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Human rights due diligence: a systematic approach to respecting human rights

Key Points:

- The Human Rights Due Diligence (HRDD) process provides companies with a systematic approach to respecting human rights in their business operations and supply chains by assessing and addressing risks and impacts, as well as monitoring and communicating actions taken.
- HRDD is based on key principles of putting risk to people at the heart of decision making; ensuring meaningful stakeholder engagement; and embedding effective changes in the company's own processes and supply chain.
- HRDD is one component of ensuring people living and working in agricultural and forest commodity production landscapes and supply chains have full enjoyment of their human rights. HRDD should be implemented alongside sustainable livelihoods frameworks to ensure positive impacts at production level.
- Impacts on people should not be regarded in isolation from the impacts on natural resources, biodiversity and climate.

Why is Human Rights Due Diligence important?

Human Rights Due Diligence (HRDD) enables companies in the forest and agriculture sectors to proactively identify the salient human rights issues in their supply chains, identify respective root causes and drive meaningful impact both within and beyond their supply chains to prevent, mitigate and remediate human rights abuses.

What companies need to know

HRDD is a key component of the actions that companies should take as set out by the [United Nations Guiding Principles \(UNGPs\) on Business and Human Rights](#)¹ and the [OECD Due Diligence Guidance for Responsible Business Conduct](#).

The UNGPs and OECD Guidelines are at the heart of legislation that is coming into force in numerous jurisdictions, making human rights and environmental due diligence mandatory for companies. Examples include the Corporate Duty of Vigilance law (France), the Due Diligence in the Supply Chain Act (Germany) and the European Union Corporate Sustainability Due Diligence Directive (CSDDD).

Adapting HRDD for commodity production and sourcing

Companies of all type and size need to respect human rights in their own operations and across their supply chains. However, the actions taken by downstream and upstream players may differ and require a tailored approach to the practical implementation of HRDD in the context of agricultural commodity sourcing and production.

For companies to take effective action in agricultural commodity supply chains and respect human rights at production level, action is needed both within and beyond supply chains. Proforest's approach

to HRDD is aligned with our broader [Agricultural Commodity Responsible Sourcing \(ACRES\)](#) approach and draws on experience of applying it to the sourcing and production of multiple commodities (see Figure 1).

What is Human Rights Due Diligence?

HRDD is a systematic and proactive approach for companies to respect human rights in their business operations and supply chains. This is done by setting policy commitments, strong accountability systems, assessing and addressing risks and impacts, as well as monitoring and communicating actions taken. HRDD can be broken down into the six steps outlined below.

Policy Commitment

The responsibility to implement HRDD requires respect for human rights to be embedded into policies and governance across company departments, with the highest level of accountability in the company.

Appropriate knowledge and resources should be allocated within the company to effectively embed HRDD into its management systems across its operations and value chains.

Identifying human rights risks and impacts

A number of tools and processes can be used as part of a comprehensive human rights risk assessment, which seek to:

- identify both potential and actual impacts and assess saliency
- include meaningful stakeholder engagement throughout, and
- investigate the root causes linked to the potential risks and actual impacts.

Box 1. Salient human rights issues

Saliency, as outlined in the UN Guiding Principles on Business and Human Rights, helps companies focus on the most critical human rights issues within their operations and supply chains. It emphasises prioritising risks based on the severity and likelihood of harm to individuals, rather than on financial or reputational concerns. Severity refers to impacts that are widespread, grave, or difficult to reverse. By identifying and addressing salient risks—such as forced labour, pollution of fresh water or lack of Indigenous Peoples' consent during land acquisitions—companies can meet their responsibility to respect human rights.

¹ The United Nations Guiding Principles (UNGPs) on Business and Human Rights clarify the role of companies in respecting internationally recognised human rights. To date, the UNGPs represent the most authoritative guidance on Business and Human Rights (BHR).

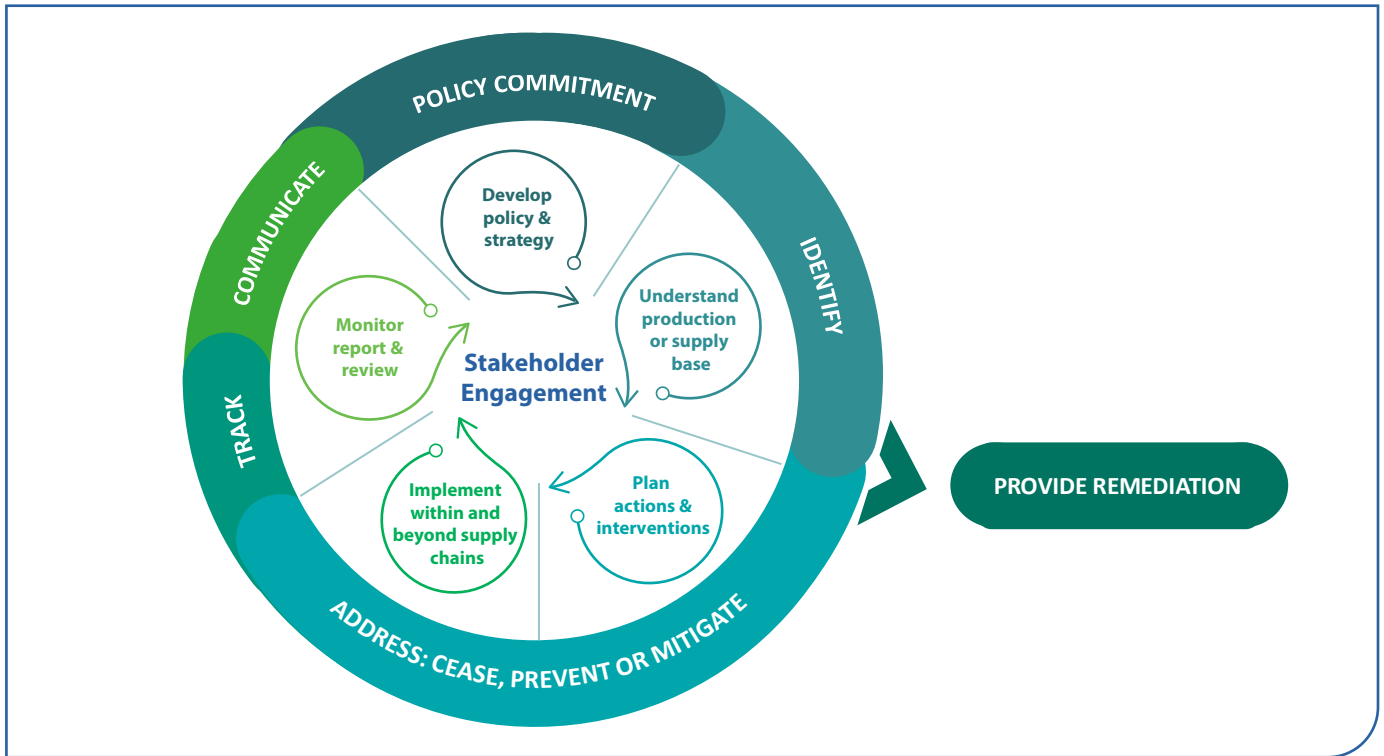


Figure 1: HRDD and the Proforest ACRES approach

Identify risks and impacts, and assess saliency

Taking meaningful actions to respect human rights starts with a process to identify risks and impacts at a level that allows a company to understand the operating contexts, risks and deeper drivers. How this process looks in practice depends on where in the supply chain the company sits. For downstream companies sourcing multiple commodities, the process may require several steps before a deeper dive into specific prioritised countries. The process may include:

- Assessing the risks across all sourced or produced commodities
- Within each key commodity, identifying the highest risk production countries
- For high-risk countries, collecting more granular information on production or sourcing areas, to understand the impacts on workers, communities and smallholders and the saliency of those impacts.

Meaningful stakeholder engagement

The HRDD approach is rights-holder centric, and for agricultural commodities this entails looking at risks across three broad categories: Workers, Smallholders, and Indigenous Peoples and Local Communities

(IP&LC). Greater efforts need to be taken to include groups of rights-holders at particular risk, for example migrant workers and Human Rights Defenders.

It is critical to engage the rights-holders and relevant stakeholders for each group, either directly or through proxies, to enable a greater understanding of the risks, impacts, root causes and potential mitigating actions.

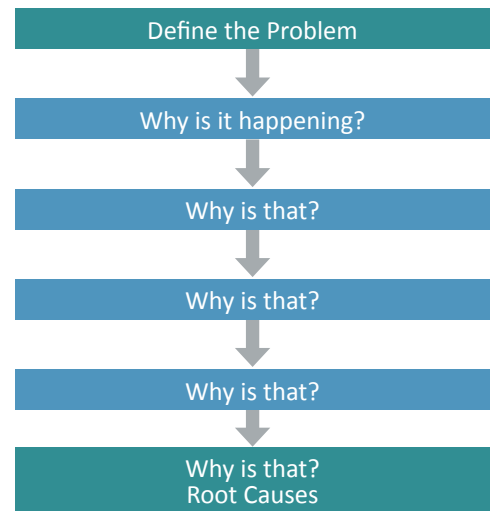
Stakeholders should be mapped and engaged during the risk assessment. Some examples of stakeholders to engage include IP&LC representative organisations, organisations working with vulnerable groups, government officials, credible local or global NGOs, trade unions, academics, smallholder producer associations, and business associations.

Root cause analysis

Understanding the root causes of salient human rights issues is fundamental to define appropriate actions. A Root Cause Analysis (RCA) is a process designed to help companies look beyond the symptoms of an issue to understand the deeper drivers using information provided by rights-holders, stakeholders and experts. Using some simple tools (e.g. “5 Whys”, see Box 2) to identify the root causes that can be controlled and influenced by companies, means that effective mitigating and preventative actions can be planned and undertaken.

Box 2 : The “5 Whys” methodology

- A framework for analysing information obtained through a human rights risk assessment and identifying where a company can take action.
- Decision-making based on an in-depth understanding of what’s happening in reality.
- Most effective when the answers come from:
 - People who have hands-on experience of the issue
 - Multiple perspectives (not only one stakeholder)
- The iterative nature of the 5 Whys means each step drills down further towards the root causes.



Address: Cease, Prevent or Mitigate

Once risks and root causes have been mapped, a company can identify a Smart Mix of actions to address adverse human rights risks and deliver positive impacts for people. This means identifying and embedding actions to address the systemic drivers, both within the value chain and collective actions at international, national and sub-national levels.

Actions may be appropriate through a combination of the two approaches:

- Within supply chain
 - Engage and support suppliers to drive changes in the supply chain
 - Review and strengthen company’s own practices by adopting or modifying policies, Standard Operating Procedures, procurement practices, KPIs etc. as a result of an understanding of risks, drivers and leverage.
- Beyond supply chain
 - Collective action in production regions
 - Collective action in relation to national or sub-national legislation and policy.
 - International collaborative initiatives with peers, with all supply chain actors for a given commodity, or with multiple actors on a specific issue.

Once appropriate actions have been identified and agreed, existing actions and gaps should be mapped, and relevant actors and stakeholders identified. This forms the basis for creating an implementation plan.

Taking action within the supply chain

Supplier engagement is central to meaningful HRDD. Cascading requirements to suppliers will not be effective without an appropriate level of

Box 3: Case study – capacity building and collaborative implementation of HRDD at upstream supplier level

Together with partners and buying companies Proforest has been supporting the development and implementation of a HRDD approach with sugarcane mills in Brazil and Argentina. These initiatives are focused on building the capacity of the mills to have their own processes and systems in place for effective implementation of HRDD. This helps to improve the maturity of suppliers’ HRDD systems, reduce human rights risks by taking a proactive approach to address them, improve the relationship with key stakeholders, and support buying companies to comply with existing and upcoming legislation².

It has also provided opportunities for actors across the supply chain to work collaboratively in identifying and addressing human rights issues in priority sourcing and production origins. This is linked to the need to promote a shared responsibility of these actors in addressing these issues.

engagement. To this end, the role of buyers in implementing sustainable procurement practices and providing capacity building and training to suppliers should be recognised as a critical aspect to help suppliers move towards continuous improvement of their HRDD systems (see Box 3) and outcomes.

Taking action beyond the supply chain

Collaborative spaces offer an opportunity for companies to use and increase their leverage to address systemic and/or complex human rights root causes identified as part of their HRDD. As part of developing the Smart

² For example: EU Corporate Sustainability Due Diligence (CSDDD), EU Forced Labour Ban, German Supply Chain Act, French Corporate Duty of Vigilance Law, US Custom and Border Protection Forced Labour Law, U.K. Modern Slavery Act etc.

Mix of actions, companies should assess whether the issues in production regions or supply chains can be significantly helped by collective actions. These actions might include engagement in landscape or jurisdictional initiatives – where government, producers and civil society are collaborating to take action at scale; supporting changes in national or sub-national legislation or policy if this has been found to be a systemic root cause; or engaging others at a global level in developing and implementing tools and practices for addressing human rights issues, such as with other buyers or supply chains.

Taking action globally can involve collective action working alongside other stakeholders including business peers (e.g. AIM-Progress or the Consumer Goods Forum (CGF) see Box 4), through sectoral collaborative spaces such as the Palm Oil Collaboration Group (POCG) or through involvement in multi-stakeholder spaces (e.g. roundtables or regional multi-stakeholder platforms).

Action beyond the supply chain can be an effective way to increase leverage where a single company may have challenges in addressing systemic human rights issues. Collaborative spaces can also foster knowledge-sharing and exchange of experiences and approaches on the HRDD process itself and on emerging topics such as climate change risks or on best practice in monitoring and reporting.

Tracking and communicating actions

Companies should track the effectiveness of their actions in generating meaningful change: this supports internal learning, efficiencies in budget allocation and external reporting. To do this companies should move beyond monitoring only the activities they support and their outputs (such as number of people trained, or a new procedure developed), to monitoring the outcomes of their actions – i.e. the resulting changes in practices and behaviours of key actors, and the impacts on people. To do this, it is useful to develop a theory of change that articulates how the desired changes will be achieved, and qualitative and quantitative KPIs to monitor outcomes (i.e. behaviours and practices) and impacts on rights-holders.

Companies should use the results of monitoring to communicate to consumers, investors, buyers, rights-holders and other stakeholders about the actual and potential human rights impacts identified, the measures being undertaken to address them, and how effective they are.

Box 4: Case study – developing the converged HREDD Assessment Tool

[The Converged Human Rights and Environment Due Diligence Assessment](#) tool has been developed to assess the maturity of a company's HREDD systems across its own operations and supply chains, including both service and goods providers.

It has been designed to be used by companies in any sector to either assess their own Human Rights and Environment Due Diligence (HREDD) systems or ask their business partners/suppliers of goods and services to complete the tool and therefore engage with their supply chain on improving HREDD maturity.

This tool has been developed in response to the increasing focus on effective human rights and environmental due diligence systems. To reduce the risk of a proliferation of new HREDD assessments and consequent exacerbation of assessment fatigue, the tool has been developed in collaboration between members of AIM-Progress and the Consumer Goods Forum Human Rights Coalition, together with the Fair Labor Association and Proforest. It aims to provide a unified approach to HREDD maturity assessment across multiple industries.

Provide or cooperate on remediation

Companies should provide remedy for abuses they caused or contributed to. Where third parties caused the harm, companies should use their leverage to ensure the harm is remediated.

In addition, companies should have an operational-level grievance mechanism to address complaints and disputes. If this is trusted by relevant stakeholders, it can allow issues to be identified early, and harm can be avoided or minimised.

The appropriate company action and type of remediation required depends on the harm caused, as well as the company's connection to that impact. Remediation may include restoration of rights, symbolic reparation and compensation, amongst others.

Companies should continue to assess and refine their ability to provide effective remedy through continuous learning within their HRDD processes.

Moving forward: opportunities and work in progress

Experience in the implementation of the HRDD process is growing, and new challenges and opportunities are becoming clear. These include:

Taking action and measuring impact: So far HRDD action for companies has largely focused on setting commitments and identifying risks and impacts. To build on this, it is essential that companies develop theories of change and strategies to drive real change and positive impacts for people. This can be done by defining actions within and beyond the supply chain that address deeper drivers and root causes of salient issues, as well as measuring the changes in practices and behaviours of key actors associated with the root causes resulting from those actions, and the longer-term impacts on people in and around their value chains.

Sharing costs and responsibilities: Recognising the roles of actors across the supply chain in respecting human rights, companies are increasingly considering how the economic burden of sustainable practices should be shared. Discussions are increasing among civil society, government and companies about the importance of responsible procurement practices in delivering positive outcomes for people. This might

mean, for example, moving away from traditional approaches, which place the burden on the supplier through requirements and penalties, towards emphasising the role of downstream procurement practices, such as economic and non-economic incentives to reward positive behaviours.

Alignment across climate/nature and human rights teams: The pace of climate change is increasing, and with it come clear, increased risks to workers and producers. Companies are now taking swift action to meet net zero and nature targets, and as a result many are recognising the need for integrated work across teams. This means both the inclusion of climate-change impacts and strategies into HRDD processes, and the embedding of human rights principles and safeguards into climate-change strategies; such as responsible disengagement, support for a just transition and support to vulnerable right-holders.

Developing credible and context-specific approaches: Credible approaches to HRDD implementation are needed in different contexts, including different levels of the supply chain (upstream or downstream), different commodity supply chains, and different geographical locations. This means leveraging local expertise and partnerships to ensure context-specific approaches and solutions are applied, as well as adapting language for different stakeholders.

The Proforest logo consists of the word "proforest" in a bold, teal, lowercase sans-serif font. A thin teal horizontal line is positioned below the letters "o" and "r".

Proforest is a global organisation with a single mission: To ensure agricultural and forestry production that delivers positive outcomes for people, nature and climate. We have more than twenty years of practical experience in supporting companies, governments, communities and partners, to establish responsible production and sourcing practices in Asia, Africa, Latin America and the Caribbean, Europe and North America. We work within and beyond supply chains: with technical expertise in implementation of responsible sourcing and production, collaboration, landscape and multi-stakeholder initiatives, capacity building, tools and training.

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