

GUIDANCE BRIEFING SERIES

WHAT “GOOD” LOOKS LIKE

Compendium of practice-based insights
For business practitioners and policymakers



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What “good” looks like

Foreword by Heidi Hautala

GBI Special Advisor and former Vice-President
of the European Parliament



Responsible business conduct is well anchored in international guidelines, notably in the UN Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct (OECD Guidelines). A growing number of companies are turning these guidelines into business strategy. Companies are also learning and sharing experiences with one another in an attempt to further practice and prevent harm to people

The *What “good” looks like* series shares practice and practice-based insights for business and policymakers about implementing corporate respect for human rights. It represents reflections from The Global Business Initiative on Human Rights (GBI) which has more than a decade of experience working with multinational corporations.

This compendium includes all of the guidance briefings in the *What “good” looks like* series covering various aspects of implementing human rights and environmental due diligence (HREDD). All essential elements and steps are covered: identifying and addressing human rights risks and impacts, embedding human rights in company governance, engaging with suppliers, meaningful stakeholder engagement, grievance mechanisms and remedy, and heightened human rights due diligence.

The recommendations for policymakers in each guidance briefing are intended to help them to shape legislation which can be effectively turned into practice to avoid harm to human rights and environment. One cannot over-emphasise the importance of alignment with existing international standards. This was the original intention of the EU’s Corporate Sustainability Due Diligence Directive (CSDDD). Having been involved in its shaping from the outset, I can only regret that the ongoing “simplification” of the CSDDD and other EU corporate sustainability laws seems to create more uncertainty and ambiguity for companies and more administrative burdens, with an impact far beyond the EU’s borders.

The current situation, if left to continue, risks taking us back to “business as usual” where well-intended simplification of regulation turns into deregulation. As Anita Ramasastry, GBI’s Senior Advisor notes: “The current developments can be seen as a bump in the road, rather than as a sign of permanent decline of business and human rights.”

Despite this backlash, respect of human rights in company behaviour is undoubtedly a global trend. It corresponds to growing expectations that companies take into consideration their current and future impacts on society. Indeed, we are seeing a growing number of jurisdictions outside the EU drafting their own mandatory due diligence legislation. Accountability for serious harms by corporations is also leading to an increase in litigation whether on the impact of the climate crisis, forced labour or complicity in war crimes.

The *What “good” looks like* series can help businesses to navigate a period of uncertainty created by legislation, by focusing on existing frameworks and on understanding what their peers are doing to implement human rights and environmental due diligence. The foundation has not changed, the UNGPs and OECD Guidelines matter more than ever.

WHAT “GOOD” LOOKS LIKE

Why this practice-based series?

In 2011, the States in the UN Human Rights Council unanimously endorsed the UN Guiding Principles on Business and Human Rights (UNGPs). The UNGPs have enjoyed broad support by companies, industry groups, sustainability and human rights experts, civil society, and affected stakeholders because the UNGPs were based on years of rigorous research and broad global engagement.

The Global Business Initiative on Human Rights (GBI) is the only business-led initiative solely focused on supporting companies through peer learning to improve the implementation of their responsibility to respect human rights under the UNGPs and carry out human rights due diligence. That work has resulted in a substantial and detailed repository of practice-based insights and knowledge about what human rights due diligence means when facing real-world challenges, and what can reasonably be expected of companies in their pursuit of respecting human rights and the environment.

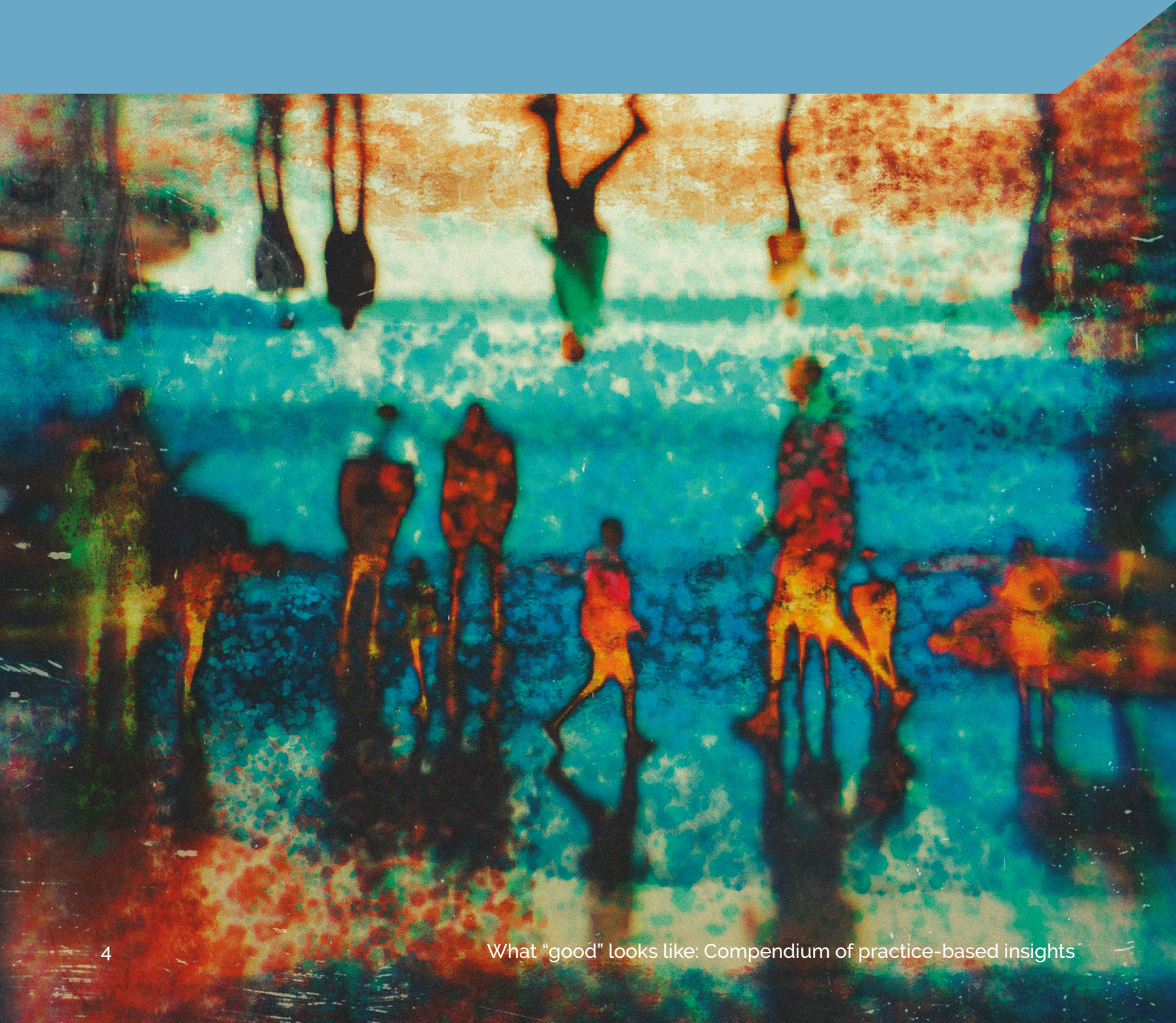
As regulations such as the European Union’s Corporate Sustainability Due Diligence Directive (CSDDD) and Omnibus I Directive, the German Supply Chain Due Diligence Act and similar national laws establish binding obligations that largely codify and operationalise the core principles of the UNGPs, GBI is now sharing its experience and practice-based insights in a guidance series about “what good looks like.”

The aim of this series is to help further the development of mandatory due diligence legislation on sustainable business in the European Union and elsewhere in ways that are practical, realistic, and in line with the UNGPs. This guidance also aims to help companies to understand what “good” looks like when it comes to implementing mandatory human rights and environmental due diligence.

1. Embedding human rights in governance processes

"Robust human rights policies, embedded in governance processes and daily practice, are essential if a company wants to ensure it meets its responsibility to respect human rights, as well as regulatory and reporting requirements and standards. The responsibility to respect human rights requires a top-down approach, driven throughout a company and embedded in strategy and policies, business decision-making processes and daily activities with business partners. A consistent approach and performance are a must for the continued health and prospects of an enterprise, as well as the people impacted by its activities. Having good governance in place is an indication that a company is serious about human rights performance and reporting. But it is only an indication; a wide range of stakeholders – from regulators and investors through to affected communities – will hold a company accountable against its own policies and performance, as well as national and international laws and standards."

Ron Popper, CEO, GBI



Why embedding human rights in company processes and governance is essential

Increasing regulatory requirements on companies' human rights performance and due diligence, as well as growing stakeholder expectations, make it even more important that companies have the appropriate frameworks and practices in place to define processes and assess performance to respect human rights.

Successful companies thrive on good governance. Enterprise-wide policies and processes drive values and consistency, and ensure all stakeholders – internal and external – know what to expect from an engagement with the company and its representatives.

When human rights considerations and practices are embedded in policies, processes and behaviours, they become part of lived company culture. They are demystified, and all employees understand that human rights are essential to business activities and an integral part of interaction with stakeholders.

Done well, embedding human rights in governance frameworks and across processes allows a company to:

Develop strong processes and culture

Having the right tone from the top, and ensuring that appropriate frameworks are in place at key stages of the business process – from the research and development of a new system or product through to upstream and downstream due diligence, and the remediation of negative impacts – drives a culture of respecting human rights. Putting appropriate frameworks in place prevents respect for human rights being regarded as a “nice to have” and makes it a mandatory part of the business.

Identify human rights risks early and consistently

Having human rights policies and approved practices embedded at key stages of a business activity allow a company to identify potential risks to people early in the business process, and to prevent or mitigate negative impacts. Having early due diligence processes in place – for example, at the pre-bid stage for a contract, or when scoping potential entry into a new country or region – provides for a consistent approach to business activities, and enable a company to use leverage, if necessary, at an early stage, reducing the likelihood of more complex issues arising later.

Strengthen a culture of human rights risk mitigation and prevention

Robust governance frameworks increase awareness in key areas of the company of how to prevent risks to people and the business. They help to build a culture of due diligence, and the need to prevent or mitigate human rights risk, in much the same way that ensuring health and safety, and preventing negative environmental impacts, are embedded in daily practice.

Enhance external legitimacy and credibility

A company with human rights practices embedded in its policies and business activities is likely to reap the benefits from a wide variety of stakeholders – from investors and customers through to civil society organisations and affected communities. No company is perfect – and should not claim to be – in terms of respecting human rights, but demonstrating commitment and consistency of approach, internally and externally, adds to credibility. Good governance throughout an enterprise supports a commitment to continuous improvement.

Reduce legal, reputational and operational risks

Embedding good practice in daily activities enables companies to foresee, prevent or mitigate risks which can harm people, cause a company legal and reputational damage, disrupt business activities, and undermine stakeholder confidence. Such risks can damage an enterprise and its social license to operate.

Strengthen long-term business sustainability

Integrating appropriate practice into daily business and behaviour is a strategic investment in long-term business resilience and the avoidance of potential disruption. Companies with human rights embedded in robust internal frameworks are better placed to adapt to emerging risks, as well as evolving legal requirements and stakeholder expectations.

Improve access to remedy

Embedding effective grievance mechanisms, knowing how to respond to findings, and analysing outcomes are part of embedding human rights in an enterprise. The appropriate governance needs to be clearly stated in policies and processes, and will help to ensure that accessible, culturally appropriate, safe and effective remediation channels are in place and used.

Strengthen awareness and loyalty among employees

Robust policies and practices send a clear signal to employees, current or future, of the company's values, practices and expectations. Employees tend to buy in to such values and this can strengthen brand loyalty. Conversely, failing to attract or retain talented people because a company has failed to live up to its proclaimed values, or has weak internal processes to support its stated targets, will result in damage to reputation and potential additional costs because of the need to hire, train and develop new staff.

What does embedding human rights look like in practice?

Making a policy commitment

The UNGPs call for companies to develop a policy to communicate their commitment to human rights.

It cannot be stressed enough that good practice **must** be driven by senior management. Boards and executive managements need to set appropriate policies, governance frameworks and behaviours, and make and communicate the business case for respecting human rights, in order to drive a consistent approach throughout an organisation.

Policy commitments, based on a detailed review of performance to date, help a company to communicate its position on human rights internally and externally, its key challenges and areas of risk, and its ambition to respect human rights in business activities and relationships. The policy commitment also clarifies the scope of engagement with other stakeholders, including investors, customers, suppliers, governments, workers and communities.

The process of developing a policy commitment – from drafts through to management approval – presents opportunities to examine the company's performance, and to hold detailed discussions with internal and external stakeholders.

It should be led in-house because it is fundamentally about defining the company's own commitments, expectations and ways of working. While external consultants can provide valuable expertise, benchmarking and technical input, the ownership, credibility and effectiveness of any policy depend on its alignment with the company's internal culture, governance structures and operational realities.

Creating shared understanding of the company's human rights responsibility, and how it can impact rights, may mean that developing a policy commitment and accompanying documents and guidelines takes some time. But it is vital that the policy commitment fully and realistically reflects the potential or actual human rights risks of the entire enterprise in order to strengthen buy-in at all levels of a company and externally.

Governance and coordination

Effective governance is key to ensuring a company truly lives its responsibility to respect human rights throughout the enterprise. Governance bodies guide the implementation of policies and commitments, monitor performance, ensure accurate and timely reporting, and are a means to ensure accountability.

Good practice at senior management level:

- **Secure executive leadership and accountability:** Executive management must take direct responsibility for overseeing human rights performance across the business. Clearly articulating the company's human rights commitments and embedding them into strategic priorities is an executive function that shapes corporate culture and signals that respect for human rights is a core business expectation – not a compliance exercise.
- **Ensure board-level oversight:** Human rights governance should be regularly reviewed at the highest level of the company. A designated Board committee (such as the Sustainability, Risk, or Ethics Committee) or an individual Board member should have formal responsibility for human rights oversight. Regular briefings and updates to the Board should ensure visibility on key risks, performance and emerging issues.
- **Design and implement trainings for senior leaders:** Targeted human rights training should be provided to executive management and Board members to ensure they understand their role and responsibilities in driving human rights performance. Involving external human rights experts in the design or delivery of this training can enhance credibility, bring in global best practice, and provide sector-specific insights.
- **Integrate human rights into risk management and business processes:** Human rights considerations should be systematically integrated into the company's Enterprise Risk Management (ERM) system or equivalent processes. This includes ensuring that human rights risks are identified, assessed and monitored alongside financial, operational and legal risks. A structured and periodic gap analysis should be conducted to identify blind spots in existing due diligence processes, highlight emerging or future risks (such as regulatory changes or conflict-affected operations), and assess the adequacy of current mitigation measures.
- **Consider using external stakeholder panels and expert advisory groups:** Engaging with stakeholder panels or independent human rights advisory groups to interact with senior management provides an important external perspective and helps stay attuned to evolving human rights challenges. These panels can support prioritization, validate approaches and strengthen accountability by offering critical feedback on company performance and strategic direction.
- **Review regularly and facilitate continuous improvement:** Senior management should ensure that human rights performance is subject to regular internal review, with clear action points, follow-up mechanisms and accountability lines. Learnings from incidents, stakeholder feedback and sector developments should be used to continuously strengthen policies, procedures, and practices.

Raising awareness, training and capacity building

Everyone in the company should be aware, at least at a basic level, of key policies, how the business can impact human rights, the need for due diligence, and the processes used to evaluate risks and responsibilities.

As the legal requirements for human rights due diligence grow, companies need to ensure that the people charged with carrying out such work are fully trained, have sufficient capacity, adequate resources, and are – where necessary – supported by external expertise.

Internal training and capacity building are key building blocks. Companies use a variety of online and in-person training programmes, as well as refresher courses, to raise awareness about their human rights commitments and to improve performance. More in-depth training can be targeted at parts of the business, specific roles or countries that are deemed more sensitive.

In addition to mandatory training, leading companies also:

- **Build internal networks of champions:** Establish networks or focal points across key business units – such as procurement, operations, security, HR, legal, and compliance – to strengthen internal expertise, improve risk identification and ensure human rights policies and processes are applied effectively where risks arise. These networks foster ownership, cross-functional collaboration and knowledge sharing.
- **Reinforce commitments through leadership messaging:** Use regular internal communications, with clear and consistent messages from senior leadership, to reiterate the company's human rights commitments. Embedding these messages into CEO statements, leadership briefings and internal newsletters helps sustain visibility and drive cultural alignment.
- **Integrate human rights into broader learning and development:** Embed human rights content into existing training programmes, including onboarding, leadership development, risk management, and supplier engagement courses. Tailoring modules to the needs of specific functions – such as procurement teams on supplier due diligence or security teams on the Voluntary Principles – ensures relevance and practical application.
- **Leverage key dates to promote awareness and dialogue:** Use global observances like International Human Rights Day (December 10th) and other strategic moments (such as ESG reporting periods or supplier conferences) to spark internal engagement. Activities may include webinars, case study discussions, or awareness campaigns that encourage reflection and dialogue on human rights topics across the organisation.

Language plays an important part in training and communicating commitments effectively. Human rights terminology may not be immediately understood in a policy or process, so it is important to find readily accessible language and examples of company practice that help to translate company policies into everyday practice and make them relevant.

Training should also include awareness raising of internal processes for identifying, mitigating and remediating negative human rights impacts, actions and timelines appropriate for remediating harms, as well as relevant areas of responsibility and accountability. Training should also include internal and external reporting requirements.

Good practice for embedding human rights



The following good practices and accompanying examples of company action are based on insights from GBI's work with companies. The lessons drawn indicate how companies have been working towards good practice. Some of these lessons may be more relevant than others depending on the corporate context.



GOOD PRACTICE

Ensure responsibility and oversight in daily management of human rights

Lessons drawn from company practice:

- Place responsibility for daily human rights performance at a senior level. The person heading this work may be the Chief Compliance Officer or the Chief Sustainability Officer. The person who heads human rights should report regularly to executive management.
- Establish a standing human rights committee and/or cross-functional committees, including the business, to work on specific or complex issues, such as controversies, working in conflict-affected environments or adapting business practice to new laws. Diversity of expertise and experience in such a multi-functional team is valuable.
- Use both dedicated practitioners and multi-functional teams to manage potential or actual impacts. Trained practitioners, usually a relatively small group, are responsible for driving the principles of good practice and training, and reporting on company performance.
- Devolve responsibility with clear reporting lines. A wide range of divisions, business units and functions at regional and country level should also be involved in driving due diligence, monitoring performance and reporting. Clear guidelines on escalation processes, lines of responsibility and accountability need to be set.
- Find synergies with other existing due diligence processes where it makes sense. It may be possible to “piggy-back” other processes, such as supply chain audits, health and safety checks and mergers and acquisitions research, by adding human rights criteria to existing work.
- Work across departments to provide a consistency of approach, but also to foster greater understanding of issues, legal requirements and stakeholder expectations. Working cross-departmentally also helps to de-silo working processes and thinking, assisting cooperation between departments such as legal and sustainability, or human rights and climate.



Make policy commitments to communicate the company's seriousness about human rights and its ambitions

Lessons drawn from company practice:

- International standards require companies to develop formal human rights policies. These must be applicable to all employees, contractors and business partners.
- Ensure human rights policies are reflected in other policies, such as codes of conduct, including those for suppliers.
- A code of conduct is often the primary reference point directing the expected business behaviour of employees and is a powerful way to raise awareness and understanding of human rights issues and performance in the company.
- Include human rights issues in a range of policy documents, such as strategy, procurement and mergers and acquisitions guidelines, as well as in meetings and discussions. This will help all stakeholders, including business partners, to understand the company's priorities and expectations.
- Set out and explain policy requirements clearly and consistently, using clear language and references to international laws, standards and due diligence requirements. Be prepared to explain human rights requirements in everyday language.



Building buy-in and confidence among colleagues is critical

Lessons drawn from company practice:

- Prepare brief, clear and compelling narratives for good human rights performance, including the business case and reference to laws and standards, and the need for and benefits of human rights and environmental due diligence (HREDD).
- Tailor the narrative for different management levels, business units and functions to build support for good practice throughout the company.
- Use case studies from the company's past, including when negative impacts were avoided or mitigated, or when they occurred and had to be remediated, as well as examples from same-sector companies. Case studies will support internal education, make the policy commitment feel more relevant, and lend weight to key messages to colleagues.

**Lessons drawn from company practice:**

- Carry out training in person or online. Many companies use mandatory online training on human rights to raise awareness about their human rights policies and risks, due diligence work, ways of improving performance, and where responsibility and accountability lie within the organisation.
- Prioritise training according to needs. It can be aimed at specific parts of the business, roles or issues, or countries where business activities are deemed more sensitive. The most effective training is usually in-person and targeted, even if it is more time-consuming and resource intensive.
- Some employees, including those in key functions, should receive more specialised training. Training may also be coupled with other issues such as bribery and corruption or climate and environment.
- Publish a human rights guide to accompany policy commitments. This helps to translate potentially complex issues into more readily understandable language accessible to all employees and contractors.
- Integrate human rights training into existing processes. For example, human rights modules can be incorporated into annual business ethics courses, onboarding and refresher programmes, and senior leadership development courses.

**Lessons drawn from company practice:**

- Implement formal reporting frameworks and issue escalation guidelines on human rights.
- A centralised reporting process ensures consistency and access to information and supports work to meet requirements to track and communicate on performance, as well as the need for and status of remediation.
- Accountability and reporting frameworks must extend beyond headquarters; they underpin the need for effective due diligence, are a major source of learning, and drive a consistent approach throughout the company.
- Establish clear reporting and accountability channels for individuals or team members; tasks and responsibilities need to be embedded in contracts, annual target setting and performance evaluation.
- Use more informal approaches, including regular calls with different colleagues and joining meetings convened by relevant functions or teams outside the human rights function.

Key considerations for policymakers

Regulation should prioritise outcomes over formal compliance: Effective human rights regulation should be designed to reinforce and support company efforts to establish the necessary internal structures, governance processes and accountability mechanisms required to respect human rights. Legal requirements should not only clarify corporate expectations but also contribute to creating a more level playing field across industries and jurisdictions, encouraging consistent and meaningful implementation.

Critically, legislation should mandate that policy commitments are supported by effective governance frameworks, including clear accountability lines, cross-functional coordination, and the allocation of adequate financial and human resources. Without such governance and resourcing requirements, there is a risk that corporate commitments to human rights remain superficial or disconnected from day-to-day business decision-making.

Policymakers should underscore that regulation should be accompanied by guidance, capacity-building support and technical assistance to aid implementation, particularly for small and medium-sized enterprises and enforcement authorities.

Regulations should balance the need for clear minimum standards with flexibility, allowing companies to design governance arrangements suited to their size, sector and operational context. The UNGPs – the key international standard on business and human rights – explicitly details what governance needs to cover if a company seeks to fulfil its responsibility to respect human rights. By ensuring that legal requirements reflect them and promote genuine internal ownership, sustained attention to risk identification and mitigation, and effective reporting, policymakers can help drive meaningful progress in corporate human rights performance and accountability.

Further resources

Access more on making a policy commitment, governance and coordination, and on raising awareness, training and capacity building on the GBI Business Practice Portal: gbihr.org/business-practice-portal

2. Identifying and addressing human rights risks and impacts

“Effective human rights due diligence requires companies to identify and address human rights risks and impacts. To do that, you have to walk in someone else’s shoes - and keep walking. That’s what meaningful human rights due diligence looks like.”

Gerald Pachoud, GBI Senior Advisor

Identifying and addressing risks to people is essential to human rights due diligence. This guidance briefing shares insights from practice about what identifying and addressing human rights risks should look like, followed by examples from practice about how companies approach identifying and addressing human rights risks across their value chain. The briefing also shares considerations for policymakers about how to approach requiring companies to identify and address human rights risks as part of mandatory measures.

Why identifying and addressing human rights risks is essential

Identifying actual and potential human rights risks and impacts is the cornerstone of the corporate responsibility to respect human rights and the obvious first step of human rights due diligence (HRDD). Without this first, essential step, companies cannot prevent harm, engage meaningfully with affected stakeholders or make informed decisions that respect people's rights.

In today's global economy, business operations — whether in the extractive, manufacturing, agriculture or services sectors — are deeply embedded in social and environmental contexts. This interconnectedness means that business decisions can have profound consequences on people's lives, livelihoods and dignity. Understanding and addressing those impacts is not only a matter of corporate responsibility — it is key to long-term business resilience and success.

From a business perspective, human rights risks are tangible and increasingly material. They manifest in concrete ways: a supplier caught using forced or child labour; a digital platform enabling online harassment or misuse of personal data; a project displacing communities without fair process; or a financial institution funding ventures that contribute to environmental degradation and social unrest. These are not reputational risks alone — they represent potential operational disruptions, legal liabilities, and breaches of trust. Investors, regulators, clients and consumers are all demanding greater accountability.

Legal frameworks are catching up, but this is not only about compliance. Companies that embed human rights risk identification into their business models often make better business and operational decisions. They are more attuned to social dynamics, more agile in responding to controversy, and more likely to maintain the trust of communities, customers and employees. They anticipate points of friction before they become disruptive or turn into crises, and they protect their license to operate by demonstrating legitimacy and responsiveness. In increasingly competitive markets, a company's human rights performance is becoming a differentiator.

Whether business-to-business (B2B) or business-to-consumer (B2C), and whether operating in physical supply chains or in digital service environments, companies face complex human rights challenges. By making the identification and assessment of risks a regular and rigorous part of how they do business, companies position themselves not only to avoid harm, but to lead responsibly in a world where expectations — and consequences — are increasing fast.

What identifying and addressing human rights risks and impacts should look like

1. Focus on risks to people first

HRDD is fundamentally about identifying and addressing risks to people — rather than primarily risks to the company. These risks can affect workers, communities, consumers and other groups connected to the company's operations or value chain. The starting point must always be the potential for harm to individuals, not reputational exposure or financial or legal liability alone.

2. Take responsibility across the full value chain

Effective identification requires looking beyond direct operations. Companies should identify where human rights risks may arise across their entire value chain, both upstream and downstream. This includes suppliers, subcontractors, distributors, customers and end users. In many cases, the most severe risks lie beyond the first tier or in service-related functions like finance, logistics or digital platforms. The cause, contribute and directly linked framework outlined in the UNGPs puts both a floor and a ceiling on companies' responsibility to address risks and impacts, enabling them to define situations where they are or are not involved. A company is not linked with every adverse impact associated with a given relationship. This framework also helps to create a shared language and accountability framework for governments, companies and civil society organisations (CSOs).

3. Build the full picture from multiple sources

A credible risk identification process draws on diverse sources of information. This includes internal reports, grievance mechanisms, stakeholder interviews, human rights assessments and credible external research. Triangulating information ensures that risks are not assessed based on one perspective alone and strengthens the validity of findings. The process is continuous, rather than a one-off or focused on a single approach.

4. Engage stakeholders when possible, and adapt when it is not

Affected stakeholder engagement is a critical component of effective risk and impact identification, providing essential insights into how people are affected by business activities. However, it is not always possible to engage directly with affected stakeholders — whether due to security risks, limited access, political constraints or other contextual challenges. The absence of direct consultation does not mean that human rights and environmental due diligence (HREDD) cannot be carried out. Instead, companies should acknowledge the limitations and take proactive steps to address them by relying on alternative sources of insight, such as diaspora communities, human rights experts, civil society organisations and independent research. These sources can help build a credible understanding of risks and ensure that the process remains rooted in the perspectives and realities of those most likely to be impacted. GBI's guidance briefing on meaningful stakeholder engagement shares more about practical approaches to engaging with stakeholders.

5. Be both proactive and reactive

HREDD is both a proactive and reactive process. Companies fulfil their responsibility when they take action to anticipate and prevent potential harms, as well as when they respond effectively to actual impacts once they arise, accepting that it is always better to act early. Anticipating risks allows companies to prevent harm before it occurs, which is not only more effective in protecting people, but also more sustainable for the business. The earlier risks are identified and addressed, the greater the opportunity to avoid escalation, reduce harm and build trust with stakeholders.

6. Prioritise without excluding

Companies are not expected to address all human rights risks simultaneously, especially when operating across complex and extensive value chains. In such cases, prioritisation is both necessary and practical. However, prioritisation should never be used to exclude certain risks altogether. It is a tool to determine where to act first — not where to act only. While companies should initially focus on the most severe and likely risks — often referred to as salient risks — these should not be interpreted as the only risks that matter. All identified risks should be addressed over time, with appropriate planning, resourcing and monitoring to ensure that no harm is left unacknowledged or unmanaged.

7. Evolve with the operating context

Human rights risks are dynamic. Companies should track the effectiveness of their responses and remain alert to changing contexts. Monitoring should be ongoing and include feedback from affected stakeholders. Risk identification should be repeated at key moments — such as market entry, expansion or changes in business relationships.

8. Drive decisions

Identifying risks is only meaningful if the findings are used to guide business decisions. For example, companies should ensure that risk insights influence procurement choices, investment decisions, project design and product development. Activities that pose high risks to people should not proceed without considering areas for prevention of adverse impacts, and without robust mitigation and stakeholder involvement.

9. Be honest about challenges and progress

Transparency is essential to building trust and accountability. Companies should document their process, decisions and outcomes internally, and communicate publicly about key risks and how they are being managed. External reporting should be honest about challenges and reflect a commitment to continuous improvement.

Good practice for identifying and addressing human rights risks and impacts



The following good practices and accompanying examples of company action are based on insights from GBI's multi-year work with companies. The lessons drawn indicate how companies have been working towards good practice. Some of these lessons may be more relevant than others depending on the corporate context.



GOOD
PRACTICE

Consider risks across the full value chain, including downstream

Lessons drawn from practice:

- Some companies have expanded their HRDD to include downstream risks — such as how products or services are used by clients or end-users. In practice, this has included integrating human rights criteria into existing compliance and customer onboarding tools, as well as reviewing product use cases during the research and development phase of a new product or system.
- In lower-leverage contexts, companies use tools like risk-based questionnaires, contractual clauses and customer dialogue to flag concerns and seek alignment on responsible use.
- One company embedded human rights screening into its sales and commercial workflow, identifying high-risk jurisdictions where the product could be misused. This led to internal escalation procedures and, in some cases, modifications to contractual terms before deals progressed. A key component for the company was raising internal awareness so that sales and commercial colleagues understood the importance of downstream due diligence.



GOOD
PRACTICE

Tailor impact assessment approaches to context

Lessons drawn from practice:

- Across different regions and business models, companies have adapted their assessment processes to match the level and type of risk. For initial scoping, some start with broad mapping exercises to identify general areas of concern, followed by targeted deep dives where risks are confirmed.
- In new markets or complex project environments, companies have combined field assessments with context-specific desk research, adjusting the methodology to reflect local political, social and legal realities.
- A company operating in a politically unstable region adapted its human rights assessment methodology to include additional local stakeholder interviews and a scenario analysis component to anticipate possible escalation of tensions linked to land and employment issues.
- Another company chose to conduct in-depth assessments on a particular commodity in every country where the commodity was sourced in order to have an in-depth assessment of the risks and impacts associated with that commodity.

**Lessons drawn from practice:**

- Companies conducting human rights impact assessments (HRIAs) have emphasised the importance of ensuring that findings are actionable. Rather than treating HRIAs as standalone exercises, some companies have used them to shape project-level mitigation plans, stakeholder engagement strategies or grievance mechanism improvements.
- In regions where trust is fragile, the process of conducting the HRIA has also helped to open dialogue with local communities. Following an HRIA, one company revised its community engagement strategy to better reflect informal power dynamics and concerns raised about compensation practices. This led to the creation of a dedicated local liaison team and new protocols for communicating land-related decisions.
- In order to address human rights and environmental risks holistically, a company conducted an HRIA alongside an environmental risks assessment and joined up the two teams as the assessment was being conducted. Following the assessment, the two teams were jointly developing an action plan to respond to potential and actual risks to people and the environment.

**Lessons drawn from practice:**

- In many cases, companies have learned that establishing or increasing leverage — especially with clients or minority joint venture partners — requires sustained effort. Rather than disengaging at the first sign of difficulty, several companies have opted to take practical steps to build influence over time, while also managing expectations through clear and transparent communication. This approach has proven effective, even where changes in partner behaviour have been gradual.
- In a case involving concerns about labour conditions in a partner's operations, a company focused first on building a shared understanding of expectations through structured dialogue. While short-term change was limited, this initial foundation later enabled more robust corrective actions during contract renewal.

**Lessons drawn from practice:**

- Companies have found that building internal capacity, particularly among operational and technical teams, is critical for effective risk identification. Many have developed training materials, checklists and guidance tailored to specific roles or functions. Some have also introduced cross-training between human rights and environmental teams to encourage integrated assessments and holistic risk management.
- One company developed a human rights “field toolkit” for project managers and provided hands-on training for regional teams. This helped non-specialists to identify issues such as risks of discrimination in recruitment or early signs of community tension during site assessments.
- Some companies develop their own human rights guides that are tailored to help employees understand the company's potential human rights risks and impacts.

**Lessons drawn from practice:**

- Partnerships with CSOs play a valuable role in improving companies' access to reliable, context-specific information. In practice, this has included both long-term partnerships and short-term engagements to assess specific risks, such as labour conditions or community grievances.
- Companies have also learned that ensuring the safety and independence of these actors is essential to sustaining effective collaboration.
- A company facing concerns about working conditions for migrant workers in its supply chain worked with a local CSO familiar with migrant worker issues to gather direct feedback and cross-check site-level monitoring results. This helped verify concerns and shape a more targeted supplier engagement plan.

**Lessons drawn from practice:**

- For companies operating at scale, adapting existing systems and processes to integrate HRDD has been essential. In some cases, human rights considerations have been embedded in enterprise-wide systems — such as procurement platforms, transaction due diligence tools, or risk management dashboards.
- To increase HRDD at its manufacturing sites without creating additional burdens, one company chose to link a new module focused on human rights to its existing audit processes. The module was also supplemented with a dialogue to foster open communications with the company in respect to human rights risks. At the end of the audit, the findings from the supplementary due diligence were incorporated into the audit report, thus legitimising them for site management and leading to the changes made at the manufacturing sites.
- At the same time, several companies have recognised the value of collaborating across their sector to address shared challenges and improve visibility beyond tier one. Examples of areas where companies are seeking sector collaboration to identify and address risks include artisanal and small-scale mining, smallholder farmers and labour contractors.



Addressing risks through collaboration

The collection process for plastics recycling is an informal industry in many parts of the world, providing work for up to 20 million people worldwide.

A multinational consumer goods company set an environmental target to reduce plastic waste to landfill, aiming to achieve recycling plastic containers. As the company scaled up its recycling activities, it realised that it also needed to address the risks associated with the informal nature of recycling.

The plastics value chain is circular. The company purchases recycled plastic materials to create new materials. While the company was conducting HRDD, including audits on its plastic suppliers, it had not considered its tier two suppliers. In many parts of the world and in many sectors, the workers in the tier two supply chain are informal.

As the company researched this informal industry, it identified a range of adverse human rights impacts to waste pickers, which the company could be linked to because of its environmental targets. These included a lack of an adequate standard of living, workplace safety impacts, child labour, forced labour and discrimination amongst other risks.

To mitigate the risks to workers, the company exercised leverage in several different ways:

1. It revised its supplier management policy processes. The company worked with its plastics suppliers to map its supply chains, understand the waste collection structure, and develop an action plan to address identified risks.
2. Starting with pilots, the company is rolling out the revised supplier management policy and processes in the waste management sector over the next few years.
3. In partnership with peers in the Fair Circularity Initiative, the company participated in the development of principles for corporate engagement with the informal waste sector, which is aligned with the UNGPs.
4. Lastly, the company is also trialling the use of technology to empower workers and ensure fair wages.

The company had already worked on labour issues for some time in other parts of the business, but not with tier two suppliers in this particular sector. However, once the risks to informal waste pickers was identified, the company was able to adapt existing processes to respond to the scaling up of its recycling programme. Additionally, because the risks were beyond tier one, collaboration with suppliers and peer companies in the industry was essential for the company to start to address the adverse impacts to informal waste workers

Key considerations for policymakers

As governments around the world move to strengthen mandatory HREDD, there is a growing need to ensure that public policy frameworks are aligned with the standards and expectations set out in the UNGPs. Policymakers have a vital role to play in shaping regulatory environments that are effective, consistent and capable of driving meaningful change. The success of mandatory HREDD measures depends on more than legal obligations; it requires well-designed policy frameworks that are grounded in international standards, responsive to business realities and focused on meaningful outcomes for people. Policymakers have an opportunity to play a catalytic role in shaping markets where respect for human rights is not only expected, but effectively incentivised, supported and enforced.

The following considerations are drawn from business practice and multi-stakeholder engagement and are intended to support the development of well-informed, practical and rights-respecting policies.

1. Anchor requirements in the UNGPs

Any regulatory approach to HREDD should be grounded in the UNGPs. This framework sets out internationally recognised principles that distinguish between risks to people and risks to business and clarify the scope of corporate responsibility based on cause, contribution and linkage. Aligning policy measures with the UNGPs helps ensure consistency, facilitates cross-border harmonisation, and reflects the consensus reached by states, businesses and civil society.

2. Provide clarity without prescriptiveness

Effective legislation should offer companies clarity on what is expected — such as the obligation to identify, prevent, mitigate and account for human rights risks — while avoiding overly prescriptive checklists that risk turning HREDD into a compliance exercise. Flexibility is essential for companies to tailor their approaches to their size, sector, risk profile and operating context. Laws should focus on the outcomes and quality of due diligence processes, rather than dictating rigid procedures.

3. Encourage prioritisation, not exclusion

Policymakers should reinforce the UNGPs' principle that companies may prioritise their most severe risks to people in the short term but are expected to address all identified risks over time. Legal frameworks should make clear that prioritisation is not a basis for ignoring or permanently excluding risks. Guidance on prioritisation can help businesses understand how to assess severity and likelihood, and allocate resources accordingly while maintaining a commitment to addressing lower-ranked risks in due course.

4. Recognise the role of leverage and collaboration

Companies' ability to influence business partners — especially in complex or lower-leverage relationships — varies significantly. Regulation should reflect the UNGPs' recognition that businesses are not always in a position to prevent or remediate impacts unilaterally, particularly where they are only directly linked to them. Policymakers can support companies by encouraging the use of collective leverage through existing industry initiatives and multi-stakeholder platforms or purpose-built ad hoc initiatives, and by creating space for companies to stay engaged in challenging contexts where disengagement could worsen human rights outcomes.

5. Enable meaningful stakeholder engagement

Stakeholder engagement is a cornerstone of effective due diligence, but many companies still face barriers to doing it well — such as lack of access, security risks or limited local capacity. Public policy can support good practice by promoting meaningful stakeholder consultation, including the voice of rightsholders, trade unions and civil society in both company-level due diligence and national-level monitoring and enforcement. In parallel, states should protect civic space to ensure that stakeholders can participate freely and safely.

6. Align enforcement with learning and continuous improvement

Enforcement mechanisms should be designed not only to deter non-compliance, but also to support learning, transparency, and continuous improvement. Companies should be encouraged to disclose both progress and challenges in their HREDD efforts without fear of disproportionate penalty. Regulators can support this by using tiered enforcement models, offering capacity-building support, and rewarding companies that demonstrate credible good-faith efforts to identify and address risks.

7. Integrate human rights into public sector decision-making

Policymakers should ensure that public procurement, export credit, development finance and trade promotion systems are aligned with human rights expectations. State agencies can lead by example by requiring HREDD from public-private partnerships, infrastructure projects and recipients of state support. This reinforces responsible business conduct and ensures consistency across public and private sector standards.

8. Ensure policy coherence across government functions

HREDD policy should not be siloed. Policymakers should coordinate across ministries and agencies — such as trade, finance, labour, environment and foreign affairs — to ensure that expectations are coherent, mutually reinforcing and do not create contradictory incentives. This is particularly important where human rights risks intersect with environmental impacts, conflict sensitivity, anti-corruption and responsible investment agendas.

Further resources

Access more on identifying human rights impacts, managing business relationships and using leverage on the GBI Business Practice Portal: gbihr.org/business-practice-portal

Effective downstream due diligence: Key questions for companies

GBI's resource on downstream due diligence offers additional information about potential downstream risks and questions for companies seeking to implement downstream HRDD. Access the resource at gbihr.org

3. Meaningful engagement with affected stakeholders

“Meaningful stakeholder engagement in human rights due diligence, especially with affected rightsholders, is not a tick-box exercise – it is a process of listening, learning, and acting with accountability. It requires creating spaces where rightsholders are heard, their concerns shape decisions, and their dignity is upheld in every step of the process. Meaningful engagement rewards companies with better information for better decisions. But meaningful engagement requires an investment of time, energy and resources, constant learning and adaptation. The implementation of business and human rights regulations should recognise and reward these good practices.”

Andrea Shemberg, Chair, GBI



Why meaningful stakeholder engagement is essential

Meaningful stakeholder engagement is an essential component of human rights and environmental due diligence (HREDD). It ensures that due diligence processes are informed, effective, and aligned with international standards, ultimately helping businesses mitigate risks, uphold human rights, and enhance their long-term success. Done well, meaningful stakeholder engagement can help companies to:

1. Identify risks and impacts

Stakeholders — particularly affected rightsholders such as workers, local communities, and Indigenous Peoples — offer first-hand knowledge of how business operations, supply chains, and investments impact human rights. Their perspectives provide crucial, context-specific insights that cannot be captured through desk-based research or internal assessments alone. Without direct engagement, companies risk overlooking hidden or systemic human rights issues in their due diligence process.

2. Strengthen risk mitigation and prevention

Engaging stakeholders early and meaningfully enables businesses to co-develop effective risk-mitigation strategies. Those directly affected by business activities often have valuable ideas on how to prevent or address potential or actual negative impacts. Collaborative problem-solving leads to more sustainable and locally-accepted solutions, reducing the likelihood of future grievances or disruptions.

3. Enhance legitimacy and accountability

Stakeholder engagement reinforces the credibility and trustworthiness of a company's human rights efforts. When engagement is transparent, inclusive and responsive, it helps demonstrate that a company is taking its responsibility to respect human rights seriously, rather than treating due diligence as a box-ticking exercise.

4. Improve access to remedy

An essential component of HREDD is ensuring effective grievance mechanisms. Engaging with stakeholders helps businesses design and implement accessible, culturally appropriate, and effective remediation channels. Without meaningful engagement, grievance mechanisms risk being ineffective, under-used, or perceived as biased, failing to provide real access to justice.

5. Reduce legal, reputational, and operational risks

Ignoring stakeholders can lead to conflicts, operational delays, reputational damage, and even legal action. Engagement helps companies proactively address concerns before they escalate into disruptions, lawsuits, or regulatory penalties. By integrating stakeholder voices into HREDD, businesses can demonstrate good faith efforts to prevent harm, which is increasingly relevant in jurisdictions with mandatory due diligence laws.

6. Strengthen long-term business sustainability

Stakeholder engagement is not just a compliance obligation; it is a strategic investment in long-term business resilience. Companies that listen to and act on stakeholder concerns are better positioned to adapt to emerging risks, evolving regulations, and shifting societal expectations. Meaningful engagement fosters trust, social license to operate, and stronger relationships with key actors in the company's value chain.

What makes stakeholder engagement “meaningful”?

Meaningful stakeholder engagement is not a superficial consultation or tick-box exercise — it is a genuine, inclusive and continuous process that ensures affected stakeholders actively shape business decisions, risk assessments and remediation efforts.

The terms stakeholders and rightsholders are often used interchangeably in business and human rights discussions, but they have distinct meanings and implications. All rightsholders are stakeholders, but not all stakeholders are rightsholders.

Businesses must prioritise engagement with rightsholders, as they are directly impacted by corporate activities. While broader stakeholder engagement is important, rightsholders, or their representatives must always be consulted to ensure their voices shape HREDD efforts. Additionally, actors who play a critical role in addressing human rights risks, including trade unions and human rights organisations, should be actively engaged, as they provide essential expertise, advocacy and representation for affected stakeholders.

The key elements of meaningful engagement include:

1. Inclusivity and accessibility

Engagement must be inclusive of all affected stakeholders, particularly workers, communities, Indigenous Peoples, human rights defenders, and vulnerable groups. It should be culturally appropriate, gender-sensitive, and accessible, considering language, literacy levels, and logistical barriers (e.g., rural locations, lack of internet access). Power imbalances must be recognised and addressed to ensure that all voices — especially marginalised groups — are heard and respected.

2. Two-way dialogue and responsiveness

Engagement should not be a one-way communication where companies merely inform stakeholders; it must facilitate genuine dialogue, allowing stakeholders to voice concerns, provide insights and influence decisions. Businesses should act on feedback, demonstrating that stakeholder inputs shape risk assessments, mitigation measures and remediation efforts.

3. Early and ongoing engagement

Stakeholder engagement should happen early in the due diligence process — before decisions are made — so that stakeholders can influence outcomes meaningfully. It must be continuous and iterative, not a one-off consultation, ensuring that companies remain responsive to evolving risks and stakeholder expectations.

4. Transparency and information sharing

Companies must provide clear, accurate and timely information about their operations, potential impacts and mitigation efforts in a way that stakeholders can understand. They should be transparent about decision-making processes, limitations, and how stakeholder input is being used. Confidentiality concerns must be respected, especially for vulnerable stakeholders, whistleblowers or human rights defenders.

5. Safe and non-retaliatory participation

Engagement should take place in an environment free from intimidation, retaliation or coercion. Stakeholders, particularly workers, community leaders and human rights defenders, must feel safe to voice concerns without fear of reprisal. Companies should establish clear safeguards to protect those engaging in the process.

6. Integration into business decision-making

Stakeholder engagement should inform and shape corporate policies, risk assessments, mitigation strategies and grievance mechanisms. If engagement is not linked to concrete actions or decisions, it risks becoming performative rather than meaningful. Mechanisms for tracking and reporting how stakeholder input has influenced corporate practices should be in place.

7. Accountability and follow-up

Companies should provide regular updates to stakeholders on how their concerns are being addressed. Independent verification or third-party assessments can help ensure that engagement efforts are credible. Grievance mechanisms should be in place for stakeholders to raise concerns if engagement is ineffective or if commitments are not honoured.

Good practice for effective engagement with affected stakeholders



The following good practices and accompanying examples of company action are based on insights from GBI's work with companies. The lessons drawn are some examples of how companies have been working towards good practice. Companies should understand that engagement is context driven, so some of these lessons may be more relevant than others depending on the context.



GOOD PRACTICE

Establish strong engagement frameworks

Lessons drawn from company practice:

- Take concrete steps to secure senior executive support through internal awareness raising and sharing lessons learnt.
- Define clear objectives in your policies and processes and align them with international standards, such as the UNGPs, to future-proof your engagement activities against future regulatory development and expectations from other stakeholders. By referring to international standards, this approach can also assist in navigating complexities with competing legal requirements in different jurisdictions.
- Formalise parameters for stakeholder engagement processes to ensure consistency, yet flexibility, across the company.
- Be prepared to tailor the company's approach based on evolving human rights risks, the operational context and business environments.
- Treat stakeholder engagement as an essential investment and part of the company's regular cost of doing business, rather than an additional, optional activity. This includes allocating budget and including stakeholder engagement in timelines.
- Prioritise the engagement focus in areas with the most severe human rights risks, as outlined in the UNGPs. Be prepared to explain to stakeholders how initial prioritisation was accomplished and the process for addressing engagement that was not prioritised initially.



GOOD PRACTICE

Identify and map stakeholders and the engagement context

Lessons drawn from company practice:

- Conduct stakeholder mappings, ensuring inclusivity and equal representation of all groups, including specific attention to vulnerable and marginalised groups where impact risks may be higher. From this mapping, companies can prioritise affected stakeholders.
- Map the engagement context, including the value chain, physical location or business context. Mapping can help to define roles and seek collaboration and cooperation. Where the company is operating in a context where several actors may have similar affected stakeholders, clarifying relative roles and responsibilities with business partners will be a key step.
- Map ongoing and overlapping stakeholder engagement with the company's affected stakeholders. Consider ways to collaborate and coordinate engagement activities to avoid "over consultation" with stakeholders.
- For companies with complex supply chains where it is difficult to map stakeholders, adopt regional and multistakeholder processes, ensuring these remain relevant and deep. Avoid over-reliance on proxies that might not adequately represent affected communities.



Design meaningful engagement strategies that foster accessibility for stakeholders

Lessons drawn from company practice:

- Design engagement with clear objectives and appropriate methods to gather meaningful input to identify and avoid, or mitigate, potential adverse inputs.
- Adapt engagement styles and methodologies to the level of knowledge (for example, technical understanding of a project) of affected stakeholders and other parties involved in the engagement, and be prepared to meet them where they are at in discussions.
- Plan for accessibility and cultural appropriateness, considering power dynamics, language barriers, gender dynamics and other factors impacting participation.
- Create a flexible structure for discussions that frames inputs without stifling exchange.
- Communicate expectations, engagement formats, and progress clearly to all stakeholders.



Conduct meaningful engagement through open and flexible dialogue

Lessons drawn from company practice:

- Initiate engagement early and maintain ongoing engagement with a broad range of affected stakeholders or appropriate proxies.
- Foster open dialogue to encourage diverse perspectives and ensure clarity on the purpose of discussions.
- Be attentive to the design of the engagement process to address potential challenges.
- Consider whether impacted stakeholders would benefit from information, assistance or other help to address power and knowledge imbalances. Consider who or what organisation or which individuals may be best placed to do this impartially.



Engagement activities are built to foster trust and accountability

Lessons drawn from company practice:

- Provide transparent information to stakeholders and empower them to participate effectively.
- Follow up on stakeholder inputs and demonstrate how feedback is used.
- Build strong relationships within the business to ensure internal buy-in and across stakeholders to boost trust.
- Ensure stakeholders feel comfortable and safe providing candid feedback, and that they have confidence in assurances there will be no retribution if they engage openly and honestly.



GOOD
PRACTICE

Create effective grievance mechanisms

Lessons drawn from company practice:

- Develop accessible grievance mechanisms and ensure affected people are aware of these processes and involved in their design.
- Continue to collaborate with experts and affected groups to strengthen grievance processes as an ongoing cycle of improvements to ensure effective feedback.
- Establish forums for ongoing dialogue with local communities such as Community Action Panels.
- Partner with human rights defenders to support grievance handling, ensuring their protection in their engagement with the process.



GOOD
PRACTICE

Strengthen internal collaboration to gain internal buy-in and awareness raising

Lessons drawn from company practice:

- Work with colleagues across the business to map risks and assess impacts.
- Build cross-departmental buy-in and train staff on effective stakeholder engagement.
- Engage with internal and external experts, government bodies, investors, civil society and others to align expectations and share progress.



GOOD
PRACTICE

Utilise various tools and resources to improve engagement

Lessons drawn from company practice:

- Establish stakeholder advisory panels to provide regular feedback on the potential or actual impact of the company's activities.
- Join industry or multistakeholder initiatives to help address complex challenges but do not over-rely on these as proxies to engagement with affected groups.
- Leverage digital tools and other relevant resources to facilitate engagement effectively. An example is worker voice tools.



GOOD
PRACTICE

Monitor, evaluate, and adapt the engagement plan

Lessons drawn from company practice:

- Monitor and evaluate the effectiveness of your stakeholder engagement efforts.
- Adapt practices as human rights risks, operational contexts and feedback evolve.
- Regularly benchmark practices against global standards to ensure alignment and improvement.



GOOD
PRACTICE

Anticipate and prepare for challenges

Lessons drawn from company practice:

- Prepare for difficult conversations and navigate power dynamics with sensitivity and creativity.
- Trust in positive outcomes while remaining flexible and pragmatic in the engagement.



GOOD
PRACTICE

Prepare for meaningful stakeholder engagement in conflict-affected areas

Lessons drawn from company practice:

- Carry out engagement in a conflict-sensitive way to ensure the safety of stakeholders and inclusivity. While keeping safety paramount, ensure that engagement methods adapt to the context and do not contribute to harm.¹



GOOD
PRACTICE

When engagement fails, prepare to be self-critical and try again

Lessons drawn from company practice:

- Ask critical questions about the effectiveness of the company's engagement plan and allow acknowledgment of failure internally so that different approaches can be attempted.
- Engage with external experts on how to modify the approach and carry out lessons learned exercises to help build engagement capacity internally.

¹ GBI's guidance briefing on heightened human rights due diligence will cover this in more detail.



Tackling recruitment fees and debt bondage through meaningful stakeholder engagement.

A multinational company operating in a labour-intensive industry identified a potential risk associated with recruitment fees charged to its workers. Recruitment fees can result in workers arriving at their job sites in serious debt, potentially leading to debt bondage — a form of modern slavery. The company was concerned about the vulnerability of its workers and their health and safety. Understanding the gravity of this issue, the company sought to investigate whether its workers had been subjected to such fees and, if so, to address the problem effectively.

Initial approach

The company initially conducted an internal survey and held discussions with workers to gather insights. These efforts aimed to identify whether workers had paid fees to secure their jobs. To the company's surprise, almost all respondents — approximately 99% — reported that they had not paid any fees. While this result could have been taken as an assurance of compliance, the human rights practitioners in the company recognised an issue with the approach. Rather than accepting the results, they questioned the accuracy of their methodology and the plausibility of the findings.

Recognising limitations

The company acknowledged potential flaws in its approach. The survey and discussions, conducted internally, may not have created an environment conducive to honest and open responses. Workers might have been reluctant to admit to paying fees due to fear of repercussions or mistrust in the confidentiality of the process. The human rights practitioners realised that without addressing these barriers, their efforts to uncover the true picture were unlikely to succeed and they were not getting accurate data from their engagement efforts.

Collaborative redesign

To enhance the trust, credibility and effectiveness of its inquiry, the company partnered with a reputable foundation specialising in labour rights and human rights issues. Together, they devised a new methodology for engaging with the workers. This approach incorporated several key improvements:

- **Third-party facilitation:** The involvement of an independent organisation helped to build trust among workers, including through reduced fears of reprisal or bias.
- **Contextualised engagement:** Questions were rephrased and presented in ways that were culturally and linguistically appropriate, ensuring better understanding and more open responses.
- **Alternative data collection methods:** The process included one-on-one interviews and anonymous feedback channels to provide workers with safer opportunities to share their experiences.

Revealing a clearer risk picture

The revamped methodology yielded dramatically different results. A significant number of workers admitted to having paid recruitment fees, often amounting to substantial debts that placed them at risk of debt bondage. This underscored the importance of using tailored, trust-building methods to uncover sensitive information.

Moving beyond compliance

The company's commitment to uncovering a clearer picture of impacts through its engagement efforts exemplified a shift from a compliance-driven mindset to a more proactive, rights-based approach. Instead of using the initial survey results to claim compliance with ethical labour standards, the company prioritised deepening its understanding to enable it to address the issue effectively in the interests of both the human rights of workers and the company.

Impact and lessons learned

Armed with accurate information, the company was able to take targeted actions to address the issue of recruitment fees. These actions included:

- Collaborating with recruitment agencies to eliminate fee-charging practices.
- Establishing grievance mechanisms to empower workers to report unethical recruitment practices.
- Strengthening due diligence processes to prevent recurrence of such issues in future.
- In some cases, moving to direct recruitment of workers without agencies.

The case highlights several critical lessons for businesses:

- 1. Humility and self-critique:** Companies must be willing to question their assumptions and methodologies, particularly when results seem overly optimistic.
- 2. Collaboration with experts:** Partnering with third-party organisations and experts can enhance the credibility and effectiveness of stakeholder engagement efforts.
- 3. Cultural sensitivity and trust:** Adopting methods that build trust and consider the cultural context of stakeholders is essential for obtaining honest and meaningful feedback.
- 4. Beyond compliance:** Respect for human rights requires going beyond compliance and focusing on uncovering and addressing underlying issues.

Key considerations for policymakers

To ensure the effective implementation of mandatory human rights due diligence legislation, policymakers should embed meaningful stakeholder engagement as a legally required, continuous process, ensuring that rightsholders and affected communities actively shape corporate due diligence efforts.

Strengthening access to remedy through stakeholder-inclusive grievance mechanisms is essential, alongside incentivising best practices and penalising non-compliance to drive meaningful corporate accountability.

Additionally, capacity building for both businesses and rightsholders is necessary to enable informed participation and ensure engagement is effective. Policymakers should provide clear guidance, monitoring and enforcement mechanisms to support companies in meeting due diligence obligations.

To uphold quality and accountability in stakeholder engagement, companies should implement indicators of effectiveness, such as regular and two-way communication, active grievance uptake, and transparent decision-making. It is critical to avoid tick-box approaches and instead foster trust based relationships, addressing power imbalances that may hinder meaningful participation.

Further resources

Engaging effectively with key people and organisations: GBI's business practice portal

This evolving resource created by business for business is based on practice-based insights on a range of areas of business practice. It has a section on stakeholder engagement with company examples, audio and video resources and an overview of key expectations and insights on effective engagement. Access the GBI Business Practice Portal at gbihr.org/business-practice-portal.

Why meaningful engagement with stakeholders is key to managing legal risk: GBI podcast with Andrea Shemberg,



In this podcast, Andrea emphasises the importance of listening to affected people and understanding their experiences, in alignment with the UNGPs. She provides examples of effective and ineffective stakeholder engagement practices, stressing the need for both humility and collaboration. Andrea also discusses the challenges companies face in integrating stakeholder engagement into their operations, especially in a rapidly changing legal landscape, and the importance of internal stakeholder engagement and continuous learning. Access the podcast via the GBI Conversations Podcast series on our website gbihr.org, on SoundCloud or Apple Podcast.

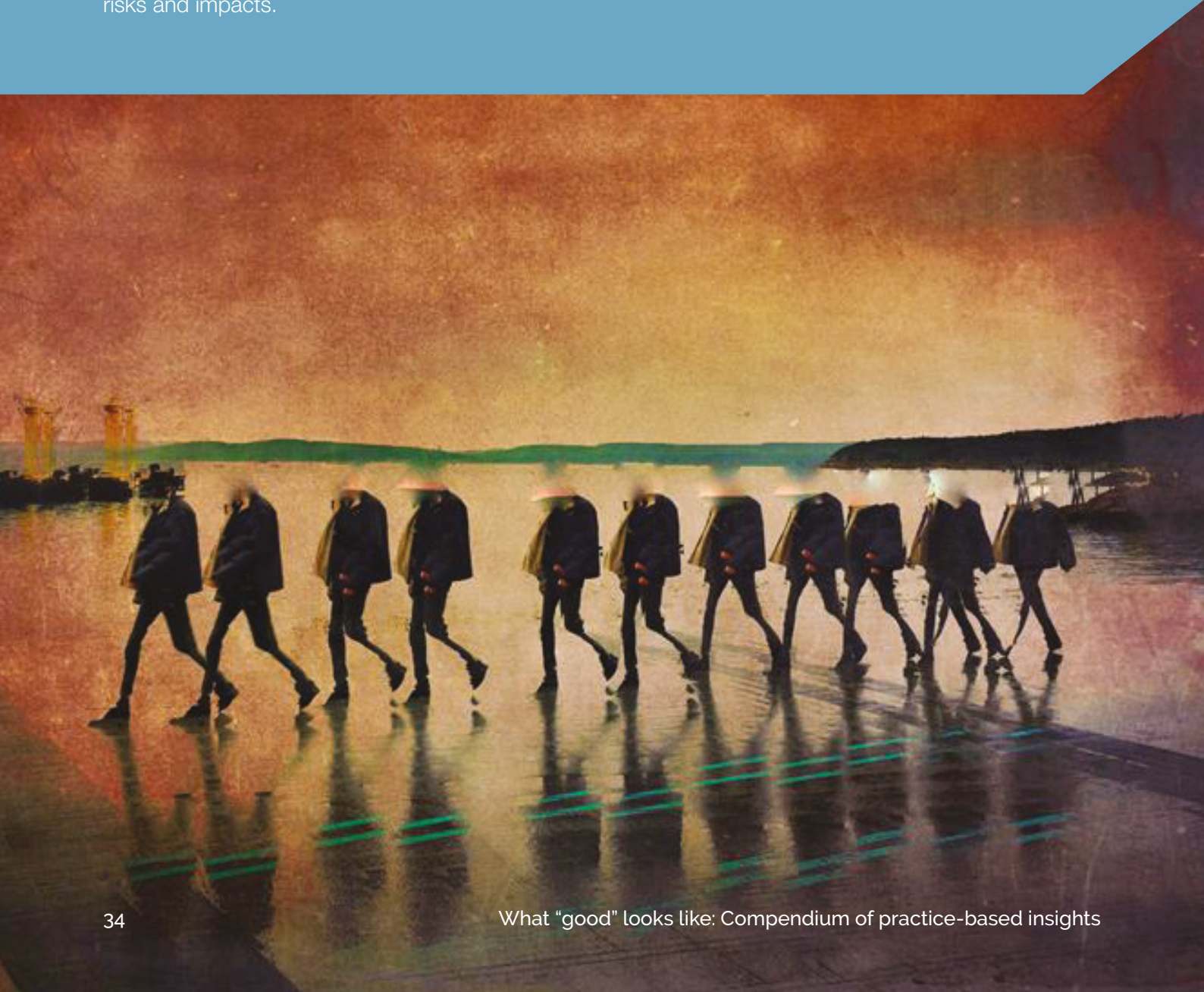
4. Engaging suppliers

"When companies treat suppliers as partners, it can lead to stronger human rights outcomes for workers and ensure more resilient and long-term supply chains."

Anita Ramasastry, GBI Senior Advisor

As large, multinational companies grapple with the practical realities of human rights and environmental due diligence (HREDD), the most severe risks to people often sit deep within their value chains, and well beyond tier one of the supply chain. Addressing supply side risks requires building trusted relationships – viewing suppliers as partners.

This guidance briefing examines why engaging suppliers is essential to effective HREDD, some of the barriers companies face, and tools and approaches that have helped businesses make progress. Drawing on company practice, we also offer insights to help policymakers design smart, enabling regulation and equipping companies to move beyond box-ticking supply chain approaches towards more genuinely responsible conduct. In line with the United Nations Guiding Principle on Business and Human Rights (UNGPs), companies should identify and address risks and impacts across their value chain. More information on this can be found in GBI's guidance briefing on Identifying and addressing human rights risks and impacts.



Why engaging suppliers is essential

As companies seek to implement human rights and environmental due diligence (HREDD), their engagement with suppliers is essential to identifying, mitigating or addressing potential or actual adverse impacts in their supply chain. This is because for many companies, their most salient human rights risks relate to workers in their supply chains, often beyond tier one.

However, engaging with suppliers can be a challenging part of HREDD. For many companies, the scale and scope of engaging with their suppliers is immense. Often suppliers are small- and medium-sized enterprises (SMEs), meaning they might have more limited capacity to implement HREDD. Additionally, some suppliers might be reluctant to engage with their customers on human rights due to the perceived or actual financial costs of ensuring rigorous risk evaluations.

Differing legal frameworks can also cause suppliers to resist focusing on certain issues, as there may not be a legal requirement to do so. There may also be a difference in norms on engaging on human rights issues. Suppliers may also feel the burden of different customers having varying expectations on human rights, including different reporting requirements.

Despite these challenges, when it is done well, engaging with suppliers can lead to suppliers becoming partners in identifying and addressing adverse impacts to people and being multipliers for company human rights commitments. Engaging suppliers is key to effective human rights risk management but can also help to build resilience in company supply chains. Developing strong partnerships with suppliers can help companies to maintain a competitive advantage, access sustainable finance opportunities, and improve consumer trust.

Engagement with suppliers should begin as early as possible in the relationship and should continue, even as adverse impacts are identified and remediated. If issues are identified, companies should be prepared to use their leverage to influence the supplier to respond to adverse impacts.

There may be some situations where a company may need to terminate a relationship with a supplier, if a supplier refuses to mitigate or address an adverse human rights impact or if the same adverse impact continues to occur. Companies should always anticipate and consider the human rights impacts to the supplier and its community of terminating a relationship, in line with the UNGPs.

What does engaging suppliers look like in practice?

1. Clarify human rights expectations early on

Analysing the potential human rights risks associated with a particular supply chain before entering the supply chain can help companies to prepare for their engagement with suppliers. Companies should analyse their purchasing practices and attempt to identify potential human rights risks that might arise due to their own policies and practices. For example, pricing that could lead to low wages for workers or short lead times that translate into excessive overtime.

By aligning expectations in the pre-bid and tender processes, companies can start to build a commitment to human rights into their relationships with suppliers from the beginning of the relationship. Some companies choose to assess suppliers' human rights and ethical practices whenever new suppliers are being considered. Companies may wish to use pre-bid questionnaires to ask suppliers about their approach to identifying and addressing human rights risks and impacts, and to outline the company's own commitments and expectations. Companies can augment this initial information with the approaches below.

2. Align on human rights through contracting

Contracting can be a powerful tool for advancing HREDD as contracts can help companies and suppliers mutually agree on their human rights obligations. However, contracting is not without its challenges. Power imbalances in negotiations can lead to one-sided clauses incompatible with human rights outcomes and commitments. Companies should seek to be clear about human rights expectations and allocating responsibilities in contract terms.

Involving human rights teams in contract negotiations is critical to ensuring that human rights expectations are embedded meaningfully and realistically into supplier relationships. Human rights practitioners can bring the necessary expertise to identify potential human rights risks and priority issues before negotiations begin, enabling companies to focus on what matters most. Ensuring that contract requirements consider the broader context and are pragmatic can help to make human rights demands more reasonable for parties. Companies should seek to be clear about allocating responsibilities in contract terms.

Companies may also translate their codes of conduct on human rights into contractual terms with suppliers. This can help to foster alignment but must also be accompanied by measures to ensure suppliers understand and are implementing the code of conduct. Frequently asked questions or illustrations of what the terms mean can be very helpful. Contract terms should clearly allocate responsibilities and be paired with efforts to support suppliers in addressing human rights risks, rather than shifting the full burden onto them.

3. Build capacity and raise awareness of human rights issues with suppliers

Capacity building and awareness raising for suppliers can involve many different forms and approaches. Some companies directly train suppliers to have more impact, being able to build capacity with the riskiest or work to further the capacity of the most advanced. While online trainings are less expensive and can be done to scale, in-person, on-site trainings can enable more engagement with suppliers and their workers.

Some companies develop train-the-trainer programmes to train suppliers further upstream. Mature suppliers can help to expand the reach of training and tools up the supply chain. Suppliers may also need additional capacity building that may come with costs to the supplier. Some companies have financially supported certain costs for suppliers to identify and address human rights and environmental risks in their supply chain.

4. Look beyond audits and engage suppliers to identify risks

While many companies use audits to identify human rights risks, audits have limitations in their ability to detect the full extent of human rights risks. Audits can sometimes encourage a selective and “Band-Aid” approach to addressing issues, which spots only some superficial issues rather than offering intelligence about the extent of problems and their root causes. This hinders a clearer analysis of impacts and the development of strategies to address issues over the long term.

Rather than relying completely on audits, companies should seek to engage suppliers by effectively communicating human rights standards and best practices, building trust and shared ownership over challenges, acknowledging and rewarding good practice, and approaching the relationship as a partnership.

Scale is a challenge for engagement beyond audits – particularly for companies with thousands of first-tier suppliers – so some companies choose to focus further on the highest risk and critical suppliers. Encouraging suppliers to be transparent about their challenges and to seek advice, can help a company and supplier build open partnerships. Some companies also engage collectively with other companies in their sector to identify and address human rights risks with common suppliers. Collective action can help to address issues with scale, as well as varying expectations for suppliers

5. Consider a range of tools to engage workers in the value chain

A range of ancillary support tools can also be used to connect to workers in the value chain, including in-person discussions with workers and employee surveys. Many companies are piloting or implementing worker voice technologies to supplement their audits. Worker voice tools should be designed with workers in mind and if possible, with their feedback, to ensure they are fit for purpose. Trust building and empowering workers to bring forward complaints is an important part of any worker voice exercise.

Empowering workers to report issues can prevent harm, lead to mitigation, and identify grievances which, if left unresolved, may also develop into major risks over time. Ensuring anonymity and non-retaliation for workers is also essential.

Suppliers may need support to build their grievance mechanisms and ensure that they are fit for purpose. Some companies may wish to extend their own or a third-party grievance channel as workers may feel more comfortable accessing an outside grievance mechanism. However, companies should consider the impact to workers and communities if there are multiple channels for all the suppliers’ customers. This may create confusion for workers and communities about the correct channels to use. Industry initiatives for grievance mechanisms may help companies avoid multiple grievance channels. Trade unions and worker representatives can also facilitate channels for workers to communicate grievances.

6. Use leverage with suppliers to mitigate or prevent harms

Whenever possible companies should seek to engage the supplier to mitigate or prevent harms and use leverage to change their practices. Some companies have found that acknowledging good performance can help incentivise other companies to improve their human rights performance. For example, in response to identified risks, companies will require Corrective Action Plans and put suppliers on Improvement Plans to be completed in an agreed period of time. These should be designed in partnership with the supplier and should serve to alleviate the abuse or improve access to remedy from the supplier. Sometimes when companies are unable to terminate a supplier relationship for business reasons, they should continue to engage with their supplier on human rights and seek to build leverage over time. If a company lacks leverage and is unable to increase it over time, the company should consider terminating the relationship.

7. Support suppliers in remedying impacts

Where there is a contribution to an adverse impact, companies have a clear responsibility to remediate. As actual adverse impacts are identified, companies should be prepared to use their leverage with suppliers to ensure that remedy is provided.

Companies may also support suppliers in remedying adverse impacts by assisting with financial remediation or helping to build supplier capacity to do so. Direct engagement in remediation may seem counterproductive in terms of building suppliers' capacity, but sometimes there are circumstances where direct engagement may be appropriate. Some companies have found that solutions mediated by the company can present a good and relatively simple way to build trust between suppliers and their workers.

Good practice for engaging suppliers



The following good practices and accompanying examples of company action are based on insights from GBI's multi-year work with companies. The lessons drawn indicate how companies have been working towards good practice. Some of these lessons may be more relevant than others depending on the corporate context.



GOOD
PRACTICE

Clarify expectations on human rights early in the relationship with suppliers

Lessons drawn from practice:

- Some companies develop their own Human Rights Guide or Human Rights FAQs to help explain what human rights means for the company. This can help companies to clarify expectations with suppliers.
- Companies can incorporate questions about suppliers' policies and practices regarding human rights in their pre-bid questionnaires to vet suppliers early.
- The human rights function should raise awareness with procurement colleagues about potential red flags to look for with suppliers in the bidding stage. While raising awareness with procurement colleagues is important, companies should also seek to promote cross-functional collaboration between procurement, legal, compliance, human resources, and sustainability to strengthen supplier engagement and HREDD implementation.



GOOD
PRACTICE

Use contracts to embed human rights into the relationship

Lessons drawn from practice:

- Many larger companies include human rights issues in their Supplier Code of Conduct which can be included as a contractual obligation. Companies should ensure that Supplier Codes of Conduct are understood by suppliers, which can include Human Rights FAQs or capacity building exercises.
- Some companies use risk-based approaches to analyse contract terms, factoring in the partner company's value, relationship type, exposure, and prioritising human rights issues. For example, depending on these factors, they may recognise that smaller contracts can pose higher risks.
- When a supplier's policies are not aligned with the UNGPs, companies can engage to help build the necessary supplier capacity. For example, a company may provide regular support and capacity building to a supplier to enable it to establish HREDD processes related to forced labour. This support may also include a maturity assessment tool to track supplier progress and encourage the development of systems aligned with the UNGPs, rather than focusing solely on contract compliance.

- Risk mitigation clauses can be used with key suppliers to help ensure transparency and accountability, such as the right to conduct audits, inspect records, and the right to engage with workers.
- Some companies may choose to develop formal MoUs with suppliers to help balance power dynamics by outlining mutual commitments and setting realistic expectations for supplier compliance, with the aim of avoiding unenforceable clauses. The MOUs are put in place separately from the contract and create a collaborative framework for ongoing collaboration on human rights issues, enabling dialogue, more effective risk assessment, and the sharing of best practices.



GOOD PRACTICE

Develop capacity building and awareness raising tools for suppliers

Lessons drawn from practice:

- Online tools and resources can be an initial first step to train suppliers at scale. Some companies offer suppliers a suite of online tools and resources to help suppliers align with the UNGPs and key legal requirements. Basing these on key risks and real-life examples can help participants to understand what they need to do in practice. For example, one company has developed toolkits for suppliers that focused on in-depth issues that were identified as part of its due diligence, such as traceability, grievance mechanisms and reporting. To accompany these toolkits, the business offered in-person workshops for suppliers.
- Some companies organise “supplier forums” for CEOs to help raise awareness about respecting human rights, but also to reward suppliers which have demonstrated good performance. Positive recognition can help to incentivise suppliers to further implement respect for human rights in their operations.
- Where a company’s leverage with suppliers and other business partners is low, some companies find that collaborating at an industry level can increase influence, communicate common expectations to suppliers, and enable the costs of delivering training to be shared.



GOOD PRACTICE

Supplement audits with additional engagement with suppliers and workers

Lessons drawn from practice:

- Some companies supplement audits by holding confidential follow-up conversations with workers. For example, a company practitioner shared “contact cards” with workers during audits, so that workers could follow up with them directly if they had concerns that they were not comfortable raising during the audit. Interviewing workers directly and without the presence of their managers can help companies to understand the situation on the ground. This can also help to overcome trust barriers for future surveys or use of worker voice tools.
- If audit reports identify little or no issues, consider adding additional approaches -surveys, worker voice tools or worker interviews to supplement the information. Also consider the way an audit is being or has been conducted; are they designed in a way that may lead auditors to miss issues?

- One company set up an advisory council to help independently assess a significant supplier's practices, including human rights in the community where the supplier was operating. Because direct stakeholder engagement was difficult in the community, the advisory council was meant to address the company's inability to engage with stakeholders to understand the supplier's potential impacts. The council was composed of experts with knowledge of the context. An ombudsman who was acceptable to rightsholders, served as an observer, enabling the concerns of stakeholders to be brought to the council's attention. The council was tasked with advising on the supplier's human rights practices and to build trust with rightsholders so that the council could become a viable avenue for stakeholder input into the due diligence process.



**GOOD
PRACTICE**

Recognise that worker voice tools are not a panacea

Lessons drawn from practice:

- Some companies pilot worker voice tools to ensure that the technology being used, the questions asked, and the types of responses they receive are effective in terms of identifying human rights risks. These tools need to be designed with the users in mind, and consider the ease of use, language and confidentiality, among other factors.
- When worker voice tools include surveys, companies should ensure that the questions can be easily understood by workers and elicit information that can be confidently interpreted by the company.
- The usefulness of worker voice tools depends on workers' trust. Building trust with suppliers is also important to implementing these tools effectively. Worker trust can be undermined if there is confusion about which mechanism (worker voice tool, supplier hotline, company hotline etc.) workers should use and if using such channels does not lead to concrete responses or measures.
- Companies should seek to develop relationships with civil society organisations (CSOs), human rights defenders (HRDs) and trade unions to identify, prevent, and mitigate or address risks with workers, and take similar steps in communities where the suppliers are located.



GOOD
PRACTICE

Reward progress and terminate relationships only as a last resort

Lessons drawn from practice:

- One company's strategy for mitigation of forced labour risks relies on engagement with suppliers and involves a 'menu of choices' which allow it to offer targeted measures of support depending on the supplier's level of knowledge and experience. Measures include various forms of training, site visits and funded consultancy support. These steps stem from a recognition that capacity building is necessary to address the risk of forced labour. The company has worked with peer companies which source from the same suppliers to deliver joint workshops.
- In seeking to overcome a reliance on 'check box' exercises, another company has focused on positive reinforcement. This process encompasses a supplier award programme which recognises good practices developed by suppliers to remediate forced labour.
- Another company works with suppliers on their improvement plans. It encourages suppliers to visit the company's own factories to see how it implements its human rights policy.



GOOD
PRACTICE

Collaborate to ensure the effective delivery of remedy

Lessons drawn from practice:

- In addition to directly engaging on remedy with suppliers, some companies also build the capacity of suppliers to be able to improve their approaches to remediation. For some companies, this includes financially supporting the repayment of wages or recruitment fees. Some companies also help to build capacity with suppliers afterwards to prevent repetition of the harm.
- One company was contacted by workers in its supply chain about issues they had with recruitment agencies threatening the workers and their families about the repayment of fees. The company exercised its leverage with the supplier to ensure it refunded the recruitment fees to the workers. The company also recognised that non-financial forms of remedy might be important and encouraged the supplier to move the workers to safer housing, and also work with a non-governmental organisation to ensure their wellbeing.



GOOD
PRACTICE

Engage with multi-stakeholder initiatives to address the root causes of human rights issues

Lessons drawn from practice:

- Engaging with multi-stakeholder initiatives has also helped companies and their suppliers to try to respond to the root causes of human rights issues as part of their remediation. For example, the International Cocoa Initiative brings together businesses and civil society to address human rights issues in the cocoa sector.

Key considerations for policymakers

Mandatory human rights and environmental due diligence (mHREDD) legislation will impact suppliers across jurisdictions. To prevent concerns that legislation will create undue burdens on suppliers, policymakers should seek to design legislation that encourages and facilitates company engagement with suppliers rather than creating additional burdens. Policymakers should consider the following:

Encourage engagement with suppliers

Legislation should seek to encourage companies to partner with their suppliers to build capacity rather than encourage disengagement. Engagement with suppliers should be encouraged at all stages of the relationship, from the early stages of procurement discussions through to if an adverse impact is identified. Legislation should also encourage companies to engage and support their suppliers in mitigating or remedying potential or actual adverse human rights impacts, rather than terminating the relationship.

Recognise the role of leverage

The UNGPs expect companies to use their leverage with suppliers when potential or actual adverse impacts are identified. Legislation should recognise the role of leverage and encourage companies to use it to engage with suppliers to mitigate or address adverse impacts. Companies should be encouraged to use their leverage or build leverage over time to address human rights risks, rather than terminating the relationship.

Avoid facilitating tick-box exercises with suppliers

Where possible, legislation should avoid promoting HREDD to be conducted solely through social audits in order to prevent the process from becoming compliance-based, tick-box exercise. Instead, HREDD should consist of a range of processes, informed by meaningful stakeholder engagement, including with suppliers. Legislation that allows for companies to be flexible in their engagement with suppliers, while maintaining guardrails, will help to ensure that legislation is meaningful.

Promote and enable capacity building

Legislation should seek to encourage companies to partner with their suppliers to build capacity rather than cascading their human rights responsibilities on to suppliers. Encouraging capacity-building and awareness-raising initiatives for suppliers, potentially at industry levels, would be useful for facilitating stronger engagement with suppliers on human rights. Regulators can also support legislation by developing guidance for companies on engaging with suppliers on implementing HREDD.

Further resources

Access a summary of GBI's workshops on engaging suppliers in human rights due diligence, and our webinar on going beyond audits value chain due diligence in India on the regional pages of the GBI Business Practice Portal. You'll also find a section on addressing modern slavery. Visit gbihr.org/business-practice-portal.

5. Grievance mechanisms and remedy

“Effective operational grievance mechanisms remain vital for companies to meet their responsibilities to respect human rights. In an era of human rights legislation covering company operations and value chains, in which regulators and courts may be vested with increased powers, effective operational grievance mechanisms take on added importance since they often enable companies to address matters before they are raised with enforcement agencies or judicial authorities.”

Jon Drimmer, GBI Senior Advisor



Why grievance mechanisms and remedy are essential

Grievance mechanisms have procedural and substantive components and are critical to ensuring the right to remedy. They serve three key essential functions:

1. Offering affected stakeholders a direct avenue to seek remedy with the company.
2. Fostering meaningful and ongoing engagement with rightsholders.
3. Serving as an early warning system by providing a structured, accessible channel through which stakeholders can raise concerns as soon as they arise.

Grievance mechanisms can help companies build trust and maintain the social license to operate and conduct more effective human rights and environmental due diligence (HREDD). As early warning systems, grievance mechanisms not only protect the rights and interests of affected people but also help the company reduce risks, avoid costly disruptions and strengthen its overall HREDD.

In order for grievance mechanisms to be effective, companies should seek to foster a culture of openness, while recognising and counteracting the power asymmetries in who can raise concerns. The establishment of an effective mechanism often means that a rising numbers of issues will be flagged. Internally, colleagues, including senior leadership, should view this as a sign of trust in the process and its effectiveness.

Companies generally have formal means of receiving concerns and questions from stakeholders. But while companies can put in place robust processes and procedures to identify and respond to human rights risks, things can still go wrong, and individuals and communities can still be impacted. When things do go wrong, or people feel they have gone or will go wrong, companies must be able to respond effectively. Companies must have processes for addressing and, in many cases, remedying impacts when they occur. This is an essential part of their HREDD.

Under the UNGPs, companies have a responsibility to remediate, or cooperate in remediating, adverse impacts that the company caused or contributed to. Remediation can take many forms as it is about restoring the person or community to where they would have been before the harm. Companies should always take into account that remedy includes financial compensation, but also other forms, such as apologies, rehabilitation, restitution or non-financial compensation and guarantees of non-repetition.

It is essential that rightsholders are effectively engaged in the remedy process from the beginning to the end. Effective remedy can help companies to restore trust in the community where they operate and builds further the resilience in their supply chains.

For many people, how a company deals with grievances goes to the heart of respect for human rights. Improving access to remedy makes human rights real, in a very tangible way.

What grievance mechanisms and remedy should look like

1. Maintain multiple channels for grievances

Most effective mechanisms use multi-channel approaches tailored to context, audience and operational footprints to improve accessibility, inclusivity and responsiveness. They are also user-focused, embedded in a culture of learning and transparency, and aim to resolve issues, help prevent recurrence and build trust.

Combining passive systems, such as hotlines, with active ones, such as community dialogues, can cover a wider range of grievances. For example, sometimes community dialogues can encourage disclosures by directly engaging stakeholders and lowering barriers to speaking up. Other examples can include whistleblower hotlines, worker voice tools (though these should be co-created with workers), complaint boxes, community or worker dialogues, and engagement in industry or multistakeholder initiatives.

In addition to operational-level grievance mechanisms, companies should also be willing to participate in other forms of grievance mechanisms such as Ombudsbody mediation processes or National Contact Point Specific Instance processes. Constructive participation in these processes demonstrates a company's willingness to engage and remediate harms to people.

2. Design grievance mechanisms that are fit for purpose

A grievance mechanism should do more than just log complaints against the company. It should be user-centric to support stakeholder engagement, inform due diligence, and drive continuous learning and improvement. The UNGPs outline criteria to gauge the effectiveness of a company's grievance mechanism. It should be:

- Legitimate
- Accessible
- Predictable
- Equitable
- Transparent
- Rights-compatible
- A source of continuous learning
- Based on engagement and dialogue

Each one of the eight UNGP effectiveness criteria serves a distinct purpose: *asking why each exists* helps when assessing a mechanism's effectiveness to determine whether a grievance mechanism is fit for purpose. For example, companies should consider cost-free mechanisms, literacy capabilities, disability access, gender, child and vulnerability considerations.

Strengthening a grievance mechanism can result in more grievances being raised, which is a good sign. When a mechanism is not being used, grievances can still exist. If there are no grievances being received, this often indicates that people do not know about or trust the mechanism. Even if people are using the mechanism, companies should not assume that all intended users know about it or trust it. Lower levels of complaints can also occur where multiple channels are available, and people are confused about which to use. An example: a supplier with multiple different customer grievance mechanisms.

Companies should seek to continuously socialise their grievance mechanisms with intended users. To manage expectations internally, it can be a good idea to prepare colleagues (and senior leaders) for the likelihood that grievances will increase if efforts to strengthen the mechanism are successful. Finding ways to improve trust and knowledge in a mechanism can be challenging. Distrust may result from fear

of retribution. To build trust with users, companies should engage meaningfully with stakeholders in the development of grievance mechanisms.

In developing a grievance mechanism in conflict or high-risk situations, companies should seek to understand the conflict context. Grievance mechanisms should cover anonymity, emergency referrals and rapid protection measures.

3. Support grievance channels with internal processes

Effective grievances channels incorporate clear governance, coordinated departmental input, stakeholder involvement in design and review, transparent communication with complainants, integration with broader HREDD, and monitoring trends for systemic improvements. Board oversight, clear appeal routes and time-bound indicators are essential for supporting grievance mechanisms. Benchmarking good practice, including response times, assessments and resolutions, can help companies to implement more effective systems.

Business partners at different points of the value chain can be involved in a grievance or human rights harm. Where this is the case, it can be helpful for companies across the value chain to coordinate in identifying and addressing human rights risks when they emerge. This approach may be useful where, for example, harms originate deep in a company's supply chain or emerge from customers' use of products. It can also be useful when different parts of a value chain take on responsibility for a site or operation at different points in time.

In practice, HREDD legislative requirements stipulating that companies maintain grievance mechanisms covering their operations and value chains might lead companies to develop different mechanisms. Companies may have different considerations, processes or approaches for their own operations or their value chains. For example, a company may place much greater importance on stakeholder engagement, license to operate and early warning signs for its own operations. Grievance mechanisms in the value chain would primarily serve to identify a harm, such that the company should consider how it is remediated.

4. Consider the outcomes of remedy

When engaging with remedy, it is important to think first about the outcome the company will work to achieve. This includes thinking about how best to restore the affected people to the situation they were in before the impact occurred, as well as their immediate needs, any sensitivities or vulnerabilities they may have and whether the obvious outcomes are necessarily the best. Engaging rightsholders to understand what they need in terms of remediation is critical.

For many companies, remedying harm is often equated with financial compensation. However, companies should also consider options for non-financial remediation. For example, in a situation of modern slavery, workers may receive financial compensation, but that may not constitute sufficient, appropriate remedy. Workers may no longer wish to continue their employment but may face a precarious situation in terms of finding alternative work, so companies should also support workers to find alternative employment.

The role of the State is also an important consideration in efforts to resolve grievances and provide remedy. States have an international legal duty to provide access to remedy, but in some situations, engaging with government agencies may exacerbate the vulnerabilities of affected workers. For example, where workers have been trafficked, State engagement may expose them to immigration processes that compound the harm they have suffered.

Companies must also consider how they address grievances that could raise potential domestic crimes; while providing claimants with confidentiality helps protect trust in mechanisms, a failure to report may lead perpetrators to harm others, and state authorities may wish to pursue avenues to uphold the law and expect that companies will support that mission.

Considering mental health can aid a company in better understanding the impact of harms and how to remedy them effectively without causing further harm. In addition to remedying any mental harm caused by an impact, the company should consider how engaging with the remedial process itself may cause further harm. In line with the UNGPs and international standards, companies must prevent potential mental harm that can be caused in the process of seeking and obtaining remedy. For example, the affected party may be at risk of re-traumatisation, stigma, prolonged stress and anxiety, or being kept in an unnaturally extended victim role through elongated remedial processes in the course of seeking remedy.

5. Use leverage to facilitate remedy

When harms occur deeper in the value chain, or as part of a project involving multiple business partners, special considerations may arise. For instance, in facilitating the remediation of impacts at a supplier, companies may wish to alert and work with peers that source from that same supplier, instead of pursuing approaches alone. The company may not have as much leverage operating alone. It also may push for certain kinds of remediation that fail to fully address the concerns of other customers.

Industry collaboration can help companies to scale outreach and align expectations. For example, a company was involved in sponsoring a mega-sporting event, which involved many different companies and governments. In order to support access to remedy for migrant workers, the company's approach relied on engaging with the sport's governing body, the host State, and in multistakeholder fora. Active engagement in discussions and insight sharing were the key elements utilised in the company's leverage strategy, which, over the lifetime of preparing for the event sought to address the conditions of migrant workers and develop and strengthen worker welfare programmes and grievance mechanisms. In these circumstances, companies, particularly sponsors, can use their leverage with the governing body and host country. In some instances, this results in reforms to the labour legislation and the establishment of grievance mechanisms.

Often when harms occur deeper in the value chain, they can involve suppliers who offer goods or services to multiple companies. This raises questions about what mechanisms should exist so that all companies are notified. It also raises questions about which companies should participate in remediation. Industry initiatives can be helpful to companies with a shared supplier and to help determine which companies should participate in remediation.

Good practice for grievance mechanisms and remedy



The following good practices and accompanying examples of company action are based on insights from GBI's multi-year work with companies. The lessons drawn indicate how companies have been working towards good practice. Some of these lessons may be more relevant than others depending on the corporate context.



GOOD
PRACTICE

Consider testing a variety of different mechanisms

Lessons drawn from practice:

- In some situations, new grievance processes will be needed. Some companies find it helpful to start with a “pilot mechanism” to learn about what works and what does not. Once an effective approach has been developed, this pilot can be rolled out more widely across the company. There can be tensions between a desire to harmonise grievance processes across the company and the need for mechanisms to be context-specific (i.e. tailored to particular risks, cultural dynamics and institutions in different regions). When designing grievance mechanisms, contextual understanding and adaptability are important for their effectiveness.
- Some companies use a combination of hotlines or community-level processes or are experimenting with worker voice programmes. Designing mechanisms with the intended users in mind helps to ensure that they are fit for purpose.
- Some companies use social media to interact with rightsholders directly and identify grievances and potential adverse human rights impacts.
- Other companies collaborate across their industry to develop and implement grievance mechanisms at the industry level.



GOOD
PRACTICE

Assess effectiveness and be prepared to modify and adapt

Lessons drawn from practice:

- In complex value chains, ensuring rightsholders know about the grievance mechanism and can access it can be challenging. Companies are using various tools to communicate their grievance mechanism, including posters at project sites, sharing information about the mechanism with industry associations, and reminding workers during audits.
- Where it is unlikely or unreasonable to expect people to trust a hotline or process, engage with intermediaries, including civil society organisations (CSOs), human rights defenders (HRDs), and trade unions who can help close the gap.



GOOD
PRACTICE

Implement clear accountability lines and processes to respond to grievances

Lessons drawn from practice:

- Companies should prepare to deal with crisis situations; if something goes seriously wrong, a fast response will be needed.
- In terms of process, one company has had a third-party receive and analyse complaints in order to categorise them objectively. Grievances are then triaged to relevant departments based on subject matter. Each grievance is logged in a centralised database and classified by urgency and risk level. Higher-risk cases are prioritised and escalated to interdisciplinary response teams. These teams collaborate on inspections, corrective actions and community follow up.
- Another company integrated its grievance mechanism into its broader HREDD using multiple channels. Its grievance system was accessible to hundreds of suppliers. Following migrant worker reports of recruitment fees, passport confiscation and physical intimidation, the company was able to relocate the workers within eight hours, ensure their safety, open a channel with a non-governmental organisation (NGO), transfer contracts from labour agents to suppliers, and reimburse fees within 30 days. This case highlights the importance of being prepared to respond immediately where workers or communities are at risk.



GOOD
PRACTICE

Consider approaching remedy through multistakeholder engagement

Lessons drawn from practice:

- Multistakeholder initiatives on remedy can be effective in developing a shared understanding of problems, expectations of different actors, as well as a commitment from each stakeholder to address the problems. However, multistakeholder initiatives can contain imbalances of power and wealth between stakeholders. It is important that power imbalances are explicitly recognised and addressed early in the process.
- Multistakeholder remedial efforts should be designed to recognise changes to the challenges they are seeking to address by being adaptable and reviewed often. There should be clear mutual accountability for all parties to deliver their duties and responsibilities, particularly given unequal access to resources and the power to make decisions. Processes should be set up to deliver consultation and encourage reflection amongst stakeholders.



Lessons drawn from practice:

- In order to prevent repetition of forced labour in its supply chain, one company recognised that it needed to address the root causes of this complex issue. The company chose to engage in multistakeholder engagement, which led to the production of a list of credible labour agents and a standard definition of recruitment fees. This helped the company to mitigate risks and redress them when they arose.
- Following adverse impacts in the community where a mining company operated, the company restructured its risk management processes with a view to ensuring non-repetition. Risk and control owners within the operations are the first line of defence, and a technical specialist is the second line of defence headed by a senior executive. Other specialist areas, including Environment, Corporate Integrity, Social and Human Rights, act as second lines of defence for potential risks in these areas.



Lessons drawn from practice:

- Mental health impacts on communities are very important to consider, particularly if there is loss of life, harm to the environment, or where impacts to socio-economic life of the affected communities are significant. Adopting do-no-harm, trauma-informed investigation techniques can be crucial when dealing with potential mental health vulnerabilities following such incidents. One company, where this was the case, supported municipalities to strengthen mental health service provision. The company also offered culturally sensitive psychological, psychosocial, and psychiatric services to affected community members.
- In the event of significant human rights harm, companies should also be mindful of the mental health impacts on their own employees and offer mental health support.



Remedying cases of sexual harassment

A company experienced multiple complaints of sexual harassment at its project sites, which it sought to remediate. Following the complaints, the company put in place four key elements to approach remediation in a rights-respecting way:

1. Offering several different remediation avenues so that those impacted could choose their own path forward;
2. Upskilling leaders and building internal capacity on appropriate responses;
3. Integrating the programme into the company's risk management framework; and
4. Ongoing senior leadership messaging that if something happens, they want people to feel comfortable coming forward.

Additionally, the company's programme has encompassed a wide range of preventative and non-repetition measures, including, but not limited to:

- A zero-tolerance policy to sexual harassment;
- A strategy around gender balance across the organisation;
- Capacity building and training;
- Rules of conduct at project sites.

The company also banned the use of non-disclosure agreements (NDAs) and expected its business partners to adopt a similar approach. The company further undertook not to enforce existing NDAs. Significantly, while the company had not made extensive use of NDAs in this context in the past, there was an incorrect perception across the workforce that complainants could not speak about their experiences due to confidentiality. Building trust to enable those who have experienced sexual harassment to come forward is an area of continued focus for the company.

The company recognised that its approach to remedy is informed by people-centred principles, including individual choice and autonomy. The company is still learning how to sensitise the workforce to understand what behaviour is not acceptable in the workplace and to have a more comprehensive response to complaints across the company.

Key considerations for policymakers

Grievance mechanisms and remedy are essential for companies to identify risks, but also to address them once they are identified. Policymakers should seek to include grievance mechanisms and remedy in mandatory HREDD legislation, but should consider the following:

Consider the role of States:

Under the UNGPs, States must ensure that rightsholders have access to effective remedy when a harm has occurred. States should take appropriate steps to ensure that when abuses occur, rightsholders can access judicial, administrative, legislative or other appropriate avenues. Policymakers should encourage domestic judicial mechanisms that are effective in addressing business-related human rights related abuses.

Develop guidance materials for companies and States:

Guidance materials can help companies navigate their compliance with legislation. These materials can include guidance for companies on grievance mechanisms and delivering remedy in light of legislation. Guidance materials for States can help regulators and courts understand how to respond to business-related human rights abuses and help to create pathways for rightsholders to access remedy.

Align with international standards:

The effectiveness criteria for grievance mechanisms outlined in the UNGPs creates a clear set of principles that can help companies determine whether their grievance mechanisms are fit for purpose. Legislation should align with this effectiveness criteria so that companies are incentivised to develop more effective channels. Additionally, legislation should encourage companies to engage meaningfully with stakeholders in the development of grievance mechanisms and in their approaches to remedy.

Beware of forcing multiple customer grievance mechanisms on suppliers:

Because customers will be encouraged by legislation to maintain grievance mechanisms across their value chain, they may put pressure on suppliers to adopt their own grievance mechanism. This can create burdens for suppliers and workers, who may be confused about which mechanisms to access. Encouraging suppliers to develop their own grievance mechanism, while also creating pathways for workers to contact a particular customer directly, can be a more effective approach.

Consider the practical implications of grievance mechanisms for a company's operations and value chain:

Legislation mandating grievance mechanisms should take into account the very different considerations associated with company and value chain mechanisms. Policies should actively encourage companies to seek notifications from stakeholders associated with their operations as an early warning sign, to maintain their social license and as part of HREDD – along with understanding and enabling the remediation of negative human rights impacts. Policies should take into account that companies often lack the resources to receive and address all complaints related to entities in their value chains – such as operational management issues that do not raise human rights concerns. They also should consider that companies may need to work with peers and through collective action to address concerns associated with common customers or end-users.

Balance encouraging remedy, with pathways for liability:

Companies should be encouraged to engage with affected rightsholders to facilitate remedy. However, companies may be afraid to do so because of fears of legal liability. Legislation should strike a balance between encouraging and incentivising remedy, whilst also creating pathways for rightsholders to access legal avenues for liability. Legislation should also consider the tension between affording confidentiality and mandating that adverse human rights impacts are reported.

Further resources

Access further resources via the GBI Business Practice Portal gbihr.org/business-practice-portal. You can also find our podcast on hardening expectations regarding remedy at GBI Conversations at gbihr.org, SoundCloud or Apple Podcasts.

6. Heightened Human Rights Due Diligence

"Heightened due diligence is not an extra burden; it's a form of insurance. In volatile contexts, it protects both people and performance by helping companies see risks before they become crises."

Gerald Pachoud, GBI Senior Advisor



Why heightened human rights due diligence is essential

In an increasingly complex and unstable world, businesses are confronted by supply chains stretching across conflict zones, partnerships intersecting with abusive states or military interests, and markets shaped by sanctions, occupation and systemic discrimination. In such environments, business presence and activities are never neutral or without impact; the risk of being linked to, and even contributing to or causing, serious human rights abuses or even violations of International Humanitarian Law (IHL) rises sharply.

The UN Guiding Principles on Business and Human Rights (UNGPs) recognise this challenge and call for a strengthened form of due diligence in high-risk or conflict-affected contexts – Heightened Human Rights Due Diligence (HHRDD). This is not about carrying out a different due diligence process, but about looking at the company's potential impacts on people as well as the company's potential impacts on the conflict itself. This requires a deeper contextual analysis, more robust engagement, and a readiness to make difficult decisions when responsible business conduct cannot be ensured.

The business case for heightened due diligence should be absolutely clear: Legal risks are mounting as national and international authorities scrutinise corporate involvement in human rights violations and conflict-related activities. Reputational risks are intensifying as investors, regulators and civil society expect credible, transparent processes that demonstrate an awareness of heightened risks. Operationally, companies that fail to anticipate and manage such contexts face disruptions, from forced shutdowns and partner withdrawals to the loss of community trust.

When is heightened human rights due diligence required

The need for HHRDD will be triggered in situations of armed conflict, including military occupation, mass atrocities or widespread non-state armed violence. While definitions for various types of armed conflict exist, it is in a company's interest to exercise heightened human rights due diligence wherever there are indicators of conflict that heighten the risk.¹ Formal labels matter less than signals of risk: whenever credible indicators of conflict emerge, companies should err on the side of caution and apply heightened human rights due diligence, including in immediate post-conflict situations.

Recognising when to move from standard to HHRDD is often less about formal thresholds than about reading the signs. Few companies will ever receive a clear signal that a situation has crossed into "conflict-affected". Instead, responsible businesses should develop a structured logic for escalation, a way to decide, as conditions deteriorate or uncertainty grows, and when ordinary due diligence no longer suffices.

A practical approach begins with five diagnostic questions:

1. Does the operating context show signs of conflict, political violence or systematic repression – including post-conflict signs?
2. Are any partners, suppliers or public actors involved in or credibly linked to human rights violations?
3. Could the company's own activities, – through their scale, location or nature – alter local access to power, land or resources?
4. Is the company perceived, rightly or wrongly, as supporting one side of a dispute or conflict?
5. And finally, is the situation fluid, uncertain or poorly understood?

If the answer to any of these questions is yes, the company should assume that heightened human rights due diligence is warranted. It is rarely a mistake to apply a conflict lens on human rights due diligence. The cost of additional vigilance is almost always lower than the cost of inaction when risks crystallise into harm, liability or reputational damage. As practitioners often put it: when in doubt, do it.

Companies do not need to rely on instinct alone. A wide range of data sources can signal the need to shift into a heightened due diligence mode. Global conflict-monitoring systems – such as ACLED, UCDP or the Heidelberg Conflict Barometer – track outbreaks and escalation trends. International and national sanctions lists, as well as reports from UN bodies, the International Committee of the Red Cross, or credible NGOs, can indicate environments where corporate links carry elevated risk.

At the national or local level, early warning signs may appear in more subtle forms: community protests, heightened military presence near company sites, sudden turnover among government or security interlocutors, or growing tension reflected in social media or local news. Internal grievance data and worker complaints can also provide valuable intelligence, revealing safety concerns or discriminatory behaviour before they reach public attention. The essential task is to treat such signals not as noise but as actionable intelligence – clues that a shift to heightened due diligence is both prudent and responsible.

Heightened human rights due diligence is less a checklist than a management approach. Companies should not wait for legal certainty or official conflict declarations before acting. In most cases, by the time governments or international institutions formally recognise a conflict, the human rights and operational risks are already deeply entrenched.

A precautionary approach accepts that uncertainty is inevitable and that the prudent course is to act before harm occurs. Escalation can start in small steps, beginning with a rapid conflict scan or stakeholder risk review, and expanding into a comprehensive HHRDD process as new information emerges. The goal is not to duplicate existing human rights due diligence (HRDD) systems but to deepen and extend them to contexts where the margin of error is smaller and the consequences of misjudgement greater.

¹ The UN Working Group on Business and Human Rights has identified a range of triggers and indicators which indicate the need for heightened human rights due diligence in its 2020 report 'Business, human rights and conflict-affected regions: Towards heightened action'.

Above all, heightened due diligence should be seen not as a burden but as a safeguard of business continuity and legitimacy. By anticipating conflict dynamics and adjusting decisions accordingly, companies protect not only rights holders but also their own long-term interests and license to operate.

What does heightened human rights due diligence look like in practice?

The principles of HRDD remain the same — identify risks, act, track and communicate. But each stage must adapt to the intensity of the context, including identifying the potential and actual impacts of the company's operations or activities on the context in addition to risks and impacts on people, recognising that business operations can influence local power relations, perceptions and even the trajectory of conflict itself.

This also means that companies operating in complex environments or situations of armed conflict should integrate responsibilities that go beyond the “do no harm” principle. At a minimum, they must respect International Humanitarian Law and carefully assess the risk that their activities, relationships or support functions could amount to complicity in war crimes or other violations of International Criminal Law.

Taken together, the following four steps form a continuous loop, an adaptive process that evolves as contexts change. What distinguishes HHRDD is its forward-looking, preventive nature and its dual lens: it assesses human rights risks and the conflict environment that shapes them.

1. Identification and assessment

Companies are expected to understand where and how their activities, products, or relationships may cause, contribute to or be directly linked to human rights harms.

While standard HRDD focuses on risks to people, HHRDD expands this step to analyse the broader conflict environment: who controls territory or access to resources, which groups are marginalised, and how the company's presence might alter incentives or exacerbate tensions.

Stakeholder engagement remains central, but in HHRDD it must be conducted taking into account the danger of the context. It is imperative to protect participants, avoid polarisation, and ensure inclusion of diverse perspectives, including those not easily heard in conflict settings.

Assessing the impact of business activities on conflict requires examining the operating context, namely causes, dynamics, historical grievances, and political, economic, social and environmental factors. It comprises:

- 1. Identifying stakeholders** to determine who the actors shaping the context and potential conflict are, their drivers, and who is most vulnerable. It also involves assessing the sources of power or authority these actors possess and how they contribute to the strategic balance.
- 2. Exploring structural causes** to understand the underlying and immediate causes of the conflict, including potential triggers and current trends. This involves identifying factors that could alter the conflict's trajectory or power dynamics and recognising potential triggers for escalation.
- 3. Identifying warning signals** to prompt internal HHRDD by pinpointing the ‘red flags’ that may precede instances of violence or armed conflict. This entails determining where to obtain relevant information, internally and externally, and evaluating whether organisational risk and security strategies contain useful insights. Additionally, companies can identify existing internal crisis-response governance structures and explore how the human rights function can integrate into or work with them.

Companies will have to decide the cadence with which they update their HHRDD on certain contexts. However, it should be done regularly. As soon as indicators of a conflict are present, companies should identify and assess their potential impacts on people and the conflict context. This should be updated regularly, particularly if the conflict progresses.

The need to conduct regular due diligence has seen a rise in digital risk mapping tools providing support to companies looking to assess and manage their risk exposure. Given the potential severity in conflict-affected contexts in particular, expert oversight combined with complementary credible sources of information on the ground are essential for robust, reliable due diligence.

2. Integration and action

Findings from the assessment phase need to inform decisions across the business, from contracting and procurement to security management and community investment.

In HHRDD, integration often requires adapting standard operating procedures to conflict realities. For example, vetting suppliers and contractors for links to conflict actors; applying the Voluntary Principles on Security and Human Rights (VPSHR) when engaging public or private security if it is not already standard practice; or delaying projects until meaningful safeguards are in place.

Effective action depends on leverage, but HHRDD also requires examining how proximity to conflict parties may constrain that leverage, and how business choices might shift the balance of power or legitimacy among actors on the ground.

When harm does occur, remedy must account for conflict realities: remediation mechanisms should be legitimate, locally accepted, and avoid inflaming grievances or perceptions of bias.

3. Tracking and monitoring effectiveness

All due diligence processes include monitoring, but HHRDD broadens what is tracked.

Beyond implementation, companies monitor whether actions are altering conflict dynamics. For instance, whether benefits are distributed equitably, whether interventions are perceived as impartial, or whether company measures inadvertently empower certain groups.

This requires a feedback loop that includes safe, conflict-sensitive stakeholder consultation and local monitoring mechanisms.

Continuous monitoring and scenario analysis allow the company to adjust quickly as the conflict context evolves — something not required under normal HRDD.

4. Communication

Businesses are expected to communicate openly about how they identify and manage human rights risks. HHRDD places greater expectations on transparency, not only disclosing what is being done, but why particular approaches were chosen in light of conflict risks. Because disclosure itself can create risk, communication must be carefully calibrated to avoid endangering staff or communities, while still demonstrating credible oversight and commitment.

Plan for a responsible exit

Heightened due diligence must also anticipate the possibility that responsible disengagement may become necessary. In conflict-affected or high-risk contexts, continuing business activities can sometimes sustain or legitimise harm that cannot be effectively mitigated. A responsible exit should therefore be planned as early as possible, not as an admission of failure, but as part of a company's risk management strategy. This involves setting clear criteria for when disengagement becomes unavoidable, consulting affected stakeholders to minimise adverse impacts of withdrawal, and ensuring that any remaining responsibilities for remediation or transition are met. Done well, a responsible exit can prevent further harm, preserve trust, and demonstrate that the company's commitment to human rights endures even when operating conditions no longer allow continued presence.

Good practice for heightened human rights due diligence



The following good practices and accompanying examples of company action are based on insights from GBI's work with companies over the last 16 years. The lessons drawn indicate how companies have been working towards good practice. Some of these lessons may be more relevant than others depending on the corporate context.



GOOD
PRACTICE

Conduct HHRDD early and continuously

Lessons drawn from practice:

- A consumer goods company transported products through routes with checkpoints operated by both State and non-state militias. The company decided to take a conflict-sensitive approach to map actors and identify red flags in the routes. The company also re-designed their safety protocols for drivers after engaging with the drivers through trusted proxies. The company also revised contracts with logistics and security providers to include clauses on International Humanitarian Law.



GOOD
PRACTICE

Develop internal indicators or "red flags"

Lessons drawn from practice:

- An engineering company was invited to bid for a large infrastructure project in an occupied territory. The company consulted with civil society organisations and humanitarian organisations to develop a set of criteria and "red flags" that would determine whether the company would proceed with the project.
- Another company developed similar criteria for the downstream use of its products, as part of its downstream due diligence. The company engaged with commercial colleagues to explain the indicators and where the downstream risks for the company might be in a conflict-affected context.
- Another company used existing guidance on HHRDD to develop a set of indicators that looked at conflict intensity, the proximity of the conflict to the company's operations, and business relationships among other things. The indicators allowed for a more conflict-sensitive approach to assessing the company's potential impacts on people and the conflict.



GOOD
PRACTICE

Prepare rapid mitigation responses

Lessons drawn from practice:

- As a result of its HHRDD, a technology company that operates social media platforms was able to identify geographies that might be at risk of conflict. The company developed plans to rapidly deploy mitigation efforts if the conflict intensified. The company also included human review of content on its platforms and developed safe platforms for threatened groups to flag harmful content.

**Lessons drawn from practice:**

- The impacts on employees and other internal stakeholders, particularly in crisis situations should not be overlooked. One company recognised the impact to the safety and wellbeing of employees who were involved in the company's crisis response. The company ensured that appropriate support was available and that people felt comfortable accessing it.
- Reporting to employees and internal stakeholders transparently and frequently about what the company is doing in a crisis or in a conflict-affected context can help build trust.

**Lessons drawn from practice:**

- A company planned a rights-respecting exit from a conflict-affected context, following a decision by the company to cease operations in the country. The company was going to hand over its operations to another company. In preparation for the handover, the company conducted a human rights risk assessment and mapped its activities, in consultation with stakeholders, to identify the impacts associated with possible disengagement. The company analysed the severity and the likelihood of adverse human rights impacts occurring, which allowed it to prioritise risks to address. The company developed a heat map and a corresponding action plan to detail responses to the identified risks.

Key questions to consider

Understanding the context

- Have we analysed the political, human rights and conflict dynamics with independent sources?
- Are we aware of possible exposure to IHL breaches or systemic discrimination?

Decision-making and leverage

- What forms of leverage do we have: direct, contractual or collective, and how can we use them responsibly?
- Do we have clear criteria for responsible disengagement?

Implementation and monitoring

- Are staff and contractors trained to detect and address heightened risks?
- Do we have real-time systems to track escalation or harm?

Accountability and transparency

- Can we justify our decisions under scrutiny from regulators, investors or civil society?
- Have we ensured affected stakeholders have safe access to remedy or dialogue?

Key considerations for policymakers

HHRDD is primarily a corporate responsibility. Governments and intergovernmental organisations play a decisive role in shaping the conditions under which it can be meaningfully carried out. Policymakers can strengthen both expectations and incentives for HHRDD by clarifying legal standards, supporting companies operating in complex environments, and ensuring accountability for those that fail to act responsibly, and mandating that adverse human rights impacts are reported.

1. Clarify the expectation

Regulatory frameworks should explicitly recognise that companies operating in or sourcing from conflict-affected or high-risk areas are subject to higher standards of due diligence. Laws such as the EU Corporate Sustainability Due Diligence Directive or sectoral instruments like the OECD Due Diligence Guidance for Responsible Supply Chains already move in this direction, but further guidance is needed to translate these obligations into practical expectations. Clear benchmarks help companies distinguish between ordinary and heightened due diligence, reducing uncertainty and preventing selective interpretation.

2. Support responsible practice

Policymakers should create the enabling conditions for companies to perform meaningful HHRDD, even in fragile settings. This includes facilitating access to reliable conflict and human rights data, supporting collective platforms for risk analysis, and strengthening diplomatic engagement to ensure that responsible companies are not penalised for maintaining higher standards. Embassies, development agencies and export credit agencies can all play a constructive role by sharing information, coordinating responses, and encouraging joint leverage on systemic risks that no single company can address alone.

3. Develop capacity building tools and guidance

Policymakers should develop guidance for companies and regulatory authorities to further clarify expectations about how companies should conduct HHRDD. As part of this guidance, developing indicators or referring to existing guidance on what indicators might help a company to determine whether a particular geography is conflict affected would also be useful.

4. Ensure accountability and remedy

HHRDD loses credibility if companies that ignore heightened risks continue to benefit from state support or impunity. Policymakers should integrate requirements for HHRDD into trade, investment, and licensing decisions, linking state-backed financing or procurement eligibility to demonstrable good heightened human rights due diligence performance.

5. Lead by example

States themselves conduct or enable business activities through state-owned enterprises, sovereign funds and public–private partnerships. They should therefore themselves apply the same HHRDD standards they expect from private companies, including conflict-sensitive procurement and transparent supply chain practices.

In short, policymaking on heightened due diligence is not merely about regulating the private sector; it is about aligning state practice, corporate accountability and conflict prevention. When governments send consistent signals—through law, diplomacy and incentives—they enable responsible business conduct to become the norm rather than the exception in fragile and conflict-affected contexts.

Further resources

Access further resources via our section on conflict-affected and high-risk contexts on the GBI Business Practice Portal gbihr.org/business-practice-portal.

You can also find a section on crisis management, and visit the GBI Conversations series for our podcast on “Getting out – what do mandatory measures mean for exit and divestment?” via our website gbihr.org, Sound Cloud or Apple Podcasts.

7. Direct linkage

"Direct linkage is not a safe harbour. It is a Rubicon, and the only question is whether it has been crossed."

Gerald Pachoud, GBI Senior Advisor



Why focus on direct linkage

The corporate responsibility to respect human rights requires companies to identify and address impacts they cause, contribute, or which are directly linked to their operations, products or services. The concept of direct linkage was introduced in the UNGPs to capture a central reality: in many cases, companies are neither causing nor contributing to harm, but are connected to it through their products, services or operations. It reflects the structure of globalised value chains, where adverse impacts are often situated at arm's length from a company's own activities.

At the same time, the UNGPs deliberately limit this responsibility to direct connections. Companies are not expected to address issues wholly detached from their business. Where the linkage is not direct, there is no responsibility to act and that boundary is an integral feature of the framework, not a gap to be filled.

"Direct" has two different aspects in the UNGPs framework. The first is categorical: "direct linkage" is the name the UNGPs give to the third mode of involvement, where a company is connected to adverse impact but has neither caused nor contributed to that harm.

The second is qualitative. Within that category, the connection must have a quality, a degree of directness, which crosses a threshold distinguishing direct linkage from mere contextual association. This guidance briefing is concerned with the second aspect: what quality a connection must have to engage the UNGP Principle 19 leverage responsibility.

Acting appropriately in situations of direct linkage is also sound business practice. It reduces value chain risk, supports more stable commercial relationships, consolidates operational resilience, and protects reputations. Yet in practice, some companies treat direct linkage as discretionary, on the basis that the UNGPs are not legally binding.

Where domestic law does not explicitly codify the concept of direct linkage, the absence of immediate legal exposure is often taken as a reason not to act. This is a mistake. The responsibility to respect human rights under the UNGPs exists independently of domestic law and is widely recognised as the authoritative global standard used not only by regulators, but by investors, customers and civil society to assess the behaviour of companies.

Moreover, the regulatory landscape is shifting rapidly. Companies that have not developed the analytical capacity to identify and respond to direct linkage risks will find themselves structurally unprepared as these obligations crystallise and will lack the time required to build the leverage that these specific situations require.

What practitioners should know about direct linkage

Two criteria that make linkage direct

Determining whether a company is in a situation of direct linkage can be more of an art than a science, though there are parameters. The starting point is the UNGPs themselves, their commentary, and subsequent authoritative interpretation.

The commentary does not specify how the threshold of sufficient directness is to be assessed, but it is clear on one foundational point: the relevant question is the quality of the connection through the business relationship, not the proximity or distance between the company and the harm. That reading was confirmed and sharpened by the Office of the United Nations High Commissioner for Human Rights.¹

Two criteria for assessing whether a connection meets the directness threshold follow from that foundation and from accumulated practice in implementing the UNGPs: specificity and traceability.

These criteria are not absolute rules, and they do not produce automatic answers. They are analytical tools, a structured way of working through a question that will often involve incomplete information, contested facts and genuine uncertainty. Real situations rarely present themselves cleanly: a connection between the company and the harm may be only partially traceable, a product's function in a specific deployment context may be ambiguous, the relevance of a harm of a particular service may be genuinely debatable. In those situations, the criteria provide a framework for disciplined reasoning, not a formula that delivers a verdict.

Specificity

- **The core question:** Is there a connection between this company's specific operations, products or services and this specific adverse impact or is it simply a consequence of operating in a harmful context?
- **What this means in practice:** The question is not whether the company's activities are associated with an adverse impact in a general way. It is whether a line can be drawn from a particular operation, product or service to a particular mechanism through which harm is caused. A telecommunications company whose network infrastructure is used to coordinate detentions is not directly linked to those detentions simply because it operates in the country. It becomes a candidate for direct linkage when the connection runs from its specific network, or a specific service contract, to the specific operational capacity the third party is using to carry out the detentions.

This criterion excludes:

- Connections based solely on sectoral presence
- Geographic association
- General commercial relationships not tied to the specific adverse impact mechanism.

The fact that another company could have provided the same product or service, meaning the third party could easily have obtained it from another source, does not change the specific connection because it does not change what this company actually provided, to whom, and in what context. The specific connection exists because of what happened: *this company, this product or service, this third party, this adverse impact mechanism*. It is not because of what might have happened if the commercial relationship had been structured differently. The connection is specific because it is real and identifiable, not because it was irreplaceable.

¹ Office of the United Nations High Commissioner for Human Rights, Response to the complaint submitted to the UN Working Group on Business and Human Rights regarding the financing of the Roundup of Rohingya Muslims in Myanmar, 2017.

Traceability

- **The core question:** Can the connection be demonstrated through identifiable or reasonable inference, or does it rest on assumption or general association?

Tracing adverse impacts through value chains and business relationships is the core investigative task of HREDD, and this criterion requires that the connection meet a basic standard of demonstrability.

- **What this means in practice:** Each material step in the connection must be capable of being established. It doesn't need to be proven beyond doubt, but grounded in available evidence, sound operational logic or reasonable inference from the circumstances, rather than assumed. Where a step cannot be directly evidenced, it may still be treated as established if it is the logical or likely consequence of what is known.

A fuel delivery to a military unit launching documented attacks on civilians may establish a credible connection even without direct evidence of one specific attack. What the criterion excludes is not inference, but speculation and the line is whether the direct link can be reasoned through, each step stated and defended from the evidence, operational context or documented conduct, rather than filled in because the overall picture looks incriminating.

The challenge of negligibility

A recurring question arises where a company's specific, traceable product is only a negligible part of the thing that does the harm: the proverbial standard screw that ends up, several steps downstream, in a machine causing a negative impact. The temptation is to scope such a company out at the definitional stage, on the basis that its product makes too small a difference to count.

That reasoning should not be followed. Whether a company is directly linked turns on whether its product connects to the harm, not on how large a part it plays, and treating size as a test blurs the line between linkage and contribution. Where a connection is specific and traceable, the company is directly linked. Smallness does not cut the link.

What smallness affects is the response, not the definition, and it does so through leverage and prioritisation. Leverage is not fixed: it moves with what the company knows about where its product goes. In reality, little can reasonably be expected of the company, because there is little it can practically do when the same standard part dispersed across many buyers and end-uses, with no way to identify which reaches harm.

A negligible connection therefore sits low in the order of priority, but a low priority is still a priority, not an exclusion. The moment a specific intermediary or a flagged end-use comes into view, knowledge rises, leverage becomes more feasible, and the reasonable response rises with it.

For the practitioner, this means a direct link through a negligible product or service may mean little to do at the moment, but it calls for staying alert to new information that would change the picture — a named intermediary, a flagged end-use, a credible report — so that a finding of "little to do for now" never hardens into a permanent exemption.

Establishing (and not presuming) the absence of direct linkage

A conclusion that a connection is too remote to constitute direct linkage is legitimate under the UNGPs, but it is not a default position. It must be demonstrated: what was assessed, based on what information, when, and why the threshold is not met. Without this, it is not an analytical conclusion but an assertion.

Where genuine uncertainty remains after applying the criteria carefully and in good faith, responsible companies should treat the situation as one of direct linkage rather than concluding that no link exists. This reflects both the spirit of the UNGP and the basic logic of human rights due diligence. A company that treats an ambiguous situation as direct linkage and exercises whatever leverage it has available is in a fundamentally different position, normatively and practically, from one that takes no action. The criteria exist to guide that reasoning, not to licence inaction in hard cases.

Common myths and realities from practice

Common myth	What companies sometimes say	Correct position
Treating direct linkage as a safe harbour	<i>"We are only linked, so our responsibilities are minimal or discretionary."</i>	Direct linkage generates an active leverage responsibility under UNGP Principle 19. It is not lesser than causing or contributing, just differently structured. A company that is directly linked and does nothing has failed its UNGP responsibilities.
Confusing context with linkage	<i>"We operate in this country or sector, so we are linked to all harms occurring here."</i>	Linkage requires a specific business relationship and a traceable nexus to the company's specific operations, products or services. Geographic or sector-level exposure is context – not connection.
Using lack of control as a defence	<i>"We do not control this supplier or partner, so we are not responsible."</i>	Control is not the test. Connection through the business relationship is. Lack of control affects leverage assessment. It does not determine whether the responsibility exists.
Using "distance" in the supply chain as an excuse	<i>"The supplier is very far away in the supply chain; there is no direct link."</i>	Distance in the supply chain is not a proxy for the quality of the connection. A company several tiers removed from the harm may be directly linked if its specific product, service or operation is identifiably connected to the mechanism of harm. A company in a first-tier relationship may not be directly linked to an adverse impact its partner causes if its specific product or service has no traceable connection to that harm.

Avoiding responsibility because the product or service is replaceable	<i>"If the product did not come from us, it would come from another supplier."</i>	Theoretical replaceability does not equal operational irrelevance. A company whose specific product is the established component in a harmful operation is not incidentally present simply because another supplier could theoretically substitute it.
Defaulting to "linked" to avoid contribution	<i>"Our legal team has characterised this as direct linkage rather than contribution."</i>	The distinction is analytical, not electable. If the company business or conduct enabled or incentivised the probability or severity of the harm, the case is contribution regardless of internal characterisation.
Treating contractual compliance as discharge	<i>"We have a human rights clause in the contract."</i>	Contractual provisions are a lever, not a discharge. The ongoing responsibility under Principle 19 is not satisfied by a signed clause that is not actively enforced or followed up.
Static characterisation	<i>"Our HREDD assessment found (no) direct linkage two years ago."</i>	Linkage migrates as facts change. A characterisation based on conditions that have materially deteriorated is not a valid basis for the current analysis. Each material decision point requires a fresh assessment.
Using quantitative proxies to assess direct linkage	<i>"We account for only 3% of their revenue, so our leverage is negligible."</i>	Leverage measures what can be done about a direct linkage, not whether one exists: being 3% of their revenue may limit leverage over the harm, but it does nothing to sever the connection to it.

Involvement in harms is dynamic

Involvement in an adverse human rights impact sits on a dynamic continuum. The distinctions between causing, contributing and direct linkage are not fixed: a company's position can shift over time and must be reassessed at each material decision point. It is more accurate to analyse a situation as a *film* rather than a *photograph*: the characterisation may change as facts evolve and as the company acts—or fails to act.

Direct linkage can escalate to contribution when the company's own conduct, including a decision to continue a relationship unchanged, increases the likelihood or severity of harm. Three mechanisms typically drive this shift.

- **Conduct:** the most common scenario is continued engagement without a meaningful response once credible information of adverse impact exists. For example, maintaining supply, renewing contracts or expanding the relationship. Formal communications to the abusing business relationship without change are insufficient; the standard is the effective exercise of leverage to influence the actor causing harm.
- **Foreseeability:** where harmful use was not initially foreseeable, direct linkage may be appropriate; as credible evidence accumulates, foreseeability changes and must be reassessed at each decision point—original contracting does not lock in the analysis.
- **Performative leverage:** invoking leverage in form but not in substance through engagement calibrated to document effort rather than drive change or failing to use stronger leverage where it was available are not passive omissions. Both are conduct, and either can shift the characterisation from direct linkage toward contribution where the result is to materially increase the likelihood or continuation of harm.

Operational takeaways for practitioners

- **Apply the two criteria as a reasoning discipline, not a checklist.** The two criteria are a way of structuring judgement, not a form to be completed. Application requires articulating for each criterion, what is known, what is inferred, and on what basis so that the conclusion, whether it finds a linkage or rejects one, can be stated and defended under scrutiny. The value of the criteria lies in the quality of the reasoning they require, not in the verdict they appear to deliver.
- **Ask one question.** Is there a connection between this company's specific operations, products or services and this specific harm, or is the company merely present in a context where harm occurs? If you cannot articulate the connection — in either direction — the analysis is not complete.
- **Document the reasoning, not just the conclusion.** A finding of linkage and a finding of no linkage carry equal documentary weight. Record what was assessed, on what information it was based, at what point in time, and why the threshold was or was not met. An undocumented conclusion is an assertion. It will not survive scrutiny.
- **Treat every characterisation as provisional — and as a point on a continuum.** A finding made at contracting is not a permanent determination, and direct linkage is not a stable category. It is a position on a continuum that runs from linkage through contribution to causation, and a company's position on that continuum moves as facts evolve. Reapply the criteria whenever material facts change, such as, new information about harm, a shift in how a product or service is being deployed, a response that has demonstrably failed to produce change. At each reapplication, ask not only whether the linkage threshold is still met but whether the company's conduct or the accumulation of foreseeable risk has moved it along the continuum toward contribution.
- **Distinguish invoking leverage from exercising it; ineffective leverage is itself conduct.** A letter, an audit, a contractual reminder, or a meeting that produces no discernible change is a record of activity, not evidence of effectiveness. Where stronger leverage was available and not used, that choice is conduct. At each decision point apply an honest test: is our current response, in its substance rather than its form, reasonably capable of influencing the conduct causing harm? If the answer is no, the response must change or the relationship must be reassessed — because the gap between available leverage and leverage actually exercised is itself a factor in any contribution analysis.
- **At every decision point, ask the one question that connects everything.** Given what we know now, and given what we have done so far, where does our involvement sit on the continuum from direct linkage to contribution — and is our current response adequate to that position? If the answer requires honest engagement with uncomfortable facts, that is precisely what the framework demands.

Key considerations for policymakers

The primary legislative architecture governing mandatory HREDD is taking shape across multiple jurisdictions at an uneven pace but largely aligned with the UNGP framework. In the European Union, the CSDDD, as amended by the 2026 Omnibus package, establishes the core framework, and the decisive work has shifted to the choices member states make in transposition and to the guidance and accompanying measures that supervisory authorities and sector regulators will issue to operationalise it. Beyond the European Union, several emerging regulatory frameworks, including in Southeast Asia and Latin America, are at earlier stages but drawing explicitly on the UNGP framework as their reference standard.

Across this landscape, the choices that will determine whether mandatory HREDD produces rigorous, company-driven analysis or a new generation of tick-box compliance are no longer primarily legislative. They lie in transposition, in supervisory guidance, in accompanying measures, in enforcement priorities, and in the interpretive decisions that regulators and courts will make as the frameworks consolidate. The treatment of direct linkage is where those choices will be most consequential.

Recognise direct linkage as an operative category, not a residual one

Accompanying guidance should make explicit that direct linkage is not a lesser or discretionary form of involvement, even if no legal liability is attached to it. It generates an active, ongoing responsibility to use influence, through leverage over the relevant business relationship, and a company that identifies a direct link and takes no action has not met the standard. The risk to address here is structural: without clear guidance, companies will treat “directly linked” as the UNGP category that requires the least of them or ignore it altogether. This carries two distinct costs. The first is a missed opportunity: companies will not use their leverage to improve situations they are positioned to influence. The second cost is inaction in the face of knowledge can harden into contribution, with the heavier responsibilities and consequences that follow. Treating linkage as the category that asks the least is therefore not only a failure of ambition; it is a route by which a company can drift, unawares, into a category that asks far more.

Frame the threshold through structured, non-mechanical criteria

Guidance from supervisory authorities should explain when a connection is direct enough to trigger an expectation to act, using criteria that support analysis rather than rigid definitions. Guidance that turns the assessment into a checklist or tier-based proxy will produce results shaped more by the format than by the facts.

The key question is whether a company’s specific operation, product or service is connected to a specific harm in a way that is direct enough to require action through leverage. Answering that question requires a structured and fact-specific assessment. Criteria such as specificity and traceability can provide a practical framework, as long as they are used as reasoning tools rather than as elements of a legal test. Supervisory authorities should assess the quality of companies’ reasoning, not just the conclusions they reach.

Address the escalation from linkage to contribution explicitly

Guidance should make clear that the categories of involvement - causing, contributing and direct linkage - are not fixed at the point of initial classification. A company directly linked to an adverse impact can migrate to contribution when, knowing of its connection to a harm, it fails to use or build available leverage and continues the relationship unchanged, so that its conduct shifts from merely being connected to the harm to facilitating or incentivising its continuation.

Transposing member states and supervisory authorities should ensure that enforcement frameworks account for this escalation dynamic and member states should avoid freezing the involvement categories into static definitions. National implementing law should preserve the dynamic character of the direct linkage concept rather than codifying “directly linked” (or its directive equivalent) as a fixed status determined at a single point. Transposing legislation and accompanying explanatory materials should

make clear that a company's position can change as its knowledge and conduct change, and that obligations are calibrated to that evolving position rather than to an initial classification.

Support and recognise collective approaches to leverage

Where individual leverage is limited, whether because of commercial scale, market structure or the nature of the product or service, companies should be encouraged to act collectively with others in the same value chain or sector. Supervisory guidance should recognise good-faith participation in collective leverage initiatives as a meaningful response, while making clear that collective action supplements rather than replaces individual assessment. Member states should ensure that transposition does not inadvertently deter collective leverage-building through competition law exposure, and this tension should be addressed directly in guidance.

Further resources

[Managing business relationships](#)

GBI's Business Practice Portal

[Using leverage](#)

GBI's Business Practice Portal

Developed by business for business, these evolving resources draw on practical insights across various areas of company practice. Access the business practice portal here: gbihr.org/business-practice-portal

Annex: Direct linkage scenarios

The following scenarios are meant to further aid in company analysis about whether they are directly linked to an adverse impact, while also highlighting examples of good practice in terms of the company's response once a determination has been made.

Scenario 1 — Extractives / industrial: direct linkage through a product	
A large industrial company had a government contract to supply several large transformers for an infrastructure project. Several years later, the government entity hired another contractor to dispose of them. The disposal company improperly disposed of the transformers near a river sacred to Indigenous communities, polluting the water and making it unusable for traditional ceremonies.	
Is there a credible connection between the company's activities, products or services and the harm?	Yes. The company's product was improperly disposed of by a downstream contractor, but the transformer's presence in the river is the material connection to the harm.
Is this connection specific and traceable?	Yes. The connection runs from the company's product through the government's disposal decision to the adverse impact to the community. Each step is identifiable.
The company determined it was directly linked to the harm. As there is no direct contractual relationship, the company's leverage is with the government, which does have a contractual relationship with the disposal contractor. The company also considered whether it had any basis to notify the contractor directly of the harm and its expectation of remediation — not as a legal demand, since the contractual basis was absent, but as a formal communication that created a record and placed the contractor on notice that the company regarded the situation as requiring a response.	

Scenario 2 — Finance / investment

A French investment company was a partial investor in an agricultural company in another country. Despite numerous NGO reports about corruption and forced displacement in the agricultural sector in that country, the investment company did not update its due diligence. Two years later, NGO reports detailed how the agricultural company had displaced dozens of families from their lands for plantation development.

Is there a credible connection between the company's activities, products, or services and the harm?

Yes. The investment company's financial stake in the plantation is credibly linked to the forcible displacement caused by the agricultural company.

Is this connection specific and traceable?

Yes. The investment finances the plantation project that is the direct cause of the displacement.

The investment company recognised it was directly linked to the adverse impact and used its leverage to encourage the agricultural company to engage in remedy with the affected families. It also adopted stricter HREDD processes for future investments. The foreseeability question is this scenario's borderline: had the company's failure to act on NGO reports been assessed earlier, the situation may have been characterised as contribution rather than direct linkage. Note: The analysis here would be similar to a joint venture.

Scenario 3 — Logistics

A regional freight company transports general cargo — food, consumer goods, construction materials — for multiple clients across a country where a government is conducting a military campaign against an ethnic minority. An NGO report documents atrocities and names the government's military logistics operation as a key enabler. The freight company has no contract with the military, does not transport military personnel or equipment, and its routes do not intersect with documented harm sites.

Is there a credible connection between the company's activities, products, or services and the harm?

No. The connection is geographic and sectoral — operating in the same country — not a traceable line from this company's specific services to the mechanism of harm.

Is this connection specific and traceable?

No. There is no identifiable connection from the company's freight operations to the conduct causing harm.

The company determined it was not directly linked. The escalation risk in this scenario is significant: as documented evidence of continuing harm accumulates and the company continues its operations, the company should document its assessment, continue to monitor the situation, and reapply the criteria if material facts change, specifically, if it receives credible information that its routes, vehicles or services are being used in connection with the military operation, or if it is approached to provide services to the government or military. At that point the analysis reopens, and the criteria must be reapplied to the new facts. The current finding of no linkage is not a permanent determination; it is the correct conclusion on the facts as they stand.

Scenario 4 — Technology / dual-use: direct linkage and the escalation to contribution

A technology company's components were found in military equipment used in a conflict zone to harm civilian populations. The government deploying the military equipment was on a sanctions list. The government was not the technology company's direct customer; the contract between the company and its customer prohibited re-sale to sanctioned locations.

Is there a credible connection between the company's activities, products, or services and the harm?

Yes. The company's technology was found in military equipment that harmed civilian populations.

Is this connection specific and traceable?

Yes, at the level of the component's function within the military system. The connection runs from the company's product through the supply chain to the military equipment to the harm.

The company determined it was directly linked but that individual leverage was limited. It engaged collectively with other companies in the sector and conducted heightened due diligence to identify early warning signs. The escalation risk in this scenario is significant: as documented evidence of the component's diversion accumulates and the company continues supply without response, the direct linkage characterisation weakens, and contribution analysis becomes required.

Scenario 5 — Supply chain: direct linkage through sourcing relationships

A catering company for a multinational's on-site cafeterias sources fruit from a large Latin American fruit company. The fruit company sources its products from smallholder farmers. Allegations emerge about instances of child labour and hazardous working conditions among the smallholder farmers.

Is there a credible connection between the company's activities, products, or services and the harm?

Yes. The catering company purchased fruit from the fruit company for use in cafeterias, creating a product connection through the sourcing relationship.

Is this connection specific and traceable?

Yes. The connection runs from the catering company's purchasing relationship through the fruit company to the smallholder farmers where the harms occurred.

The catering company determined it was directly linked. It applied its leverage with the fruit company to address the harm, including helping to remediate the affected families. Note: the multinational company whose cafeterias are served is not likely directly linked, there is no traceable connection between the multinational's own operations and the adverse impact in the smallholder supply chain.

Scenario 6 – Fashion: direct linkage through an unauthorised subcontractor

A fashion company contracted with a supplier in Southeast Asia to manufacture garments, expressly prohibiting subcontracting. The supplier nonetheless outsourced attaching zippers to a subcontractor. The women working on the zippers were migrant workers whose passports had been confiscated and who were required to work excessive overtime. A local NGO identified forced labour and linked the fashion company to the subcontractor.

Is there a credible connection between the company's activities, products, or services and the harm?

Yes. The fashion company's garments were manufactured by the supplier and the zippers attached by the subcontractor. The products connect the company's operations to the harm.

Is this connection specific and traceable?

Yes. The connection runs from the fashion company's sourcing relationship through the supplier's unauthorised subcontracting arrangement to the forced labour situation.

Despite the supplier's contract breach, the company determined it was directly linked. It used its leverage with the supplier to remedy the adverse impact to migrant workers, including ensuring the overtime was paid and passports returned.

8. Communicating on human rights

"Business practitioners working on human rights programmes should provide clear, transparent and evidence-informed communications to build trust and buy-in with a wide range of stakeholders – from corporate managements, functions and employees through to supply chains and affected communities, business partners, investors and regulators. Effective communications are a vital building block in strengthening corporate human rights performance and accountability. At the same time, human beings and their rights need to be central to communications; HR should not stray into PR."

Ron Popper, GBI CEO



Key points to keep in mind for human rights communications

In companies, communications on human rights can take many different forms and have different target audiences. Communications will vary according to whether the audience is internal or external, and have widely differing formats, including formal, informal, crisis or planned messaging. The style and substance depends on the audience and purpose.

The aim of this document is not to cover every different type of communications, tailored for every specific occasion, but to provide overall pointers to support effective communications in general.

There are some key points that practitioners should keep in mind across their communications activities.

Communications on human rights should be:

- Accurate and evidence-based, distinguishing what is known, uncertain and still being established.
- Centred on impacts and outcomes for people, not simply corporate activities and processes.
- Accessible, timely and appropriate for the intended audience and proportionate to the severity of the issue.
- Transparent about limitations, mistakes and unresolved challenges.
- Safe and responsive, protecting affected stakeholders and enabling two-way engagement where relevant.
- Connected to action and accountability, providing sufficient information for intended audiences to understand impacts and, where relevant, evaluate the adequacy of the company's response.

Five communications questions for human rights practitioners	
Question	UNGPs rationale
Why are we communicating?	Accountability and better human rights outcomes
Who needs the information?	Especially affected and potentially affected stakeholders
What do they need to know?	Enough to understand impacts and evaluate the company's response
How should we communicate?	In ways that are accessible, timely, safe, appropriate and two-way where relevant
What difference should communication make?	Better decisions, prevention and mitigation, participation, remedy and accountability

These questions provide a practical lens for all human rights communications, whether internal or external, formal or informal. They help keep communication focused on its human rights purpose and outcomes, rather than treating disclosure or messaging as an end in itself.

Expectations of communications on human rights

Companies are expected under international standards and regulation to communicate on their human rights policies, activities and performance. Under the UNGPs, communicating how impacts are addressed is one of the four core components of human rights due diligence (HRDD), alongside assessing impacts, integrating findings and taking action, and tracking effectiveness. Communication is therefore not simply something that accompanies HRDD: it is part of the process itself.

Increasing and specific reporting requirements around the world, including the European Union's Corporate Sustainability Reporting Directive (CSRD) and other reporting frameworks, are also forcing the pace on open communications.

If **communications and reporting are related, they are not the same**. Reporting is one form of communication, typically involving the formal and periodic disclosure of information about a company's human rights policies, processes, impacts and performance. Communication under the UNGPs is broader. It can be formal or informal, and includes direct engagement with affected stakeholders, workers and communities, dialogue with business partners and civil society, communication through grievance mechanisms, and information provided in response to specific concerns.

What matters is not simply whether information has been published, but whether the people who need it receive information in a form and at a time that enables them to understand the company's impacts and, where relevant, evaluate how those impacts are being addressed. A sustainability or human rights report may therefore contribute to meeting the UNGPs expectation to communicate, but reporting alone does not necessarily amount to effective communication.

Internally, communications includes messaging to and for leadership, as well as to employees. It also includes policies and guidance, training and awareness raising, advice to business divisions and units, escalation of concerns, cross-functional coordination, and the collection and sharing of information needed for decision-making and reporting.

Externally, it can include formal reporting and disclosure, communication with suppliers and other business partners, public statements, and direct engagement with affected rightsholders, workers, communities, civil society organisations, investors, customers and regulators. It can also include communicating about grievance mechanisms, incidents, corrective action and remedy.

Realistic and effective internal and external communications reflect the company's ambitions, its ethos and culture. Such communications foster confidence that a company is not solely focused on risk management but that it does understand and is working meaningfully on managing its risks. Company communicators and people involved in the reporting processes should resist the temptation to overstate performance; this is rarely credible to outside stakeholders and may rebound on the company.

Communications can contribute to better human rights outcomes. Timely, accessible and culturally appropriate information can help people understand how they may be affected, participate in decisions, raise concerns safely and access remedy. Communication should therefore be understood not only as disclosure about HRDD, but as part of preventing, mitigating and remedying impacts.

Communications can also create or aggravate harm. Companies should consider risks including retaliation, exposure of complainants or human rights defenders, breaches of privacy or confidentiality, stigmatising language and misleading expectations. More disclosure is therefore not automatically better: transparency should support accountability and participation without creating additional harm.

Done well, internal and external communications strengthen corporate culture and practice, support business activities, build trust with better outcomes for stakeholders, and help foster respect for human rights in a company's operations.

Why communicating on human rights is essential

Practitioners need to communicate complex issues in ways that different audiences can understand and act upon. This includes making the case for effective due diligence internally; communicating with affected stakeholders, business partners, investors and others; and ensuring that external reporting is clear, credible and grounded in evidence.

Effective communication starts with understanding the audience and the intended human rights outcome. In other words, meet the audience where they are and be clear about the desired end result and good practice. Poor communication can create unclear expectations, obscure difficult decisions and, in some circumstances, contribute to harm.

What practitioners should know about communicating externally

External communications are more than just reporting

Done well, external communications set out a company's human rights aims, policies and practice, strengthen transparency, and can build collaboration, trust and solutions with important stakeholders.

In addition to what large companies wish to communicate, there are increasing reporting requirements pushing companies to rethink external communications and reporting, leading to greater openness on how they are managing human rights issues.

Under the UNGPs, companies should be prepared to communicate externally on how they address their human rights impacts, particularly when concerns are raised by or on behalf of affected stakeholders. Businesses whose operations or operating contexts pose risks of severe human rights impacts should report formally on how they address them.

Communications should be of a form and frequency that reflect the company's impacts and be accessible to intended audiences; they should provide information sufficient to evaluate the adequacy of the company's response to the particular human rights impact involved; and they should not pose risks to affected stakeholders, personnel or legitimate requirements of commercial confidentiality. Communication can take different forms, including direct engagement, online dialogues, one-on-one meetings, reporting and disclosure.

Meaningful stakeholder engagement is an important part of human rights and environmental due diligence (HREDD). Its primary purpose is not simply to provide the company with an opportunity to explain what it is doing, but to help the company understand the perspectives of potentially and actually affected stakeholders and take those perspectives into account in its decisions. Engagement is inherently two-way: companies communicate relevant information, listen to stakeholders and incorporate appropriate feedback into decision-making, action and the tracking of effectiveness.

Clear communication is also central to effective grievance mechanisms and access to remedy. Affected people should understand how to access the mechanism, what happens after a complaint is made, how confidentiality and safety will be protected, expected timelines, outcomes and available remedy.

Report in a way that works for the company and helps to build relationships with key stakeholders

While regulations, such as Modern Slavery Acts and the CSRD, require companies to report on certain, specific indicators, companies may still choose how they report on the full spectrum of their human rights activities. There are many mechanisms a company can use to report on or disclose information about its human rights policies, processes, progress and performance. These include:

- Integrating human rights information into an integrated annual or corporate sustainability/responsibility report

- Preparing a standalone human rights report
- Disclosing information on the company's website, press releases or through an app
- Making disclosures through an industry or multistakeholder initiative

Company disclosures will likely be influenced by the legal requirements of countries where the company operates and its preferred approach to non-financial reporting. It will also depend on the salient human rights issues it has defined, and who its key stakeholders are and what information they want or need. It is important to note that while the UNGPs expect companies to focus on their salient human rights issues, the CSRD requires companies to conduct double materiality assessments to determine which issues are material to the company and should be reported on.

Some companies may also make specific disclosures prepared to comply with regulatory requirements or industry expectations – for example, by making a modern slavery statement or reporting through the Voluntary Principles on Security and Human Rights.

Human rights reporting can help companies engage more effectively with stakeholders – including governments, customers, investors, suppliers and civil society organisations, as well as consumers and local communities. It presents an opportunity to help people understand the company's human rights risks and challenges, and the complexity of its business relationships and operating environment.

Being open about the company's challenges and the way they are managed can also give a company's business partners and its own employees confidence to raise dilemmas they are facing, improving the company's visibility of these risks and ability to find solutions.

However, there are often limits to what a company is prepared to disclose. The communications and disclosure process is invariably collaborative, requiring input from different parts of the company. There may, for example, be a strictly compliance-based approach to communication on human rights, and concerns about opening the company up to legal complaints, issues of confidentiality, or fears of potential market, investor or reputational damage.

Practitioners should be prepared to discuss communications concerns with other parts of the business. Progress on such issues is often incremental, and practitioners need to work with and train key parts of the business and functions to explain why wider reporting and due diligence is both expected and beneficial.

Important considerations to support effective reporting:

- How does the company make decisions? Who are the decision makers?
- What are its values and how does it tie human rights to them?
- How is performance measured?
- What are the company's human rights goals, how were they developed, and were they achieved?
- What are the goals for the next reporting cycle?

Do not over-promise and under-deliver

Honest and realistic communication builds credibility. Companies should avoid overstating intentions, capabilities or outcomes, particularly where results remain disputed. Being transparent about challenges, mistakes and areas for improvement can strengthen trust and create opportunities to work with stakeholders on solutions.

Legal, compliance, communications and other relevant functions should be involved early where disclosure raises legitimate legal, confidentiality or other concerns.

In a crisis, communicate promptly and accurately

When a crisis breaks, it is critical that a company communicates in a timely and accurate way, usually through its communications department or a senior executive. Accuracy does not require waiting for complete certainty. Where facts remain incomplete or contested, companies should distinguish clearly between what is known, what is not yet known, and what is being done to establish the facts, while avoiding premature conclusions that may themselves cause harm.

This is not just about managing reputational or regulatory risks; it's also about respecting, and demonstrating respect for, human rights. Bringing a human rights lens to communication during a crisis can also enable the company to identify affected stakeholders early and communicate more sensitively and effectively.

Wherever possible, an internal human rights specialist should input at an early stage to a crisis management team. There may be issues of sensitivity not immediately apparent to crisis and corporate communications managers, or which require special care in terms of communications.

In response to a crisis, companies should be consistent with their values and published commitments. A wide range of stakeholders will be watching closely. It is vital for a company to provide statements and responses that reflect the values and integrity of the organisation from the beginning of the crisis until it has been resolved. If the company caused or contributed to the situation, consider carefully how to acknowledge this openly and take appropriate remediation measures.

It is also important to remember the company's own employees can suffer in a crisis. Communicating clearly and being as open as possible in the response reduces uncertainty, rumours and individual concern. Publicising the opportunity for support, including mental health support, should also form part of communications.

What practitioners should know about communicating effectively internally

Strong internal communication and collaboration are key

Human rights teams need to communicate clearly across functions, from executive management and sales to procurement, legal and compliance. The “ask” should be clear, proportionate and expressed in language meaningful to the audience.

Practitioners are part of the business

Practitioners should speak as part of the business and translate human rights concepts into language familiar to each function, while keeping the focus on risks and outcomes for people.

Be prepared to articulate the human rights case

Connecting human rights impacts to operational, legal, financial or reputational consequences can help mobilise internal action and resources. But risk to people and risk to the business are not the same. Under the UNGPs, severe risks to people require attention whether or not they create equivalent financial or reputational exposure for the company.

Positioning human rights in language that connects risks to people with relevant business risks and core business interests often gains stronger traction internally. This framing can support access to resources, enhance strategic alignment, and integrate human rights considerations into divisional risk programmes and enterprise risk management (ERM) systems familiar to executives and board members. However, practitioners should maintain a clear distinction between risk to people and risk to the business. Under the UNGPs, the company’s responsibility to respect human rights and the prioritisation of severe risks to people do not depend on demonstrating a corresponding financial, operational or reputational risk to the company.

Practitioners should also be prepared to frame the work as a positive: Robust due diligence and performance on human rights can strengthen business resilience, establish the company as a reliable, compliant company, and build a strong reputation which the public, communities, investors and customers want.

Respond to pushback by connecting customer expectations and business continuity

Pushback from management is often highly predictable, given the primary focus on cost. Addressing likely objections proactively, before they are raised, signals confidence and keeps the conversation on track. Referencing board-approved policy commitments, explaining the limitations of desk-based due diligence, and making the case for robust risk management can help to connect human rights work to business priorities.

Articulating customer expectations and requests linking human rights performance to business continuity and resilience can support a change in thinking in the company’s overall approach to human rights.

Practical communications tips for company practitioners

Practitioners should know the business, understand where human rights issues may arise, and be conversant with relevant standards, laws and reporting requirements.

Build relationships across functions before problems arise. A common language and understanding help practitioners obtain information, escalate concerns and influence decisions when difficult issues arise.

Communicators should always be relevant and concise, explain the likely human rights consequences of a decision, and, where useful, connect those consequences to business considerations without allowing the business case to displace the focus on risks and outcomes for people.

Some basic communications tips for practitioners:

Policies and reporting

- Keep human rights policies, relevant legal developments and standards under review, and be able to explain their practical implications clearly.
- Understand what regulators and stakeholders expect from reporting, including why particular information and language matter.
- Bring subject-matter expertise to communications while working closely with legal, communications and other relevant functions.

Internal and external communications

- Encourage clear and consistent messages from senior leadership on the importance of respecting human rights and addressing impacts to people.
- Use appropriate internal channels to build awareness of company practice, emerging issues and stakeholder expectations.
- Support executives to communicate externally in a credible and realistic way, including about challenges and areas for improvement.
- Communicate expectations clearly to suppliers and other business partners.

Messaging

- Keep messages concise and audience-specific: one core message, supported by a small number of relevant facts or examples.
- Be clear about the desired action or decision and its implications for affected people and the business.
- Use the business case where it helps mobilise action, while keeping risk and outcomes for people at the centre.
- Anticipate questions and pushback, particularly from senior management, legal and other business functions.

Supporting materials

- Use concrete company or sector examples to illustrate impacts on people, difficult decisions, costs, outcomes and lessons learned.
- Use evidence of outcomes where possible; activities such as policies, training and assessments demonstrate effort but do not, by themselves, demonstrate effectiveness.

Communicate outcomes, not simply activity. Training, audits and assessments demonstrate effort; they do not necessarily demonstrate effectiveness. Where possible, explain what changed for people and what evidence supports that conclusion.

Good practice examples of communicating on human rights externally and internally

The following good practices and accompanying examples of company action are based on insights from GBI's multi-year work with companies. The lessons drawn indicate how companies have been working towards good practice. Some of these lessons may be more relevant than others depending on the corporate context.

Good practice: Be as open about challenges as possible

- Some companies are now reporting more openly on their challenges and are gaining credibility with stakeholders as a result. For example, providing anonymised accounts and statistics on different forms of harassment in the workplace, and how they are addressed, or accounts of how a company is responding to forced labour in the supply chain (including details of recruitment fee refunds) all add to the company's credibility. These accounts tend to be anonymised to avoid identification or potential legal risk. External stakeholders know such risks exist and view this kind of communication as a sign of growing corporate maturity rather than merely poor performance.

Good practice: Consider producing standalone human rights reports

- A number of companies have decided to continue producing their standalone human rights reports in addition to needing to comply with national reporting obligations. The companies have determined that publishing a separate human rights report provides a more comprehensive picture for their stakeholders.

Good practice: Use reporting obligations to review approaches to human rights

- A company decided to use the CSRD to "rewire" its internal approach to sustainability issues, including human rights. Collating the data required to report against the European Sustainability Reporting Standards involved engaging across the entire business. This presented an opportunity to further communicate and embed understanding of sustainability topics, including human rights, in different parts of the company.

Good practice: Know the audience and adapt language accordingly

- Practitioners in many companies know what terminology and narratives to use internally to achieve their goals. Some use different umbrella terminology such as ESG or Sustainability depending on what is appropriate for the company; others find that connecting the company's values to human rights resonates well internally. Practitioners have found that using the "moral" case for good human rights performance is not effective in gaining traction internally.

Good practice: Use stakeholder roundtables to test language and assumptions

- Many companies convene external stakeholder roundtables at group and regional levels to test business and human rights programmes, ideas and assumptions, as well as the language that will make human rights very concrete and readily understandable to stakeholders. Greater clarity of language and cultural sensitivity may help to avoid misunderstandings, negative impacts and risks of negatively impacting human rights.

Good practice: The need for careful communication in conflict areas

- Communication in a conflict-affected or high-risk area may need special care. One company, needing to communicate with a range of different stakeholders, developed and delivered carefully tailored human rights training and awareness raising sessions, adapted to the local context, to build the capacity of relevant actors, including employees, contractors, security forces and public authorities.

Good practice: Communicate outcomes, not only activities

- Companies increasingly seek to explain not only what policies, assessments, audits, training or engagement they have undertaken, but whether those actions were effective. For example, reporting that workers received reimbursement of recruitment fees, that recruitment practices were changed, and that subsequent worker engagement was used to test whether the change was sustained provides more decision useful information than reporting training or audit numbers alone.

Key considerations for policymakers

Policymakers should ensure that human rights reporting requirements are aligned with international standards, including the UNGPs and the OECD Guidelines, and focus on information that supports accountability and effective due diligence.

Set clear, outcome-oriented expectations without rigid reporting templates

Reporting expectations should be clear, outcome-oriented and proportionate. Where possible, rigid templates should be avoided where they encourage compliance with form rather than meaningful information about impacts and responses.

Require information that helps assess the effectiveness of due diligence

Reporting requirements should focus on decision-useful information that enables stakeholders to assess whether companies are effectively identifying, preventing, mitigating and, where appropriate, remedying adverse impacts. Policymakers should place greater emphasis on effectiveness and, where feasible, evidence of outcomes for people, while avoiding requirements that divert disproportionate resources from HRDD itself.

Ensure policy coherence on reporting requirements

Policymakers should promote coherence and proportionality. Divergent requirements can divert resources from HRDD and impose unnecessary burdens, particularly on suppliers and SMEs.

Preserve meaningful transparency and accountability over legal risks

Requirements should encourage meaningful transparency and accountability while protecting legitimate confidentiality and stakeholder safety. Requirements should also stress the importance of meaningful stakeholder engagement. Policymakers should reinforce meaningful two-way engagement with rightsholders, so that stakeholder perspectives inform impact assessment, decisions, action, tracking effectiveness and remedy.

Further resources



[Reporting and disclosure](#)

GBI's Business Practice Portal

Developed by business for business, these evolving resources draw on practical insights across various areas of company practice. Access the business practice portal here: gbihr.org/business-practice-portal

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Global Business Initiative on Human Rights

19c Commercial Road, Eastbourne, East Sussex, BN21 3XE, UK

engage@gbih.org www.gbih.org