



# DRIVING HUMAN RIGHTS DUE DILIGENCE

## AN INTRODUCTORY GUIDE

SÉVERINE PICARD • PROGRESSIVE POLICIES



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# INTRODUCTION

Binding legislation on human rights due diligence (HRDD) are increasingly emerging at national and European level. In response, many multinational enterprises (MNE) are implementing or preparing for HRDD obligations. While this guidance is rooted in regulatory and policy developments that have largely emerged in Europe, its ultimate purpose is to strengthen trade union power and action across global supply chains. This is particularly relevant in production countries - often outside the EU - where workers are the first to bear the consequences of human rights and environmental risks, and their experience, organising efforts and struggles are central to any meaningful due diligence approach.

IndustriALL Global Union and industriAll Europe have developed a two-year joint project aimed at empowering their affiliates to actively engage in and shape Human Rights Due Diligence (HRDD) processes as strategic tools for defending workers' rights. Grounded in a risk-based approach to HRDD, the project focuses on developing practical guidance to strengthen trade union capacity to identify, assess and address human rights risks within multinational enterprises (MNEs) and across global supply chains. It supports trade union representatives in taking action throughout the different stages of the HRDD cycle – from risk identification and prioritisation to prevention, mitigation and, where necessary,

access to remedy – while responding to sector-specific risk profiles and power asymmetries.

This guidance should be read and used as a tool to support stronger coordination between unions in headquarter countries and unions in production countries, helping to translate regulatory leverage into concrete improvements on the ground. It does not assume a uniform level of awareness or capacity on HRDD across regions but rather aims to serve as an entry point that can be adapted, enriched and complemented by sectoral experiences and country-specific realities. These guidelines should be seen as a starting point for a broader, long-term effort to build union capacity, solidarity and leverage across global supply chains.

This introductory guide is organised as follows:

- 1. An overview of HRDD**
- 2. Strategic reasons for integrating HRDD into union strategies.**
- 3. A step-by-step description of what unions should look for in an HRDD plan.**
- 4. Suggested building blocks for coordinating union interventions throughout a global value chain.**

*"In order to identify, prevent, mitigate and account for how they address their adverse human rights impacts, business enterprises should carry out human rights due diligence. The process should include assessing actual and potential human rights impacts, integrating and acting upon the findings, tracking responses, and communicating how impacts are addressed".*

Source: United Nations Guiding Principles on Business and Human Rights, Principle 17

# 1.

## THE CONCEPT OF HRDD IN A NUTSHELL

### WHAT IS HRDD?

In financial terminology, due diligence refers to a standard of care aimed at analysing and mitigating risks before making a business or investment decision. With the release of the United Nations Guiding Principles on Business and Human Rights (UNGPs) in 2011, HRDD emerged, requiring businesses not only to assess economic risks but also to investigate and address potential human rights abuses linked to their operations, supply chains and business relationships. The aim is to prevent and mitigate negative impacts on stakeholders, such as workers, suppliers, and local communities. This process involves several steps, ranging from formally integrating responsible business conduct into corporate risks management systems to reporting how the risks have been addressed.

Within HRDD frameworks, grievance mechanisms are intended to provide access to remedy when adverse impacts occur. From a trade union perspective, however, grievance mechanisms should be understood as a last line of defence within the HRDD cycle. Effective HRDD should prioritise early risk identification, prevention and meaningful trade union involvement, with the objective of anticipating and addressing risks upstream and thereby reducing the need for grievance procedures rather than shifting responsibility onto complaint-based processes.

### WHY HAS IT BEEN INTRODUCED?

HRDD aims to restore responsible business conduct in global markets. Although many countries have committed to international human rights standards, this gets undermined by weak enforcement, authoritarian regimes, under-resourced inspectorates and the absence of robust oversight mechanisms, especially in regions where they are most needed. The increasing complexity and consolidation of global value chains has further exposed these weaknesses. Large enterprises dominate the global economy, sourcing goods and services across multiple jurisdictions. While each subsidiary is bound by the laws of the country in which it operates, the parent enterprise executes a global strategy that national regulations alone cannot capture. By using complex group structures and supply relationships, many multinationals play jurisdictions against one another, minimising tax burdens and legal liabilities also in their relations with their subsidiaries.

This has fuelled concerns that large corporations can operate in ways that breach international human rights standards without consequence. Against this backdrop the concept of responsible business conduct recognises that multinational enterprises also carry a clear responsibility to respect human rights, while national governments remain the primary duty bearers under human rights law.

*“Responsible business conduct is understood as the expectation that businesses can play a major role in contributing to economic, environmental and social progress, especially when they minimise the adverse impacts of their operations, supply chains and other business relationships”.*

Source:  
OECD (2018), OECD due diligence guidance for responsible business conduct

## WHERE TO FIND HRDD REPORTS?

HRDD reports can be lengthy and are often treated as confidential by company management. In many cases, the full due diligence process is not disclosed or only partially shared with trade unions. As a result, the first source of information about a company’s HRDD practices is often its annual non-financial reporting. **This is usually made public on the company’s website, under the investors or sustainability section, in a sustainability or corporate governance report.**

Non-financial information covers social, environmental, and human rights matters. In Europe, companies subject to the Corporate Sustainability Reporting Directive (CSRD)<sup>1</sup> must disclose information that reflects the steps of HRDD.

**While these reports are a valuable starting point, they must be read critically.** Additional sources - such as direct questions to management and independent, worker-led assessments - are essential to gain a full picture of a company’s due diligence practices. An indicative checklist of questions to ask central management can be found in Box 1.

<sup>1</sup> Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting

# 2. WHAT HRDD CAN BRING TO UNION STRATEGIES

Figure 1 A labour SWOT analysis of HRDD



**HRDD is a step to halt the race to the bottom and to uphold decent work.** With trade unions involved, HRDD can lift labour standards in global value chains where workers’ protection grows thin. In 2025, the ITUC reported a deteriorating situation for workers and unions in three out of five global regions, with Europe and the Americas recording their worst scores since the Index’s inception in 2014.<sup>2</sup>

HRDD is an operational framework allowing tailored measures to be negotiated at company level. Unions in countries with high labour standards can press for better rights elsewhere, especially as many multinationals are based in Europe.

**HRDD can also boost trade union strategies.** Many worker representatives, such as European Works Councils (EWCs) members, struggle to get timely and useful information in their daily activities. HRDD duties can strengthen these rights. In particular, the risk mapping, a key part of HRDD, can reveal more data on business operations, partners and workforce.

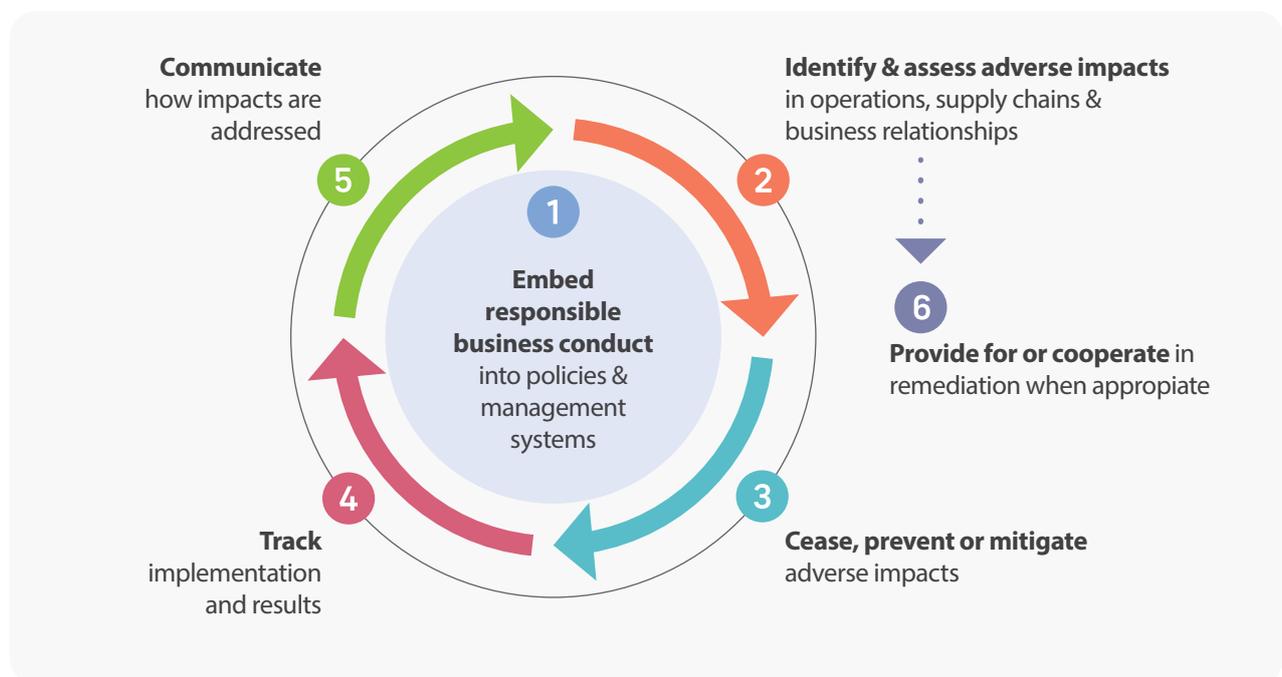
**However, HRDD is no cure-all.** The outcomes are not always strong enough to stop rights abuses where they are worst. Without strong union involvement, laws may fail, and social dialogue could weaken if companies replace real consultation with simple surveys or audits. To avoid this, trade unions and workers’ representatives should strengthen their understanding of HRDD and take an active role in shaping these processes.

2 Global Rights Index - International Trade Union Confederation

# 3. WHAT TO LOOK FOR IN HRDD PROCESSES

This section provides a step-by-step approach for trade unions to engage effectively in company HRDD processes. The overall objective is the negotiation of robust protections throughout the value chain. This guidance follows the six steps of OECD recommendations, which are widely recognised as main steps to a complete HRDD process.

Figure 2 Due Diligence process and supporting measures <sup>3</sup>



## 1. EMBEDDING RESPONSIBLE BUSINESS CONDUCT IN POLICIES AND MANAGEMENT SYSTEMS

This step requires MNEs to adopt policies and processes that articulate their business commitment to responsible business conduct with plans for the implementation of HRDD.

- What unions should look for:**
- ✓ Permanent involvement of workers' representatives in HRDD processes
  - ✓ Involvement of senior level management, with decision making power

- Red flags:**
- ▶ Management selected forums as substitute to trade union consultation (e.g. employees surveys, chats with CEOs)

<sup>3</sup> OECD (2018), *OECD Due Diligence Guidance for Responsible Business Conduct*, OECD Publishing, Paris, <https://doi.org/10.1787/15f5f4b3-en>

Figure 3 Consultation method - example of bad practice <sup>4</sup>

**Specific assessment procedures with regard to human rights and fundamental freedoms:**

- **“Chats with CEO” and focus groups** are organized and conducted at each site by local management (i.e. in the Philippines, Colombia, etc.);
- **Employee Satisfaction Survey**
- **HR Assessments:** when the Group identifies a decrease in employee satisfaction or in overall performance;
- **Security & Compliance Audits:** the Group has established an internal compliance audit function.

**2. IDENTIFYING AND ASSESSING ADVERSE IMPACTS**

This step requires the company to map its business operations, as well as those of major suppliers, in order to gauge the nature and scale of risks to human and workers’ rights.

**What unions should look for:**

- ✓ Transparency of the full global value chain
- ✓ Assessment of risks to trade union rights
- ✓ Identification of high risk situations for workers

*Trade unions need to extract the risks identified by the company from the information provided and compare them with their own experience. This can be complex, especially if the information is voluminous or the number of operations is large. Our sectoral toolkits offer pointers for situations that deserve particular attention.*

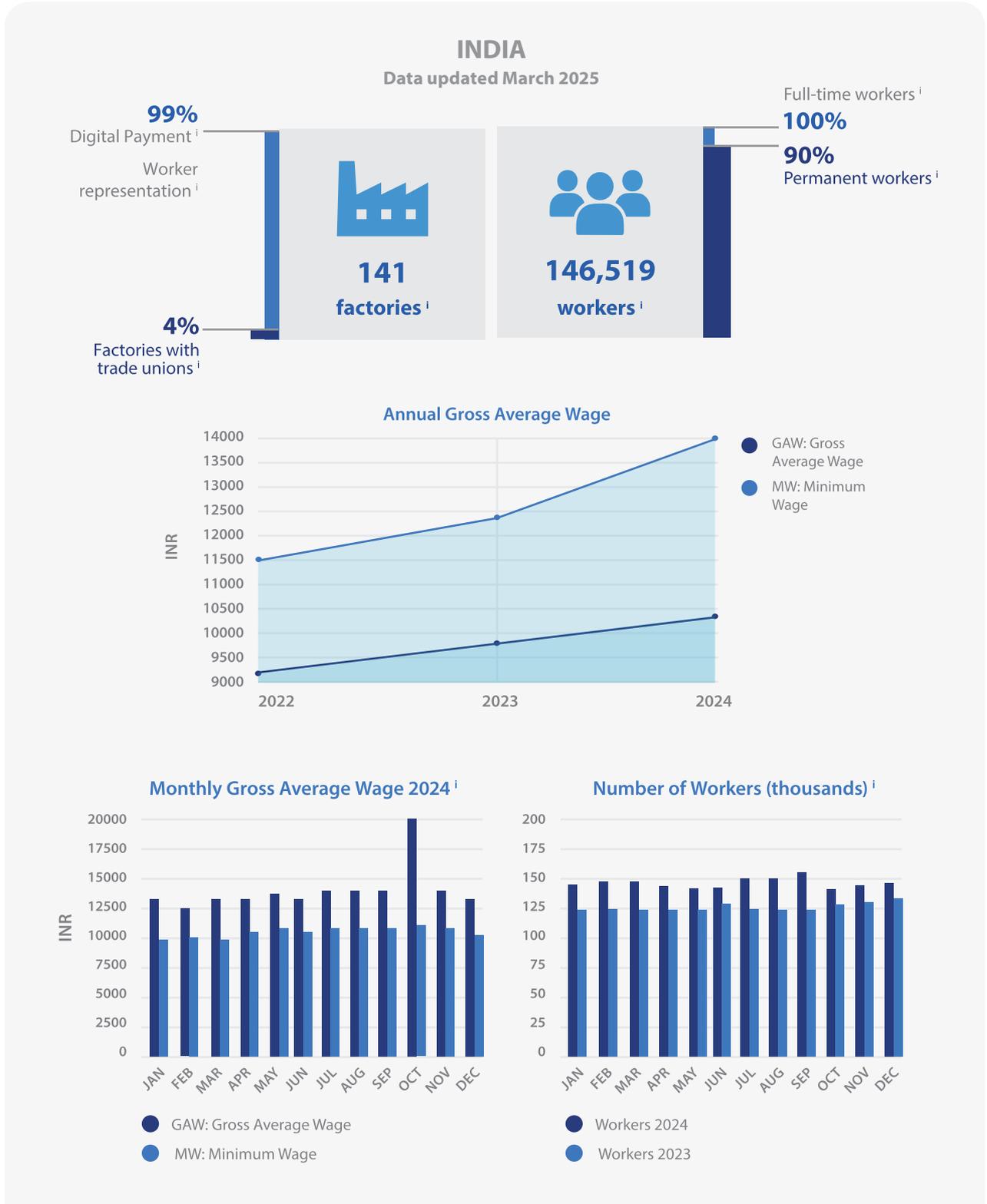
**Red flags**

- ▶ No country-specific or employment breakdown.
- ▶ Risks to workers’ rights downplayed or excluded prematurely.
- ▶ Over-reliance on social audits without union involvement.

<sup>4</sup> Teleperformance, vigilance plan 2019 <https://vigilance-plan.org/wp-content/uploads/2021/07/VE-Teleperformance.pdf>

For every key supplier, this company provides detailed data on number of workers, wages and methods of payment, and trade union representation.

Figure 4 Examples of risk mapping<sup>5</sup>

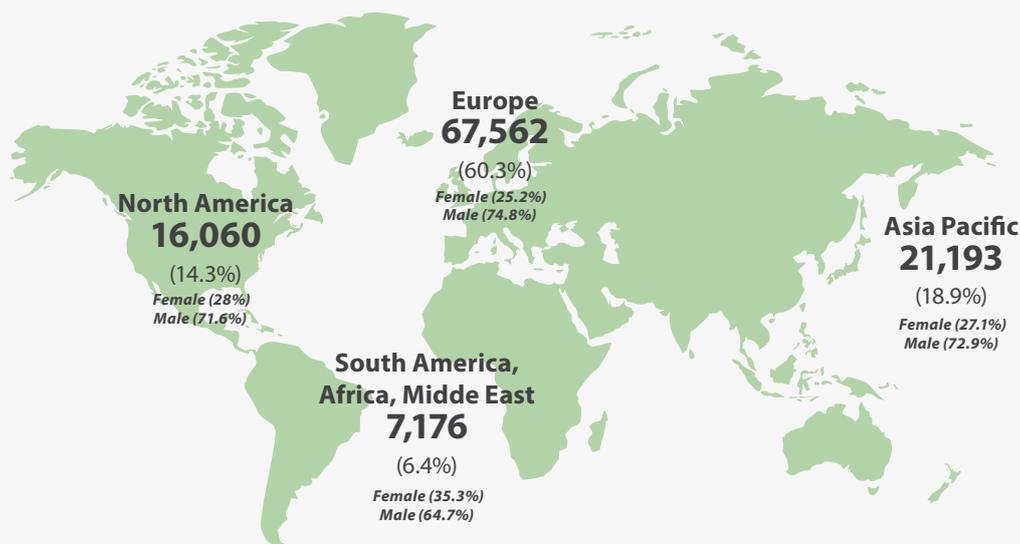


<sup>5</sup> H&M Wages - H&M Group and BASF <https://report.basf.com/2023/en/combined-managements-report/environmental-social-governance/social/employees.html>

This company provides a broad headcount of its own operations. No data is provided on employment in the supply chain. Trade unions will have to request employment breakdown as a necessary first step to assess the size and severity of risks to workers’ rights.

### Group employees by region

(Total: 111,991, of which 26.7% women, as of December 31, 2023)



### Prioritising the risks – materiality vs saliency

Faced with a series of risks, a multinational enterprise will establish some priorities. In this process, it is important for trade unions to ensure that workers’ fundamental rights rank high. A key distinction has to be established between materiality and saliency.

A **materiality analysis** identifies the topics that are relevant to the company’s stakeholders. The company identifies internal and external stakeholders (e.g. investors, shareholders, workers) and asks them to rank the topics according to their own priorities. EWCs can be asked by management to take part in materiality assessments but usually alongside other stakeholders. Under EU law, materiality assessment is a legal obligation.

MNEs must:

- Identify and assess sustainability risks, impacts, and opportunities.
- Document and disclose how materiality was assessed, including methodologies and stakeholder engagement
- Report on all material topics in their sustainability statements using the European Sustainability Reporting Standards (ESRS)

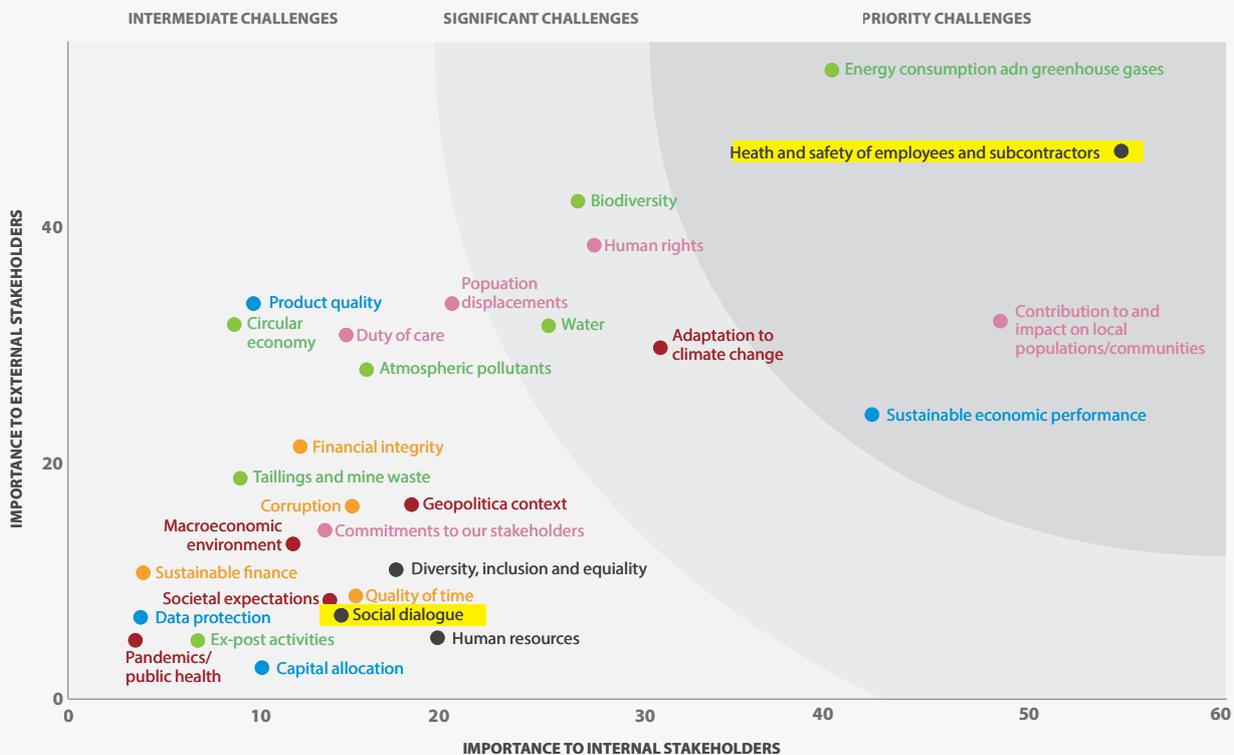
**Saliency** refers to risks that are consistently important. Salient human rights are those that stand out because they are always at risk of the most severe negative impact throughout the company’s activities.

Figure 5 Examples of saliency and materiality matrix<sup>6</sup>

This company commits to always assess risks of forced labour, modern slavery, freedom of association and collective bargaining in the supply chain. However, these risks are not considered as salient in own operations. In contrast, risks of discrimination and harassment and health & safety are assessed throughout the value chain (including own operations).

SALIENT HUMAN RIGHTS RISK	EMPLOYEES	EMPLOYEES WORKING FOR OUR SUPPLIERS	PEOPLE IN OUR LOCAL COMMUNITIES
Forced labor, modern slavery and child labor abuse		●	
Discrimination and harassment	●	●	●
Freedom of association and collective bargaining		●	
Decent working conditions		●	
Health and safety	●	●	●
Access to information and participation in dialogue		●	●
Land rights and resettlement			●
Vulnerable individuals and groups	●	●	●

In this materiality assessment, the risks to employees' health and safety are considered highly important by both internal and external stakeholders. By contrast, risks related to social dialogue are viewed as less important. As a result, it is likely that assessment of trade union rights will not be prioritised in the HRDD process. Unions should ensure that in subsequent iterations, social dialogue is positioned as close as possible to the top-right quadrant.



<sup>6</sup> Hydro <https://www.hydro.com/en/global/investors/reports-and-presentations/annual-reports/annual-report-2023/> and Eramet <https://www.eramet.com/wp-content/uploads/2023/04/2023-04-26-Eramet-URD-2022-EN.pdf>

### 3. CEASING, PREVENTING OR MITIGATING ADVERSE IMPACTS

On the basis of the identified risks, the company is required to stop activities that cause an adverse impact on human rights violations. They should also develop a plan to prevent or at least mitigate potential future impacts.

#### What unions should look for:

- ✓ Commitment to trade union rights
 

*Company policy should recognise and promote rights to collective bargaining and freedom of association. This policy should be valid in own operations and the GVC. Importantly, this should be a self-standing commitment by reference to international standards and not be conditional upon national law of the country of operation.*

- ✓ Specific measures that address the identified risks
 

*Unions are best placed to know what is necessary to protect workers and should aim to negotiate several of these measures with management. A variety of measures can be envisaged, ranging from negotiating suppliers' codes of conduct to reviewing outsourcing where it creates unmanageable risks or divestment in high-risk countries where risks cannot be mitigated.*

*Our sectoral toolkits provide examples drawn from the sector as sources of inspiration.*

#### Red flags:

- ▶ The company refers to local laws as the benchmark and does not clearly commit to ILO Core Conventions.
- ▶ Action plans consisting only of certification, label or surveys.
- ▶ Commitments without timelines or measurable outcomes.
- ▶ Action plan that does not respond to risks identified in mapping.

#### 4. TRACKING IMPLEMENTATION AND RESULTS

Monitoring HRDD is important to ensure that there is a follow-up to company commitments and that lessons are learned from possible shortcomings.

##### What unions should look for:

- ✓ Permanent monitoring

*HRDD is not a one-off exercise*

- ✓ Objective indicators

*Depending on the risks, relevant indicators may for instance include:*

- *Changes in operations in high-risk countries.*
- *Collective bargaining coverage (global and country level).*
- *Frequency of health & safety committee meetings.*
- *Staff turnover and workplace accident rates.*

##### Red flags:

- ▶ Reliance on self-assessment without independent verification and objective indicators
- ▶ No involvement of unions in assessing state of workers’ rights

Figure 7 Example of sustainability indicators<sup>7</sup>

Although this company reports a decrease in the number of employees over the past three years, the number of fatalities has more than doubled. Compared with its own operations, fatalities in the supply chain appear surprisingly lower considering the number of contractors involved. Consequently, trade unions may wish to prioritise risks to health and safety in their engagement. They should also request from management further information about the methodology used to measure fatalities in the supply chain.

METRIC	UNIT	2021	2022	2023
<b>1. Safe, healthy, quality working lives for our people</b>				
Number of employees (total)	number	157,909	154,352	126,756
Number of contractors (total)	number	36,454	33,227	25,867
Fatalities (total)*	number	29	22	61
Fatalities (steel)	number	16	13	6
Fatalities (mining)	number	13	9	55
Fatalities (own personnel)	number	21	14	56
Fatalities (contractors)	number	8	8	5
Fatality rate (steel)	per million hours worked	0.04	0.04	0.02
Fatality rate (mining)	per million hours worked	0.21	0.15	0.81

7 ArcelorMittal - <https://corporate.arcelormittal.com/media/gjaafah0/43984-arcelormittal-factbook-2023-web-interactive.pdf>

## 5. COMMUNICATING HOW IMPACTS ARE ADDRESSED

Companies are expected to report on how they address risks to human rights, often through their public disclosures. Annual reports can therefore be a starting point for HRDD assessment. However, they are not a substitute for dedicated information and consultation with trade unions. Ideally, trade unions should receive the company’s HRDD plan directly.

## 6. REMEDIATION

If an adverse impact on human rights occurs, appropriate remediation should be made available. Grievance mechanisms are a key element of HRDD.

### What unions should look for:

- ✓ Effective workers’ access to grievance mechanisms
- ✓ Independent and effective procedure

*The investigation of complaints must be independent from management and involve trade unions.*

- ✓ Evidence of corrective action

*While anonymity of complaints should be respected, it is important to collect data to feed into the steps 4 and 5 above. The frequency of complaints can indeed constitute an objective indicator of progress or on the contrary indicate a rising source of concerns.*

- ✓ Clear *escalation paths* from local grievance mechanisms to global oversight.

### Red flags:

- ▶ Trade union representation excluded from grievance mechanisms.
- ▶ Mechanisms that are not independent from management.

# 4.

## WHO DOES WHAT? THE NECESSARY COORDINATION OF UNION INTERVENTIONS THROUGHOUT THE GLOBAL VALUE CHAINS

A major challenge for unions is how to secure effective coordination of interventions throughout the global value chain. Such coordination is essential to:

- ✓ Collect information on the state of workers’ protection across all parts of an extended value chain.
- ✓ Put transnational solidarity into practice, enabling local violations to be escalated to a level where unions can exert meaningful influence.
- ✓ Monitor and provide objective indicators on progress.

Processes should therefore be established, taking into account proximity to the problem and potential leverage. This can take two forms in particular: developing mechanisms for effective grievance handling and strengthening union involvement in HRDD processes at all levels.

### 1. EFFECTIVE GRIEVANCE MECHANISMS

Handling complaints is a powerful way to identify and effectively address risks to workers’ rights. To this end, it is advisable for IndustriALL Global Union to **develop guidelines or a blueprint for global framework agreements (GFA) or memoranda of understanding (MoU) that institutionalise the involvement of trade unions in grievance mechanisms and related monitoring.**

The key building blocks of such a process can be outlined as follows:



The TKE Global Framework Agreement<sup>8</sup> provides a detailed procedure for handling complaints across its operations and supply chain. It is an interesting example of a complaint mechanism that ensures systematic investigation of infringements of the GFA's key principles - including child and forced labour, health and safety, trade union rights, discrimination, working time and remuneration.

The Agreement sets out an escalation process: if an issue cannot be resolved at the local level, it is referred to headquarters. Trade unions are fully involved at every stage - from local-level representatives to an international committee composed of representatives from the group, European Works Councils, national federations, IndustriALL Global Union and additional relevant participants.

## 2. THE ROLE OF BOARD-LEVEL WORKER REPRESENTATIVES

Board-level employee representatives have access to crucial information about a company's strategic orientations, including the sourcing of goods and services. They also occupy a privileged position that enables them to escalate labour issues directly to company directors and shareholders. Therefore, their involvement bridges the gap between operational realities and corporate oversight, making them key actors in promoting accountability and protecting workers' rights.

Board-level worker representatives should:

- **Ensure a regular flow of information** to other worker representation bodies on supply chain strategies, thereby helping trade unions refine and strengthen their HRDD strategies
- **Ensure the timely attention and resolution of conflicts** raised through grievance mechanisms

## 3. THE ROLE OF TRADE UNIONS AT HEADQUARTERS

HRDD should be integrated into the regular prerogatives of trade unions representing workers in the headquarters of the multinational. This is essential to limit the risks of social washing and to ensure meaningful impact. It can also significantly reinforce the existing prerogatives of trade unions, particularly regarding access to information on business operations.

To that end, trade unions may use **EWCs and other worker-representation bodies as a tool to institutionalise their involvement in HRDD processes**. This could include, for example, making HRDD a standing item on their agenda or setting up a permanent committee responsible for HRDD. This committee may consider the involvement of union representatives from major suppliers.

It is also recommended that headquarter unions appoint one or several dedicated HRDD officers.

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<sup>8</sup> This can be found in different languages on this page [industriall-union.org](https://industriall-union.org)

*Box 1 Indicative checklist of questions to ask headquarter management*

- Disaggregated information on employment in the company's own operations and in its global value chain
- List of suppliers and key business partners, including employment data by country
- Risk mapping, covering:
  - Countries, occupations, and estimated number of workers affected
  - Nature and frequency of identified violations
- Details of the action plan, including:
  - Measures taken or planned
  - Timelines and assigned responsibilities
  - Objective indicators to measure progress over time
  - Aggregate data on complaints and how they have been addressed.

#### 4. THE ROLE OF TRADE UNIONS IN NATIONAL OPERATIONS

Within a multinational's national operations, trade unions are well placed to liaise with unions at company headquarters, including EWCs, to share information on the state of workers' rights across the company's operations. This exchange helps ensure coherence between national realities and the company's global human rights commitments.

Importantly, trade unions at the national level should also feed into company grievance mechanisms, helping to identify and address systemic risks of violations of workers' rights.

#### 5. THE ROLE OF TRADE UNIONS REPRESENTING WORKERS IN THE SUPPLY CHAIN

A well-functioning grievance mechanism starts with trade unions representing workers throughout the supply chain and **providing comprehensive information on violations of workers' rights at relevant worksites**. Only by multiplying complaints can systemic issues be identified and addressed through appropriate escalation.

This requires that unions within the supply chain first identify the appropriate grievance mechanism channel within major customer companies.

Where needed, IndustriALL Global Union and industriAll Europe can provide the necessary guidance and support to help unions navigate these processes effectively. More details can be found in the sectoral guidance.

