownership and governance matters to the ISC and the Iraq Stock Exchange. Material ESG incidents may need to be disclosed as material information.

Are state-owned enterprises subject to separate reporting duties?

Yes. They report to their ministries, the Ministry of Finance, the Federal Board of Supreme Audit, and, for oil companies, under EITI. Their financial statements are audited by the Board of Supreme Audit. Sustainability reporting is not systematically required.

Must banks, insurers or other regulated businesses disclose ESG risks?

Banks are subject to the CBI's ESG standards guide (issued in 2024 and updated in 2025), including ESG governance, risk management and reporting requirements. This differs from an economy-wide statutory sustainability-reporting regime.

Can companies voluntarily use international sustainability reporting standards?

Yes. Companies are free to publish voluntary reports using GRI, IFRS Sustainability Disclosure Standards (ISSB), SASB or other frameworks.

Which reporting standard is most appropriate for an Iraqi business?

- GRI: suitable for reporting impacts to a broad audience.
- ISSB standards (IFRS S1 and S2): suitable for companies seeking international investors, particularly for climate-related financial information.
- Sector standards: IPIECA for oil and gas.

Multinational subsidiaries should follow the group's framework.

Should sustainability information be presented in the annual report or a separate report?

Either. Integration into the annual report links ESG to financial performance and strategy. A separate report allows more detail. Consistency between them is essential.

What entities should be included within the reporting boundary?

Entities consistent with the financial statements (controlled subsidiaries), and possibly operations under operational control. The boundary should be clearly disclosed.

How should joint ventures and partially owned subsidiaries be addressed?

According to the chosen approach (equity share, financial control or operational control), applied consistently and disclosed.

What environmental performance indicators should be reported?

- Energy consumption.
- Greenhouse gas emissions (Scopes 1, 2 and material Scope 3).
- Flaring.
- Air emissions.
- Water withdrawal, consumption and discharge.
- Waste (hazardous and non-hazardous).
- Spills.
- Environmental incidents and fines.
- Land and biodiversity

What social and workforce indicators should be reported?

- Number and composition of the workforce (gender, nationality, Iraqi and local employment).
- Training.
- Health and safety (injury rates, fatalities).
- Wages.
- Turnover.
- Grievances.
- Community investment.
- Local procurement.
- Human rights incidents.
- Supplier audits.

What governance information should be disclosed?

- Board composition and committees.
- ESG oversight.
- Policies.
- Anti-corruption measures and incidents.
- Whistleblowing.
- Risk management.
- Remuneration principles.
- Tax transparency.
- Political contributions (prohibited or restricted).

How should material ESG incidents be reported?

Factually, without minimisation, with information on causes, impacts, remediation and lessons learned. Legal advice should be taken where litigation or investigation is pending.

Must historical data be restated when measurement methods change?

There is no legal requirement, but good practice is to restate comparative data where changes are significant, or to disclose the effect of the change.

How should companies explain incomplete or unavailable data?

By disclosing the gaps, their reasons, estimation methods used, and plans to improve data collection.

Can forward-looking ESG targets be included safely?

Yes, provided that they:

- are based on reasonable plans and assumptions;
- are clearly identified as targets;
- are accompanied by the main assumptions and risks;
- are regularly updated.

What cautionary language should accompany estimates and projections?

Statements that projections are based on current assumptions and are subject to risks and uncertainties (regulatory, technological, economic, security), that actual results may differ, and that the company does not guarantee achievement. Such language reduces risk but does not protect against misleading statements.

Who should approve the final sustainability report?

The board (or a designated committee), after review by management, the legal and compliance functions and, where relevant, external assurance.

Must sustainability reports be filed with a regulator?

No, there is no filing requirement in Iraq, except where a regulator (the ISC or CBI) requires certain information.

How long should supporting ESG records be retained?

At least as long as financial records (a prudent minimum of ten years) and longer for environmental and health data related to potential long-term liabilities.

Climate-Related Financial Risk

Are boards required to consider the financial effects of climate-related risks?

Not expressly under Iraqi law. The general duty of care, and financial reporting standards (IFRS requires consideration of all material risks in judgments, estimates and impairments), make it relevant, particularly for companies exposed to climate.

How should physical and transition climate risks be incorporated into financial planning?

Physical risks: heat, water shortages, floods and dust storms affect productivity, equipment and supply.

Transition risks: carbon pricing in export markets, oil demand, technology and financing conditions.

These should be reflected in forecasts, capital expenditure, insurance, asset lives and budgets.

Should companies conduct climate scenario analysis?

Recommended for companies with significant exposure (oil, power, heavy industry, banks), and required by international investors and ISSB-aligned reporting.

What assumptions should support climate-related financial modelling?

- Temperature and water scenarios.
- Carbon prices.
- Energy prices and oil demand.
- Policy developments.
- Technology costs.
- Physical impacts on operations.
- Market and customer behaviour.

How should climate risks affect asset valuations and impairment assessments?

By incorporating climate assumptions into:

- cash-flow projections for impairment tests;
- the useful lives of assets;
- the valuation of reserves (oil and gas);
- provisions.

These should be disclosed where material.

Must decommissioning and remediation liabilities be reflected in financial statements?

Yes, under applicable accounting standards (IFRS or Iraqi standards, depending on the entity), provisions must be recognised for present obligations (legal or contractual) for decommissioning and remediation that can be reliably estimated.

How should potential carbon costs be considered?

Through internal carbon prices in investment decisions, scenarios for border carbon adjustments (for example EU CBAM on exports), and future domestic policies.

Can climate risk affect the company's ability to continue as a going concern?

In extreme cases (for example businesses dependent on scarce water, or highly exposed to transition), yes. It should be considered in the going-concern assessment.

Should insurers and lenders require climate-related information from customers?

It is good practice and increasingly expected, particularly for large exposures, and is consistent with international supervisory trends.

How should banks assess climate exposure in their loan portfolios?

- identifying sectoral and geographic exposures;
- assessing customers' physical and transition risks;
- integrating them into credit assessment, pricing and limits;
- conducting stress tests.

Can failure to identify climate risk amount to inaccurate financial reporting?

Yes, where material climate risks should have been reflected in estimates, impairments or disclosures under the applicable accounting standards.

What controls should coordinate financial and sustainability disclosures?

- Common governance.
- Consistent data and assumptions.
- Cross-functional review (finance, sustainability, legal).
- Reconciliation of figures.
- Review by the audit committee.

Who should verify consistency between ESG reports and audited accounts?

The audit committee and management, with the external auditor (who must read other information published with the financial statements to identify material inconsistencies) and the assurance provider.

How should material climate events be disclosed to investors?

Promptly, through the channels required by securities rules for listed companies (material information disclosure), and in periodic reports, describing the impact and response.

ESG Data, Controls and Assurance

Who should own and control ESG data within the organisation?

Defined data owners in each function (HSE for environmental and safety data, HR for workforce data, procurement for supply-chain data), coordinated by a central sustainability function, under the oversight of a senior executive.

What internal controls should apply to non-financial information?

Similar to financial controls:

- defined methodologies;
- segregation of duties;
- review and approval;
- reconciliation with source data;
- access controls;
- change management
- documentation.

How should data be collected from branches, sites and subsidiaries?

Through standard templates and systems, clear definitions, deadlines, training, sign-off by local managers and central review.

What verification should apply to information received from contractors and suppliers?

- Contractual reporting obligations.
- Supporting documents.
- Plausibility checks.
- Audits.
- Sample verification.

How should estimates and assumptions be distinguished from measured data?

By labelling data as measured or estimated, documenting methods, and disclosing significant estimates.

What systems should maintain audit trails for ESG information?

Data systems that record sources, calculations, changes, approvals and versions, with retention of supporting evidence.

How should businesses prevent manipulation of ESG results?

- Independent review.
- Segregation of duties.
- Whistleblowing channels.
- Internal audit.
- External assurance.
- Incentives that do not reward results without controls.
- Sanctions for falsification.

Should the internal audit function review ESG controls?

Yes, periodically, according to a risk-based plan.

When should an external assurance provider be appointed?

- reports are used by investors and lenders;
- assurance is required by contracts or financing;
- data are material;
- credibility is important (for example for green bonds or sustainability-linked loans).

What qualifications should an ESG assurance provider possess?

Independence, professional competence in assurance standards (ISAE 3000, ISAE 3410, AA1000), sector knowledge, and quality-control systems.

What level of assurance should be obtained?

Limited assurance is common initially. Reasonable assurance is appropriate for critical data (for example emissions in sustainability-linked financing).

Can environmental consultants also provide independent assurance?

Only if they are independent of the preparation of the data and the systems being assured. A consultant who prepared the data cannot assure it.

How should errors discovered after publication be corrected?

- assessing materiality;
- correcting the data in the next report, with an explanation;
- for material errors, issuing a prompt correction;
- notifying lenders and investors where required.

Must material corrections be disclosed publicly?

Yes, if the original information was public and the error is material, to avoid misleading users. Listed companies should follow ISC disclosure rules.

What liability may arise from false ESG data provided by a subsidiary or contractor?

The provider is liable to the company under contract and the Civil Code.

The reporting company may still be liable to third parties for its published information, with a right of recourse against the provider.

How long should supporting evidence and calculations be retained?

At least ten years as a prudent practice, longer where required by financing agreements or potential long-term liabilities.

Sustainable Finance

How is sustainable finance regulated in Iraq?

Iraq lacks a comprehensive green taxonomy and dedicated green bond rules. However, the CBI's ESG standards guide for banks (issued in 2024 and updated in 2025) sets sector-specific governance and risk-management obligations. The CBI has also taken initiatives:

- financing programmes for renewable energy and small projects
- encouragement of green and sustainable banking practices;
- participation in regional and international sustainable finance initiatives.

Development finance institutions operating in Iraq apply their own standards.

Can banks offer loans identified as green, social or sustainability-linked?

Yes. Nothing in Iraqi law prevents banks from offering such loans under contract, using international principles (Green Loan Principles, Social Loan Principles, Sustainability-Linked Loan Principles). The terms are governed by the Civil Code and banking rules.

What criteria should qualify a project as green or sustainable?

In the absence of a national taxonomy, recognised international criteria are used: the Green Loan Principles, the Climate Bonds Taxonomy, the EU taxonomy as a reference, and the criteria of multilateral development banks. Typical eligible categories include:

- renewable energy;
- energy efficiency;
- clean transport;
- water and wastewater;
- waste management;
- green buildings;
- sustainable agriculture.

Can international green or social finance standards be used?

Yes, they can be incorporated into contracts and policies, and are commonly used.

What representations must borrowers make regarding the use of proceeds?

Under the loan agreement:

- that the proceeds will be used for eligible projects;
- that the project complies with environmental and social laws and standards;
- that the information provided is accurate;
- that there are no material ESG incidents or claims.

How should green loan proceeds be segregated and monitored?

- dedicated accounts or tracking systems;
- disbursement against eligible expenditure documents;
- periodic allocation reports;
- independent verification.

What reporting should borrowers provide to lenders?

- Allocation reports.
- Environmental and social impact indicators.
- Compliance with the environmental and social action plan.
- Incidents.
- Progress on performance targets (for sustainability-linked loans).
- Verification reports.

Must environmental and social performance be independently verified?

It is not required by Iraqi law. It is usually required by the contract and the international principles, especially for sustainability-linked loans (annual verification of target achievement).

What happens if a financed project no longer qualifies as sustainable?

According to the contract: loss of the green label, a change in pricing, an obligation to remedy, reporting, and in some cases repayment or default.

Can failure to achieve a sustainability performance target increase the interest rate?

Yes, if agreed in the contract. Margin adjustment mechanisms are lawful contractual terms. In Iraq, interest is permitted in banking transactions; Islamic banks use other structures.

Can inaccurate ESG reporting trigger default or acceleration?

Yes, if the loan agreement makes inaccurate representations or reporting an event of default.

What environmental and social due diligence should lenders conduct?

- Review of the project's environmental and social impact assessments and permits

- Site visits.
- Assessment of the borrower's management capacity.
- Land and community issues.
- Labour and supply-chain issues.
- Security.
- Climate risk.
- An environmental and social action plan.
- Independent consultants for large projects (Equator Principles).

Can lenders be exposed to reputational or legal risk from financed activities?

Mainly reputational risk, and the risk of loss if the project fails because of ESG problems. Direct legal liability of lenders for borrowers' pollution is limited under Iraqi law, unless the lender takes operational control (for example after enforcement). Lenders may face scrutiny in their home jurisdictions.

What ESG conditions should be included in project finance documents?

- ESG conditions precedent (permits, assessments, plans).
- Covenants on compliance with laws and standards.
- Implementation of the action plan.
- Reporting.
- Notification of incidents.
- Lenders' audit and monitoring rights.
- Events of default for serious breaches.
- Insurance.
- Decommissioning reserves.

How should lender step-in rights address environmental and community obligations?

Step-in provisions should require the lenders or their nominee to continue complying with environmental, safety and community obligations, and should provide for the transfer of permits and the continuation of management systems.

Can security be enforced where doing so may interrupt essential environmental controls?

Enforcement must not create environmental or safety dangers. The facility's environmental controls must be maintained during enforcement, through a receiver or operator. Interrupting them may lead to liability and penalties.

What remediation obligations should survive loan repayment or enforcement?

Remediation obligations are owed to the authorities and third parties, not to lenders, so they continue to bind the borrower or operator regardless of the loan. Lenders may require that reserves for decommissioning be maintained.

Can Iraqi companies issue green, social or sustainability-linked bonds?

In principle, joint-stock companies can issue bonds under the Companies Law and ISC rules, and a green label can be adopted voluntarily under international principles (the ICMA Green Bond Principles). However, the Iraqi bond market is very limited. Companies seeking green finance usually use foreign markets or loans. The government has discussed green sovereign issuance, but no framework exists.

Public Procurement and Government Contracts

Can Iraqi public authorities include ESG criteria in tender evaluations?

Yes, within the framework of the Public Contracts Implementation Instructions No. 1 of 2025, provided that the criteria are:

- related to the subject of the contract;
- clear and objective;
- announced in the tender documents;
- non-discriminatory.

Examples include environmental specifications, health and safety requirements, and local employment.

May tenders give preference to environmentally sustainable goods or services?

Yes, through technical specifications (for example energy efficiency standards) and evaluation criteria, within the legal framework and the principle of competition. Iraqi law also gives preference to local products under the Law on the Protection of Iraqi Products.

Can bidders be required to disclose environmental and labour compliance records?

Yes. Tender documents may require declarations and documents on compliance with environmental, labour, social security and tax laws, and information on previous violations.

May a supplier be excluded because of previous ESG violations?

Companies on the Ministry of Planning's list of companies banned from contracting (blacklist) are excluded. Serious violations (for example fraud, corruption, failure to perform contracts) can lead to blacklisting. Exclusion for other ESG violations should be based on criteria announced in the documents and be proportionate.

What ESG certifications may be required at the prequalification stage?

For example ISO 14001, ISO 45001, ISO 9001, or sector certifications, where relevant to the contract. Equivalent evidence should be accepted to avoid restricting competition.

Can tenderers be required to submit project-specific environmental and social plans?

Yes, especially for works contracts: environmental and social management plans, health and safety plans, traffic management, waste management, community relations and labour management. These are common in projects funded by international institutions.

How should ESG commitments be scored in tender evaluations?

- Through a clear methodology announced in advance, with weights and scoring criteria (for example a quality score for the ESG plan).
- Applied consistently by the evaluation committee.
- With documented reasons.

Do ESG commitments included in a bid become binding contract obligations?

Yes, if the bid is incorporated into the contract (which is usual) or the commitments are reproduced in the contract.

Can government contracts impose reporting and audit requirements?

Yes. Contracts can require periodic ESG reports, inspections and audits by the contracting authority or its consultants.

What remedies apply if a contractor fails to meet environmental or social commitments?

Under the contract and the general conditions:

- warnings;

- orders to remedy;
- remedy at the contractor's expense;
- penalties or deductions;
- withholding of payments;
- forfeiture of guarantees;
- termination;
- blacklisting for serious failures.

Can ESG non-compliance justify payment withholding or contract termination?

Yes, if the contract provides for it, and if the breach is material. Termination is subject to the procedures of the contract and the general conditions (notice, opportunity to remedy).

Can the contracting authority inspect subcontractors and supply chains?

Yes, if the contract gives it the right to inspect the works, sites, materials and subcontractors. Subcontracting usually requires the authority's approval.

Are contractors responsible for labour and environmental violations committed by subcontractors?

Yes. The main contractor is responsible to the contracting authority for the performance of the whole contract, including subcontracted work, and must ensure that subcontractors comply.

Can serious ESG violations lead to suspension or blacklisting?

Yes. Serious violations (for example fatal safety failures, fraud, serious environmental damage, repeated failure to perform) can lead to suspension of works, termination and inclusion on the list of companies banned from contracting, in accordance with the Ministry of Planning's controls.

How should conflicting ESG and local-content requirements be addressed?

- identifying the conflicts early;
- seeking solutions that meet both (training local workers to meet standards, qualifying local suppliers);
- clarifying priorities in the tender documents;
- consulting the contracting authority.
- Local-content requirements are binding legal or contractual requirements.

Can donor-funded procurement impose standards exceeding Iraqi law?

Yes. Projects funded by the World Bank and other donors follow their procurement and environmental and social rules under the financing agreements, which take precedence over national procurement rules in accordance with the agreements and the instructions.

ESG In Commercial Contracts

Which ESG clauses should be included in supply, distribution and service agreements?

- Compliance with laws (environment, labour, anti-corruption, sanctions).
- Adherence to a supplier code of conduct.
- Prohibition of child labour and forced labour.
- Health and safety.
- Environmental management.
- Audit and information rights.
- Reporting of incidents.
- Corrective actions.
- Pass-through to subcontractors.
- Termination rights.
- Indemnities.

- Data on emissions or other ESG indicators, where required.

How should environmental compliance warranties be drafted?

- Compliance with environmental laws and permits.
- Possession of all required permits.
- No violations, investigations or claims.
- No contamination at the premises.
- Accuracy of environmental information.
- They should be specific, with a defined period and disclosed exceptions.

What representations should suppliers provide regarding labour and human rights?

- Compliance with the Labour Law and international standards.
- No child labour, forced labour or trafficking.
- Wages and hours.
- Social security.
- Health and safety.
- No recruitment fees.
- Freedom of association.
- No discrimination or harassment.
- The same practices required from their subcontractors.

Should suppliers be required to comply with a corporate code of conduct?

Yes. Incorporating the supplier code of conduct by reference makes it a binding contractual obligation, provided it is clearly identified and provided to the supplier, preferably in Arabic.

Can contractual ESG obligations extend beyond mandatory Iraqi law?

Yes, under freedom of contract, provided they do not conflict with Iraqi law or public order.

What audit and information rights should customers receive?

- Rights to request information and documents.
- Rights to conduct announced and unannounced audits, including worker interviews.
- Access to sites and records.
- Rights to appoint independent auditors.
- Cooperation obligations.
- Confidentiality protections.

How should ESG breaches be classified according to severity?

For example:

Critical: child labour, forced labour, life-threatening risks, bribery, serious pollution. These allow immediate suspension or termination.

Major: these require prompt correction.

Minor: these require correction within a reasonable period.

Should suppliers receive an opportunity to remedy non-compliance?

Generally yes, for non-critical breaches, with a corrective action plan and deadlines. Immediate measures are reserved for critical breaches.

When should an ESG violation permit immediate termination?

For critical violations (as defined in the contract), refusal to cooperate with audits, falsification of documents, repeated violations or failure to implement corrective plans.

How should remediation costs and third-party claims be allocated?

Through indemnities by the party responsible for the violation, covering remediation costs, third-party claims, fines (within the limits of the law) and legal costs, with insurance requirements

Can contractual indemnities cover environmental fines?

Contractual indemnities covering administrative fines are generally enforceable between the parties under Iraqi law, as an allocation of financial loss. Indemnities for criminal fines are more problematic, as they may be contrary to public order. Indemnities do not prevent the authorities from imposing the fine on the responsible party.

How should supply-chain ESG obligations be passed to subcontractors?

Through a flow-down clause requiring the supplier to impose equivalent obligations on its subcontractors, verify compliance, and remain responsible for them.

What evidence should suppliers provide to demonstrate compliance?

- Licences and permits.
- Certifications.
- Policies.
- Audit reports.
- Social security records.
- Health and safety statistics.
- Training records.
- Corrective action plans.
- Self-assessment questionnaires.

Can ESG performance indicators be linked to pricing or renewal?

Yes. Contracts can include bonuses, penalties, or criteria for contract renewal linked to ESG performance.

How should changes in environmental or social law be allocated?

Through change-in-law clauses that allocate costs and adjust prices or schedules, particularly in long-term contracts.

Which ESG obligations should survive contract termination?

- Confidentiality.
- Indemnities.
- Liability for violations during the contract.
- Records retention.
- Audit rights for a period.
- Environmental remediation obligations.

ESG Due Diligence In Corporate Transactions

What ESG investigations should be completed before acquiring an Iraqi business?

- Environmental: permits, compliance, contamination, waste, emissions.
- Health and safety: incidents, systems.
- Labour: contracts, social security, foreign workers, disputes.
- Community and land: title, disputes, resettlement.
- Governance and integrity: ownership, PEPs, corruption, sanctions, AML.
- Supply chain.
- Climate exposure.
- Reputation: media and NGO reports.

Which environmental permits and compliance records should be reviewed?

- Environmental approvals and conditions.
- Water and discharge permits.

- Hazardous waste approvals.
- Monitoring reports.
- Inspection reports.
- Notices of violation.
- Fines and closures.
- Complaints.
- Correspondence with the Ministry of Environment.
- Remediation commitments.

How should historical contamination risks be assessed?

Through a Phase I review of the site history and operations, followed by Phase II sampling where indicated. Contractual protection should be given for identified and unknown risks.

What workforce and labour records should be examined?

- Employment contracts.
- Payroll.
- Minimum wage compliance.
- Social security registration and payments.
- Work permits for foreign workers.
- Internal regulations.
- Disputes and claims.
- Health and safety records.
- Union relations.
- Contractor labour.

How should human rights and community disputes be investigated?

- Review of grievances, protests and litigation.
- Interviews with management and, where possible, community representatives.
- Media and NGO searches.
- Review of land acquisition and resettlement records.
- Review of security arrangements.

What governance and anti-corruption matters form part of ESG due diligence?

- The ownership structure and beneficial owners.
- PEP links.
- How licences and government contracts were obtained.
- Agents and intermediaries.
- Gifts and donations.
- Investigations by the Commission of Integrity.
- Sanctions.
- Tax compliance.
- Internal controls.
- Accuracy of the books.

How should ESG risks involving contractors and suppliers be identified?

Through review of the list of major contractors and suppliers, their contracts and their compliance, high-risk categories (labour, waste, security), and incidents involving them.

What due diligence is required for assets acquired through a share purchase?

Full due diligence on the company, since all its liabilities (including historical ones) remain with it: environmental, labour, tax, litigation and corruption.

How does ESG liability differ between share and asset acquisitions?

Share purchase: all past liabilities stay with the company and are indirectly borne by the buyer.

Asset purchase: liabilities generally stay with the seller, except those attached to the assets (for example contamination of land the buyer acquires, which may lead to obligations as owner and operator), and those transferred by law or contract (for example employees transferred with the business).

Permits usually need to be reissued to the buyer.

Can environmental liabilities remain with the seller after an asset transfer?

Yes. Liabilities for past violations and damage caused by the seller remain with it as the polluter. The buyer may nevertheless face obligations as the new owner and operator, so contractual allocation is needed.

What ESG representations and warranties should be obtained?

- Compliance with environmental, labour, health and safety and anti-corruption laws.
- Possession of permits.
- No contamination.
- No incidents, claims or investigations.
- Accuracy of ESG information.
- No sanctions or PEP issues (or disclosed).
- No child labour or forced labour.
- Land title and community issues.

How should known environmental liabilities be priced or indemnified?

Through:

- a price reduction based on the estimated cost of remediation;
- specific indemnities;
- escrow or retention;
- remediation by the seller before completion.

Should part of the purchase price be retained for ESG risks?

Yes, where significant identified or uncertain risks exist and the seller's creditworthiness or presence after completion is uncertain (for example foreign sellers or individuals).

When is environmental insurance appropriate?

For large transactions with contamination risks, where available on the international market (warranty and indemnity insurance with environmental cover, or pollution legal liability policies).

What ESG conditions should be satisfied before completion?

- Transfer or reissue of permits.
- Remediation of critical violations.
- Settlement of important disputes.
- Regulatory approvals.
- Completion of required corrective actions.
- No material ESG incidents.

How should serious ESG incidents occurring between signing and completion be addressed?

- notification obligations;
- material adverse change clauses;
- conduct-of-business covenants;
- the right to terminate or renegotiate;
- specific indemnities.

What post-acquisition remediation and integration measures should be planned?

- A 100-day plan.
- Adoption of group policies.
- Remediation of identified gaps.

- Updating of permits.
- Training.
- Integration into group reporting.
- Establishment of grievance and whistleblowing systems.
- Engagement with authorities and communities.

How should ESG performance be monitored after completion?

Through KPIs, periodic reports to the board, audits, monitoring of the remediation plan and follow-up of indemnity claims.

Sustainability Advertising and Green Claims

What constitutes an environmental or sustainability claim?

Any statement, symbol, label or image in advertising, packaging, websites, social media or reports suggesting that a product, service or company:

- has a positive or reduced impact on the environment
- is sustainable, green, eco-friendly, carbon neutral, recyclable or biodegradable.

What evidence should support claims that a product is green, clean or environmentally friendly?

Under the Consumer Protection Law No. 1 of 2010, which prohibits misleading advertising and requires accurate information to consumers, claims must be truthful and substantiated. Businesses should have:

- scientific evidence;
- test results;
- lifecycle assessments where relevant;
- certifications from recognised bodies.

Can broad environmental claims be made without qualification?

It is risky. General claims (“eco-friendly”, “green”) are likely to be misleading unless the product’s overall environmental performance is substantiated. Specific, qualified claims are preferable.

How should carbon-neutral and net-zero claims be substantiated?

- By measuring emissions according to recognised standards.
- By reducing emissions.
- By clearly disclosing the use of offsets and their quality.
- By having independent verification.
- By specifying the scope of the claim (product, company, period).

Net-zero claims should be linked to credible transition plans.

Must businesses disclose reliance on carbon offsets?

Iraqi law has no specific requirement, but failing to disclose material reliance on offsets may make a claim misleading under consumer protection principles and foreign laws.

What evidence is required to claim that a product is recyclable or biodegradable?

Recyclable: evidence that the product can actually be collected and recycled (in Iraq, recycling infrastructure is limited, which affects the accuracy of local claims).

Biodegradable or compostable: testing according to recognised standards and conditions.

Can a company promote selected environmental improvements without disclosing significant negative impacts?

It can promote improvements, but must not create an overall misleading impression.

Selective presentation that hides significant negative impacts may be considered misleading.

How should lifecycle claims be verified?

Through lifecycle assessments according to ISO 14040/14044, with critical review and transparent assumptions.

What rules apply to environmental labels and certification marks?

Use only labels and certificates actually obtained, according to the conditions of the certifying body.

Imitating official marks or using unauthorised marks is prohibited under consumer protection, trademark and unfair competition rules.

Can businesses create their own green labels?

Yes, but they must make clear that the label is self-declared, define the criteria, substantiate them, and avoid confusion with independent certification marks.

What responsibilities apply when claims originate from a foreign parent company?

The Iraqi distributor, importer or subsidiary that uses the claims in Iraq is responsible towards Iraqi consumers for their accuracy. It should verify them and adapt them to the local context.

Are retailers responsible for sustainability claims made by manufacturers?

Under the Consumer Protection Law, the seller and importer are responsible towards the consumer for the information provided about the products they sell, with a right of recourse against the manufacturer. Retailers should exercise reasonable care.

What obligations apply to influencer and social media sustainability campaigns?

The same truthfulness requirements apply. The advertiser is responsible for the content. Paid promotions should be identified as advertising. Influencers may also be liable for misleading claims.

Can corporate sustainability reports be treated as advertising?

They may be treated as commercial communication if used for marketing, and may in any case be subject to rules on misleading information towards investors and consumers.

What risks arise from overstating future environmental performance?

- Misleading-advertising claims.
- Investor claims
- Reputational damage.
- Scrutiny by foreign regulators for international groups.

How should businesses correct inaccurate sustainability claims?

- Withdraw or correct the claim promptly.
- Inform the affected parties where necessary.
- Review the approval processes for claims.

Can competitors challenge misleading green claims?

Yes, under the Civil Code (unfair competition, tort) and the Competition and Prevention of Monopoly Law, if the claims cause them damage, and by complaining to the consumer protection authorities.

What consumer remedies may arise from greenwashing?

Under the Consumer Protection Law:

- the right to information;
- the right to return or replace products;
- compensation for damage;
- complaints to the Consumer Protection Council.

Penalties for violating the law (fines, closure) may be imposed by the authorities.

Competition Law and ESG Cooperation

Can competitors cooperate on environmental or social initiatives?

Yes, provided the cooperation does not restrict competition in a way prohibited by the Competition and Prevention of Monopoly Law No. 14 of 2010 (price fixing, market sharing, limiting production, bid rigging). Joint initiatives on standards, research, awareness or infrastructure are generally lower risk.

When could industry-wide sustainability standards restrict competition?

- are mandatory and exclude competitors;
- are used to fix prices or limit production;
- are adopted without transparency and open access;
- go beyond what is necessary for the objective.

Can companies agree to phase out environmentally harmful products?

This could restrict competition by limiting choice and production, and should be assessed carefully. It is safer if required by regulation, or if it is voluntary and non-binding without price coordination.

Can competitors jointly establish recycling or waste-management schemes?

Generally yes, if participation is open, fees are fair, there is no exchange of sensitive information, and there is no coordination on prices of the products themselves.

What competition risks arise from sharing ESG data?

Sharing competitively sensitive information (prices, costs, production plans, customers) under the pretext of ESG cooperation can be anti-competitive. Data should be aggregated, anonymised or managed by an independent third party.

Can companies jointly refuse to deal with suppliers that fail ESG standards?

A collective boycott could be considered anti-competitive. Each company may independently decide its supplier standards. Joint decisions should be carefully assessed.

May industry associations establish mandatory sustainability requirements?

Associations may set voluntary standards. Making them mandatory for members, in a way that excludes non-compliant companies from the market, may raise competition concerns unless objectively justified, transparent and non-discriminatory.

Can environmental benefits justify restrictions on competition?

The Competition Law provides for exemptions for agreements that bring economic benefits that outweigh the restriction, subject to the approval of the Competition Council. There is no practice on sustainability benefits, so caution is needed.

How should sustainability collaborations be structured to reduce competition risk?

- A clear and legitimate objective.
- Open and transparent participation.
- No discussion of prices, quantities or customers.
- Legal advice and minutes of meetings.
- Data handled by an independent party.
- Voluntary compliance.
- Proportionality.

What information should not be exchanged between competitors?

- Current and future prices.
- Costs
- Margins.
- Production and capacity plans.
- Customers.
- Tenders.
- Commercial strategies.

Can joint purchasing of renewable energy or sustainable materials raise competition concerns?

Generally low risk if the participants' combined market share is limited and the arrangement does not lead to exchange of sensitive information or coordination of sales. It should be assessed if participants are major competitors with significant purchasing power.

How should ESG certification arrangements provide fair market access?

Through transparent, objective and non-discriminatory criteria, open access to certification for all qualified companies, reasonable fees and appeal procedures.

Can misleading sustainability claims constitute unfair competition?

Yes. Misleading claims that attract customers unfairly may constitute unfair competition under the Civil Code's tort rules and commercial principles, and violate the Consumer Protection Law.

What remedies may competitors pursue against greenwashing?

Civil actions for compensation and injunctions to stop the misleading claims.

Complaints to the consumer protection authorities and the Competition Council.

Anti-Bribery and Ethical Governance

How should anti-bribery compliance be integrated into the governance pillar of ESG?

Anti-corruption is central to governance in Iraq, given the high level of corruption risk recognised by national and international assessments. The legal framework includes:

- the Penal Code, which punishes bribery (giving and taking), embezzlement, abuse of position and harming public funds;
- the Commission of Integrity Law;
- the AML/CFT Law;
- foreign laws applicable to international companies (FCPA, UK Bribery Act).
- Integration requires:
- board commitment;
- a policy;
- risk assessment;
- due diligence;
- controls;
- training;
- whistleblowing;
- investigation;
- reporting in ESG disclosures.

Which public-sector interactions create heightened corruption risk?

- Licences and permits (environmental, investment, building).
- Customs clearance.
- Tax assessments and clearances.
- Public procurement and contract payments.

- Land allocation.
- Visas and work permits.
- Inspections.
- Utility connections.
- Dealings with security forces.
- Disputes with government entities.

What controls should apply to environmental permits and inspections?

- Use of official channels and documented procedures.
- Prohibition of facilitation payments.
- Control of consultants and agents who obtain permits.
- Recording of all meetings with officials.
- Two persons present for inspections.
- Payment of official fees by bank transfer against receipts.
- Reporting of solicitation.

How should companies supervise customs brokers, agents and consultants?

- Due diligence before appointment.
- Written contracts with anti-corruption clauses and audit rights.
- Reasonable fees, justified by services.
- Detailed invoices.
- Payment to bank accounts in the agent's name.
- Monitoring of their activities.
- Periodic review.

What due diligence should be conducted on intermediaries?

- Identity and ownership, including beneficial owners.
- Links to public officials (PEPs).
- Qualifications.
- Reputation (media and sanctions searches).
- References.
- The commercial justification for using them.
- The fee structure.
- Anti-corruption commitments.

How should conflicts of interest be disclosed and managed?

- Annual and event-driven declarations by employees and directors.
- Register of conflicts.
- Recusal from decisions.
- Approval of related transactions by independent persons.
- Monitoring.

What controls should apply to gifts, hospitality and travel?

- A policy with value limits.
- Prohibition of cash gifts.
- Prohibition of gifts to officials during approval or contract processes.
- Prior approval above limits.
- A register.
- Reasonable and business-related hospitality
- Travel for officials only for legitimate purposes, paid directly to the providers, with approval.

How should charitable donations and community contributions be approved?

- Written requests.
- Due diligence on the recipient.
- Approval by compliance and senior management.
- No link to pending decisions.
- Payment to institutions by bank transfer.
- Agreements.
- Monitoring of use.
- Records.

Can local sponsorships create improper influence risks?

Yes, if they benefit officials or their relatives, or are requested by officials in connection with approvals. They should be subject to the same controls as donations.

What procedures should apply to dealings with politically exposed persons?

- Identification.
- Enhanced due diligence.
- Senior approval.
- Documentation of the commercial justification.
- Monitoring of transactions.
- Verification of the absence of conflicts with their public functions.

Should ESG performance incentives include compliance safeguards?

Yes. Incentives should be conditional on compliance, verified data and no misconduct, with clawback in case of manipulation or violations.

How should suspected bribery involving ESG approvals be investigated?

- Under legal privilege where possible.
- Preserve evidence.
- Appoint independent investigators.
- Conduct interviews.
- Review payments.
- Determine the facts.
- Take disciplinary action.
- Consider self-reporting to the authorities (the Commission of Integrity) and foreign authorities.
- Remediate controls.

What obligations apply to maintaining accurate books and records?

- The Companies Law and tax law require accurate books.
- Falsification of records is an offence (forgery under the Penal Code).
- Foreign laws (FCPA) impose books-and-records obligations on listed companies.

Payments should be recorded accurately, with their real purpose.

Can false ESG expenditure records create separate liability?

Yes:

- forgery and falsification offences;
- tax violations (deduction of false expenses);
- misrepresentation to investors and lenders;
- liability under foreign laws.

What disciplinary measures should apply to senior managers involved in misconduct?

Measures under the Labour Law and internal regulations, proportionate to the misconduct (up to dismissal for serious misconduct), along with:

- removal from office under the Companies Law;
- reporting to the authorities where it constitutes an offence;
- recovery of losses and clawback of bonuses.

How should the board oversee corruption risks associated with major projects?

- Specific risk assessments for major projects.
- Reports on interactions with officials, agents and payments.
- Approval of high-risk intermediaries.
- Independent audits.
- Monitoring of whistleblowing reports.
- A culture of compliance from the top.

Whistleblowing and Grievance Mechanisms

Are companies required to establish internal reporting channels?

There is no general legal obligation. Some sectors have requirements (banks under CBI governance and AML rules). Whistleblowing channels are required by foreign laws, investors and lenders, and are a best practice.

Who should be permitted to use the whistleblowing system?

Employees, former employees, contractors, suppliers, customers, communities and any other person aware of misconduct.

Should reporting channels be available to contractors, suppliers and communities?

Yes. Many ESG risks occur in the supply chain and in communities, so channels should be accessible to them, in their languages, through various means (telephone, email, online platforms, boxes).

Can anonymous reports be accepted?

Yes, and they should be, while allowing follow-up communication (for example through a platform with anonymous messaging). Anonymous reports are investigated as far as possible.

What confidentiality protections should apply to reporters?

- The identity of the reporter is kept confidential and disclosed only on a need-to-know basis or as required by law.
- Records are secured.
- Investigators are bound by confidentiality.

The Commission of Integrity Law provides for protection of informants who report corruption to the Commission.

How should retaliation be prevented and addressed?

- An explicit prohibition of retaliation (dismissal, demotion, harassment).
- Monitoring of the reporter's situation.
- Disciplinary measures against those who retaliate.
- Remedies for victims.
- The Labour Law protects against arbitrary dismissal.

Who should receive and investigate ESG-related complaints?

An independent function (compliance, internal audit or a dedicated committee), separate from the management concerned, with escalation to the board or audit committee for serious matters.

When should an external investigator be appointed?

- allegations involve senior management or directors;
- they are complex or serious (corruption, fatal incidents, serious abuses);
- independence or specialised expertise is needed;

How should conflicts of interest within the investigation team be managed?

Investigators should declare any conflicts and be replaced if conflicted. Persons involved in the facts or reporting to the accused should not investigate.

What records should be maintained during an investigation?

- complaint.
- The investigation plan.
- Evidence collected.
- Interview notes.
- Analysis.
- Findings.
- Decisions.
- Actions taken.
- Records should be kept securely and confidentially.

When should allegations be reported to regulators or law enforcement authorities?

- When required by law (for example suspicious transactions to the AML/CFT Office, workplace accidents to the Ministry of Labour, environmental incidents to the Ministry of Environment).
- When the facts constitute a serious crime.
- When voluntary reporting is in the company's interest.

How should companies communicate investigation outcomes?

- To the reporter, in general terms (that the investigation has been completed and appropriate measures taken), respecting confidentiality.
- To the board, in detail.
- Where appropriate, to affected persons and stakeholders.

What remediation should follow a substantiated complaint?

- Correction of the situation.
- Compensation of victims.
- Disciplinary measures.
- Improvement of controls.
- Reporting to the authorities where required.
- Lessons learned.

How should recurring complaints be escalated to the board?

Through periodic reports on the number, types, trends and outcomes of complaints, highlighting recurring issues and systemic weaknesses.

Can grievance mechanisms affect a complainant's right to pursue court proceedings?

No. Internal mechanisms must not prevent access to courts or administrative remedies, and must not require waivers of legal rights as a condition of use. Settlement agreements must be voluntary and informed.

How should companies assess the effectiveness of their reporting channels?

By measuring:

- usage;
- types of reports;
- time to resolve;
- outcomes;
- users' trust (surveys);
- retaliation incidents;
- awareness among employees and communities.

ESG Enforcement and Corporate Liability

Which authorities may investigate environmental, labour and governance violations?

- Ministry of Environment and its directorates (environment).
- Ministry of Labour and Social Affairs (labour inspection and social security).
- Ministry of Health (public health).
- Civil defence (fire and hazardous materials).
- Municipalities.
- Ministry of Water Resources.
- Ministry of Oil (oil operations).
- Federal Commission of Integrity (corruption).
- Federal Board of Supreme Audit (public funds).
- CBI, ISC and the Insurance Diwan (regulated institutions).
- Consumer Protection Council.
- Police and investigating judges (crimes).

Can several regulators investigate the same incident?

Yes. A single incident (for example a chemical leak causing injuries) may be investigated by the environmental, labour, health, civil defence and judicial authorities, each within its competence.

What powers do environmental inspectors have?

Under the Environment Law, environmental inspectors may:

- enter facilities;
- inspect;
- take samples;
- review records;
- record violations;
- issue warnings.

They may also propose suspension or closure and refer violations to the courts.

Can regulators enter premises and obtain records without advance notice?

Environmental and labour inspectors generally may carry out unannounced inspections during working hours under their laws. Searches for criminal purposes require judicial authorisation.

Can authorities suspend operations pending investigation?

Yes, in cases of serious danger to health or the environment, under the Environment Law, civil defence and health powers, and labour safety rules for imminent dangers.

What administrative penalties may be imposed for ESG violations?

- Warnings.
- Fines.
- Suspension or closure.

- Revocation of licences.
- Orders to remedy.
- Seizure or destruction of goods.
- Inclusion on lists of banned companies (public procurement).
- Penalties on regulated institutions by their supervisors.

When can ESG misconduct result in criminal liability?

- Serious environmental violations under the Environment Law.
- Endangering public health.
- Manslaughter or injury by negligence in workplace accidents.
- Trafficking and forced labour.
- Employment of children in prohibited conditions.
- Bribery and corruption.
- Fraud and forgery.
- Money laundering.
- Damaging antiquities.
- Misleading consumers in serious cases.

Can directors and managers be personally prosecuted?

Yes, if they personally committed, ordered, participated in or knowingly allowed the offence, or failed in a personal legal duty (for example safety responsibilities). The Penal Code also provides for liability of legal persons for offences committed by their representatives.

Can companies be liable for acts committed by contractors or agents?

Civil liability: for acts of agents in the course of their duties, and for contractors where the company has control or fails in its duties.

Criminal liability: where the company's representatives participated, or where specific laws impose it.

Administrative liability: as permit holder.

What factors influence the severity of regulatory penalties?

- gravity and extent of the harm.
- Intent or negligence.
- Repetition.
- Duration.
- Benefit obtained.
- Cooperation.
- Remediation.
- size of the company.

Can voluntary disclosure reduce penalties?

In practice, authorities take voluntary disclosure and cooperation into account. Iraqi law has no formal self-disclosure programme for ESG matters, but the Penal Code and Commission of Integrity Law provide reductions or exemptions for those who report corruption offences.

Can companies resolve violations through corrective action plans?

Yes. The Environment Law's procedure gives violators a deadline to remedy before harsher penalties are applied, and authorities often agree on corrective plans with timetables.

Do authorities have power to order environmental remediation?

Yes. The Environment Law allows authorities to order the polluter to remedy the damage within a deadline, and to carry out remediation at the polluter's expense if it fails.

Can licences and investment approvals be revoked?

Yes. The Environment Law (environmental approvals), the Investment Law (investment licences, after warning, for serious violations of the law or licence conditions) and sector laws allow revocation.

Can serious ESG violations lead to exclusion from government contracts?

Yes, through inclusion on the Ministry of Planning's list of banned companies for serious failures, fraud or corruption, according to the procurement controls.

May regulators publish enforcement decisions and company names?

Some authorities publish decisions (for example the Commission of Integrity on convictions, the CBI on sanctions, the Ministry of Planning on banned companies, and the Ministry of Environment on closures). There is no systematic publication requirement.

What procedures are available to challenge an ESG-related administrative decision?

- An administrative objection (grievance) to the issuing authority or its superior.
- An appeal to the administrative judiciary (the Court of Administrative Justice) within the legal deadlines, after the grievance where required.
- Specific appeal routes provided by sector laws.
- Criminal penalties can be appealed under the Criminal Procedure Code.

Does an appeal suspend the sanction or closure order?

Generally no. Administrative decisions are immediately enforceable unless the court orders suspension of execution, which can be requested in urgent cases where serious and irreparable harm is likely.

ESG Litigation and Dispute Resolution

Who has standing to bring environmental or social claims against a business?

Under Iraqi law, a person must have a personal, direct and legitimate interest to bring a civil claim. Standing therefore belongs to:

- persons who have suffered damage (to health, property or income);
- owners and users of affected property;
- workers;
- consumers;
- shareholders (for company matters).

The Public Prosecution and the competent authorities (Ministry of Environment) can act in the public interest. NGOs have limited standing.

Can neighbouring residents bring claims without proving ownership of affected land?

Yes. Tenants, occupants and users who suffer harm (for example to health, peaceful enjoyment or crops) can claim compensation under the Civil Code's tort rules for their own damage, without being owners.

Can employees bring claims based on corporate ESG commitments?

Yes, if the commitments are part of their employment contracts or internal regulations, through the Labour Court. Statutory rights can be claimed in any case.

Can consumers rely on sustainability statements when bringing misrepresentation claims?

Yes, under the Consumer Protection Law and the Civil Code, if the statements were misleading and caused damage or influenced their purchase.

Can shareholders sue over loss caused by inadequate ESG governance?

Under the Companies Law, shareholders can bring actions against directors for damage caused by breach of the law, the articles or management errors, on behalf of the company or for their personal damage. Such claims are rare in practice.

Can lenders or investors bring claims based on inaccurate ESG disclosures?

Yes, under contracts (representations and warranties, events of default) and under the Civil Code's rules on fraud and misrepresentation.

What remedies are available for pollution and environmental damage?

- Compensation for material and moral damage.
- Restoration of the environment.
- Orders to cease or reduce the harmful activity.
- Interim measures.
- Administrative penalties apply in addition, and criminal penalties for offences.

Can courts order remediation or cessation of harmful activities?

Yes. Courts can order the removal of harm, the cessation of harmful activities or measures to prevent harm, under the Civil Code (harm to neighbours, the duty to remove harm) and the Environment Law.

How are environmental losses and restoration costs valued?

Through court-appointed experts, based on:

- the cost of restoration;
- the loss of use and income;
- the cost of medical treatment;
- the decrease in property value.

The Ministry of Environment may also assess damage to the environment.

Can compensation be recovered for loss of livelihood or community resources?

Individuals can recover compensation for their loss of income (for example fishermen, farmers) if they prove the damage and its cause. Community resources (common grazing land, public water) are harder to claim for individually. The authorities can claim for damage to public resources.

What evidence is required to prove causation?

- Scientific and technical evidence linking the pollution to the source and to the harm (sampling, medical reports, expert analyses).
- Chronology.
- Proximity.
- Exclusion of other causes.
- Expert reports appointed by the court play a decisive role.

How are claims involving several polluters addressed?

Under the Civil Code, where several persons are responsible for a harmful act, they are jointly liable towards the victim, and liability is apportioned between them according to their contribution. Where contributions are distinguishable, each is liable for its share.

Can expert evidence based on international environmental standards be used?

Yes. Courts can rely on experts' opinions that refer to international standards (WHO, World Bank and IFC guidelines) as technical references, especially where Iraqi standards are lacking.

What limitation periods apply to ESG-related claims?

Under the Iraqi Civil Code:

- tort claims are generally time-barred three years after the injured person learned of the damage and the person responsible, and in any case fifteen years after the harmful act;
- contractual claims have a general limitation period of fifteen years, with shorter periods for certain claims.
- Labour claims and criminal matters have their own rules.

When does the limitation period begin for latent environmental damage?

From the date the injured person became aware of the damage and the person responsible, subject to the long-stop period from the harmful act. For continuing pollution, the harm is renewed while it continues.

Can ESG disputes be referred to arbitration?

Yes, contractual disputes (supply, finance, investment, construction) can be referred to arbitration under the Civil Procedure Code's provisions on arbitration and the New York Convention, to which Iraq acceded in 2021.

Are environmental and public-law disputes capable of settlement or arbitration?

- Private claims for compensation between parties can be settled or arbitrated.
- Matters of public order cannot be arbitrated: criminal liability, administrative penalties, and the validity of administrative decisions.
- Settlements with the authorities on remediation are possible within administrative practice.

Can foreign judgments or arbitral awards concerning ESG matters be enforced in Iraq?

- Foreign arbitral awards: under the New York Convention, subject to its grounds for refusal (including public order).
- Foreign judgments: under the Enforcement of Foreign Judgments Law, subject to reciprocity and conditions (jurisdiction, finality, public order).
- Enforcement can be slow.

Sector-Specific ESG Risks

What ESG obligations are particularly relevant to oil and gas operators?

- Gas flaring reduction.
- Spill prevention and response.
- Produced water management.
- Air emissions.
- Health and safety.
- Contamination of soil and water.
- Decommissioning.
- Local employment and community relations (major issues in Basra and Maysan).
- Security and human rights.
- Transparency (EITI).
- Corruption in contracts.

These obligations derive from contracts with the Ministry of Oil, environmental legislation and international standards.

How should flaring, methane emissions and spill risks be managed?

Flaring and methane: gas capture and use projects, flaring and venting reduction plans, leak detection and repair, monitoring and reporting.

Spills: maintenance of pipelines and tanks, emergency response plans and equipment, rapid response, notification, remediation and compensation of affected persons.

What ESG risks arise in mining, quarrying and extractive industries?

- Dust and air pollution.
- Water use and contamination.
- Land degradation.
- Biodiversity impacts.
- Worker safety.
- Community conflicts over land.
- Licensing corruption.
- Site rehabilitation after closure.
- Quarries and mines require licences from the Ministry of Industry and Minerals (Geological Survey) and the governorates, and environmental approval.

What obligations apply to decommissioning and site restoration?

- Under contracts (oil, mining), licences and environmental approvals:
- removal of facilities;
- plugging of wells;
- decontamination;
- rehabilitation of land;
- financial provisions (decommissioning funds in some contracts).

What ESG requirements affect electricity generation and transmission projects?

- Environmental approval.
- Emissions from thermal plants.
- Water use for cooling.
- Land acquisition for plants and lines.
- Community impacts.
- Health and safety.
- Electromagnetic fields and line routing.
- Waste (for example used oils, transformer oils, PCBs).

How should renewable energy projects address land and community impacts?

Large solar projects require large areas of land. They should:

- verify land rights and uses (grazing, informal use);
- consult;
- compensate;
- provide local employment;
- manage dust and water use;
- protect biodiversity and heritage.

What ESG issues arise in construction and infrastructure projects?

- Worker safety (falls, heat).
- Subcontracted labour.
- Dust and noise.
- Construction waste.
- Traffic.
- Land acquisition.
- Heritage discoveries.
- Corruption in contracts.
- Quality and structural safety.

What responsibilities apply to large numbers of subcontracted workers?

- Verification of subcontractors' compliance (wages, social security, safety, accommodation).
- Inclusion of requirements in contracts.
- Audits.
- Grievance mechanisms accessible to all workers.
- Payment practices that ensure workers are paid.

What environmental and social risks affect agriculture and food production?

- Water scarcity.
- Soil salinity and degradation.
- Pesticide use.
- Food safety.
- Child labour on farms.
- Land tenure.
- Climate change.

How should agricultural businesses manage water, pesticide and land-degradation risks?

- Efficient irrigation (drip, sprinklers).
- Compliance with water allocations.
- Use of registered pesticides according to instructions.
- Training of workers.
- Soil management.
- Crop rotation.
- Combating salinity.

What ESG risks apply to banks and other financial institutions?

- AML/CFT and sanctions (top priority).
- Governance.
- Consumer protection.
- Data protection.
- Financial inclusion.
- Environmental and social risks of financed projects.
- Climate risks.

Should banks evaluate the environmental and social impacts of financed projects?

Banks operating in Iraq must address relevant environmental and social risks under the CBI's ESG standards guide. Banks using DFI credit lines may face additional requirements, including environmental and social management systems.

What obligations affect healthcare and pharmaceutical businesses?

- Medical waste management.
- Quality and safety of medicines (registration with the Ministry of Health).
- Patient data confidentiality.
- Access to medicines.
- Ethical marketing.
- Corruption in public procurement of medicines.

How should pharmaceutical waste and product-access issues be managed?

- Waste: segregation, treatment and disposal of pharmaceutical and medical waste under Ministry of Health and Ministry of Environment rules, and destruction of expired medicines under supervision.

- Access: fair pricing, supply continuity and prevention of counterfeiting.

What ESG risks apply to telecommunications and technology companies?

- Data protection and privacy.
- Government requests for data and service shutdowns (internet shutdowns during exams or protests).
- Energy consumption and generators at towers.
- E-waste.
- Licensing corruption.
- Freedom of expression.

How should data centres manage energy and water consumption?

- Efficient cooling adapted to high temperatures.
- Use of renewable energy.
- Monitoring of energy efficiency (PUE).
- Limiting water use in water-stressed areas.
- Backup power with controlled emissions.

What obligations apply to transportation and logistics companies?

- Vehicle and driver licensing.
- Road safety.
- Emissions.
- Hazardous goods transport.
- Driver working hours and welfare.
- Customs compliance.
- Corruption risks at borders and checkpoints.

How should emissions, driver welfare and hazardous cargo risks be addressed?

Fleet maintenance and modernisation.

Fuel efficiency.

- Limits on driving hours.
- Rest facilities.
- Training
- Fatigue management.
- Compliance with dangerous goods rules.
- Emergency equipment.
- Insurance.

International Trade and Foreign ESG Requirements

How can foreign sustainability regulations affect Iraqi exporters?

Foreign regulations (EU carbon border adjustment, EU deforestation rules, supply-chain due diligence laws, forced labour import bans, product rules) impose requirements on importers in those markets.

These are passed to Iraqi suppliers through data requests, contractual clauses, audits and certification.

Non-compliance may lead to loss of market access.

Which Iraqi products may be affected by foreign carbon border measures?

Under the EU's CBAM, the covered products include:

- iron and steel;
- aluminium;
- cement;
- fertilisers;
- hydrogen;

- electricity.

Iraq's exports of these products are currently limited, but cement, fertilisers and steel could be affected as exports develop. Crude oil is not currently covered.

What emissions data should exporters collect for carbon-related import requirements?

Direct and indirect emissions embedded in each product, per tonne, calculated according to the methodology of the importing jurisdiction, with production data, energy consumption, emission factors and verification.

Who is responsible for verifying product-level emissions?

The EU's CBAM definitive regime has applied since 1 January 2026. EU importers or their representatives bear CBAM compliance duties, while Iraqi producers must provide embedded-emissions data and support verification.

How may foreign supply-chain due diligence laws affect Iraqi suppliers?

Foreign buyers subject to existing supply-chain laws, or preparing for the amended EU Corporate Sustainability Due Diligence Directive (scheduled to apply from July 2029), may require Iraqi suppliers to:

- comply with codes of conduct;
- provide information;
- accept audits;
- remedy violations.

What information may international customers request from Iraqi businesses?

- Policies.
- Certifications.
- Emissions data.
- Labour practices.
- Ownership.
- Sanctions and PEP information.
- Anti-corruption measures.
- Sources of raw materials.
- Audit reports.
- Grievance mechanisms.

Can refusal to provide ESG data result in termination of export contracts?

Yes, if the contract imposes information obligations and termination rights, or in practice through non-renewal.

How should suppliers verify foreign customer ESG questionnaires?

By answering accurately and consistently, with supporting evidence, without overstating. They should coordinate between departments, seek clarification of ambiguous questions, and keep records of answers.

What contractual liability arises from inaccurate ESG information supplied to an overseas buyer?

Breach of contract and warranties, claims for damages, termination, and liability under the governing law of the contract (often foreign law), as well as reputational damage.

How do international sanctions interact with ESG and responsible business policies?

Sanctions compliance (UN, US, EU, UK) is part of governance and is critical for Iraqi companies, given Iraq's proximity to sanctioned countries and its dependence on dollar transactions. Responsible business policies should include sanctions screening of partners, transactions and supply chains.

Can foreign forced-labour rules restrict imports from Iraqi suppliers?

Yes. The US forced-labour import prohibition already applies. The EU Forced Labour

Regulation will apply from 14 December 2027. Iraqi exporters should document that products and inputs are free from forced labour.

How should businesses document labour and human rights compliance for export markets?

- policies;
- audits (SMETA, SA8000 or the buyer's own audits);
- payroll and working-time records;
- age verification;
- recruitment documentation;
- grievance records;
- corrective action plans.

What certification may be required to access sustainable finance or international procurement?

ISO 14001, ISO 45001, ISO 9001, ISO 50001, SA8000, sector certifications (for example for agriculture and food), and carbon footprint verification.

How should Iraqi companies prepare for evolving foreign sustainability reporting standards?

- monitoring developments;
- building data systems;
- conducting gap analyses against ISSB and ESRS requirements;
- training staff;
- engaging with customers and the group.

ESG Compliance Programme

What elements should an effective ESG compliance programme contain?

- Board and senior management commitment and oversight
- Risk assessment.
- Policies and procedures.
- Designated responsibilities and resources.
- Training and communication.
- Due diligence on partners.
- Monitoring and auditing.
- Reporting and whistleblowing.
- Investigation and remediation.
- Incentives and discipline.
- Continuous improvement.

Who should have day-to-day responsibility for the programme?

A designated ESG or compliance manager reporting to a senior executive, with access to the board, supported by focal points in each function and site.

How should responsibilities be divided among legal, compliance, environment, HR and finance teams?

- Legal: legal requirements and contracts.
- Compliance: policies, anti-corruption, whistleblowing.
- Environment and HSE: permits, environmental and safety performance.
- HR: labour rights, equality, welfare.
- Finance: data controls, climate-related financial risks, sustainable finance.

- Procurement: supply-chain due diligence.
- Community relations: stakeholder engagement.

What ESG policies should be adopted?

- Environment.
- Climate.
- Health and safety.
- Human rights.
- Labour standards.
- Equality and anti-harassment.
- Supplier code of conduct.
- Anti-corruption.
- Gifts and hospitality.
- Conflicts of interest.
- Whistleblowing.
- Community engagement.
- Security and human rights.
- Data protection.
- Sanctions.
- Donations and sponsorships.

How should policies be communicated to employees and contractors?

- In Arabic (and other relevant languages).
- Through induction, training, intranet, notice boards and contract documents.
- With acknowledgement of receipt.
- With regular reminders.

What training should be provided to directors and senior management?

- Legal duties.
- ESG risks and trends.
- Climate risk.
- Anti-corruption.
- Oversight responsibilities.
- Crisis management.

What training should be provided to operational personnel?

- Health and safety.
- Environmental procedures.
- Waste and chemicals.
- Labour rights.
- Anti-harassment.
- Anti-corruption.
- Grievance mechanisms.
- Community relations.

How should ESG obligations be incorporated into procurement procedures?

- ESG criteria in supplier selection.
- Due diligence based on risk.
- Contractual clauses.

Monitoring and audits.

Incorporation into evaluation and renewal.

What due diligence should be conducted on high-risk business partners?

- Enhanced due diligence covering:
- ownership;

- integrity;
- PEPs and sanctions;
- ESG performance;
- site visits;
- references;
- contractual protections;
- monitoring.

How should compliance with ESG contractual clauses be monitored?

Through reports, audits, KPIs, site visits, grievance data and corrective action follow-up.

What ESG incidents should be reported to senior management immediately?

- Fatalities and serious injuries.
- Major environmental incidents.
- Serious community conflicts or protests.
- Security incidents involving force.
- Allegations of corruption.
- Regulatory actions (closure, criminal investigations).
- Human rights abuses.

Major data breaches.

What crisis-management plans should address serious ESG events?

Plans that define:

- the crisis team;
- escalation;
- communication with authorities, communities, media, lenders and investors;
- operational response;
- legal response;
- care for affected persons;
- documentation;
- post-crisis review.

How should ESG performance indicators be selected?

Based on material issues, legal requirements and stakeholder expectations. They should be measurable and comparable, include both leading and lagging indicators, and be aligned with reporting standards.

How can businesses prevent incentives from encouraging inaccurate reporting?

- Balanced indicators.
- Independent verification.
- Conditions on compliance.
- Clawback.
- Monitoring of anomalies.

Encouraging the reporting of incidents rather than hiding them (for example not penalising the reporting of safety incidents).

How frequently should the ESG programme be audited?

Annually by internal audit for high-risk areas, with an independent external review every few years or as required by investors and lenders.

How should identified weaknesses be corrected and documented?

Through action plans with responsible persons and deadlines, follow-up of implementation, verification of effectiveness, and reporting to management and the board.

What information should be reported to the board?

- ESG risks and KPIs.
- Incidents.

- Investigations.
- Compliance status.
- Progress on targets and plans.
- Audit results.
- Legal and regulatory developments.
- Stakeholder concerns.

How should lessons from incidents, complaints and enforcement actions be incorporated?

Through root-cause analysis, updating of policies, procedures, training and risk assessments, communication of lessons across the organisation, and monitoring of recurrence.

ESG Priorities and Future Developments

Which ESG issues currently create the greatest legal exposure for businesses in Iraq?

- Corruption and anti-bribery (Commission of Integrity investigations, foreign laws).
- AML and sanctions (particularly with dollar-transfer controls).
- Workplace health and safety, especially fatal accidents.
- Environmental violations (closures and fines, particularly for industrial and oil activities).
- Community and land disputes.
- Labour violations involving foreign workers.

Which industries are likely to face increased ESG regulation?

- Oil and gas (flaring, methane).
- Power.
- Heavy industry (cement, steel, fertilisers).
- Banking (sustainable finance, climate risk).
- Construction.
- Waste management.
- Plastics and packaging.
- Agriculture and water use.

Is mandatory sustainability reporting likely to expand?

Probably gradually, starting with banks and listed companies, under the influence of the CBI, the ISC, international investors and regional trends (Gulf exchanges' ESG disclosure requirements).

Are climate-related financial disclosures likely to become relevant to Iraqi banks and listed companies?

Yes, over the medium term, as the CBI aligns with international supervisory practice and as foreign investors and correspondent banks request them.

Is regulation of carbon markets or carbon credits expected to develop?

Possibly, linked to Article 6 of the Paris Agreement and to gas-flaring reduction projects that could generate credits. A national framework for authorisation and registries would be needed.

Are extended producer responsibility rules likely to expand?

In the longer term, as part of waste management reforms and regional trends, possibly starting with packaging, batteries and electronics.

Could future regulation impose stronger controls on plastics and packaging?

Yes. Restrictions on single-use plastic bags and products, as in neighbouring countries, are a likely development, possibly starting at the governorate level.

Are supply-chain human rights requirements likely to increase?

Yes, mainly through foreign laws and international buyers and lenders, rather than domestic legislation in the short term.

How may international lenders influence Iraqi ESG practice?

Strongly. Development finance institutions, export credit agencies and international banks impose their standards on major projects and on Iraqi banks through credit lines, effectively raising ESG practice in key sectors.

How may foreign trade rules accelerate ESG compliance in Iraq?

Carbon border measures, forced labour rules and supply-chain due diligence laws will require exporters to adopt ESG systems in order to maintain market access, particularly as Iraq diversifies its exports away from oil.

Is ESG litigation likely to increase?

Gradually, mainly in:

- environmental compensation claims (pollution, oil-related contamination);
- labour claims;
- land and community disputes;
- contractual disputes over ESG clauses.

Climate litigation and greenwashing claims are less likely in Iraq in the short term, but international groups face them abroad.

Which types of environmental and social disputes are most likely to arise?

- Pollution claims by neighbours (oil fields, factories, generators).
- Water-related disputes.
- Land acquisition and compensation disputes.
- Disputes over local employment and community benefits.
- Workplace accident claims.
- Disputes over ESG obligations in financing and supply contracts.

Are boards likely to face greater scrutiny for ESG oversight?

Yes, from investors, lenders, regulators (especially the CBI for banks) and foreign parent companies, particularly regarding corruption, safety, sanctions and climate risks.

What steps should Iraqi businesses take now to prepare for future ESG requirements?

- Assess material ESG risks and gaps against current law and international standards.
- Adopt key policies and governance arrangements.
- Ensure full compliance with environmental, labour and anti-corruption laws.
- Build data systems for emissions, energy, water, waste and workforce indicators.
- Strengthen supply-chain due diligence.
- Establish grievance and whistleblowing mechanisms.
- Train management and staff.
- Engage with investors, lenders and customers on their expectations.
- Begin voluntary reporting.
- Monitor legislative developments in Iraq and abroad.