



HUMAN RIGHTS DUE DILIGENCE (HRDD)

A Mechanism Through Which Businesses Can Prevent Adverse Human Rights Impacts and, Where Relevant, Remediate Their Human Rights Abuses

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ABSTRACT

This paper critically examines Human Rights Due Diligence (HRDD) as a mechanism through which businesses can prevent adverse human rights impacts and remediate human rights abuses within their operations and supply chains. The study evaluates the importance of HRDD in promoting human rights-based corporate behavior, while also analyzing its strengths, weaknesses, and practical challenges in implementation. The paper further explores issues relating to legal compliance, corporate accountability, supply chain transparency, and the effectiveness of current regulatory frameworks. In addition, it proposes recommendations for enhancing HRDD through standardization, stronger enforcement mechanisms, incentives for responsible corporate conduct, and collaborative approaches among governments, businesses, and civil society organizations. The discussion is supported by relevant academic literature, international legal developments, and contemporary case law relating to business and human rights.

Keywords: Human Rights Due Diligence; Corporate Accountability; Supply Chain Transparency; UN Guiding Principles on Business and Human Rights; Risk Mitigation; Sustainable Business Practices

INTRODUCTION

Human Rights Due Diligence (HRDD) has emerged as a critical mechanism for businesses to prevent adverse human rights impacts and address abuses within their operations and supply chains. The UNGPs provide a crucial framework for

business and human rights in the shape of HRDD. This approach places the responsibility on companies to proactively identify, assess, and mitigate potential human rights risks associated with their activities. This essay examines the importance of HRDD in promoting human rights-based corporate behavior, assesses its strengths and weaknesses, and suggests ways to enhance its effectiveness¹.

The Significance of HRDD in Corporate Responsibility

Human Rights Due Diligence (HRDD) stands as a pivotal mechanism, embodying the evolution of corporate responsibility. It compels businesses to go beyond profit-centric models and actively engage in safeguarding human rights within their operations and supply chains. By placing the onus on companies to proactively identify, assess, and mitigate potential human rights risks, HRDD becomes a proactive tool in preventing adverse impacts. This shift in perspective aligns businesses with a broader ethical framework, recognizing their role in society beyond economic contributions.² As corporations increasingly influence global dynamics, the importance of HRDD cannot be overstated in shaping a corporate ethos rooted in human rights principles.

Strengths and Contributions of HRDD

HRDD brings forth a range of strengths that contribute to the advancement of human rights-based corporate behavior. Firstly, by ensuring legal compliance and risk mitigation, HRDD provides companies with a structured approach to align with international human rights standards. This not only shields them from potential legal repercussions but also cultivates a culture of accountability. Secondly, the enhancement of corporate reputation is a significant strength. As consumers and investors become more conscious of ethical considerations, a positive human rights record becomes a powerful driver of brand loyalty and stakeholder trust. Moreover, HRDD encourages supply chain transparency, allowing businesses to trace the origins of their products and thereby foster responsible sourcing practices. These strengths collectively position HRDD as a catalyst for positive change within corporate landscapes.³

Challenges and Strategies for Enhancing HRDD Effectiveness

Despite its strengths, HRDD encounters several challenges that hinder its effectiveness. The absence of universally agreed-upon standards and limited enforcement mechanisms create inconsistencies in implementation. Moreover, in complex, multi-tiered supply chains, identifying and addressing human rights issues becomes a resource-intensive task. To enhance the effectiveness of HRDD,

¹ Bright, C., & Bueno, N. (2023). Mandatory human rights due diligence. In *Teaching business and human rights* (pp. 144–159). Edward Elgar Publishing.

² Bueno, N., & Bright, C. (2020). Implementing human rights due diligence through corporate civil liability. *International & Comparative Law Quarterly*, 69(4), 789–818.

³ Chambers, R., & Martin, J. (2021). Reimagining corporate accountability: Moving beyond human rights due diligence. *NYU Journal of Law & Business*, 18, 773.

standardization and guidance are imperative. Establishing universally accepted standards will provide a consistent framework for companies to follow. Additionally, incentives and recognition from governments and industry associations can motivate businesses to adopt exemplary HRDD practices. Strengthening legal frameworks, particularly in regions with weak regulations, is crucial for ensuring a level playing field. Collaborative efforts between businesses, civil society, and government entities will further create an environment conducive to successful HRDD implementation⁴.

Human Rights Due Diligence serves as a cornerstone in reshaping corporate behavior by emphasizing proactive identification, assessment, and mitigation of human rights risks. Its strengths in legal compliance, reputation enhancement, and supply chain transparency are integral in fostering a responsible corporate ethos. Addressing challenges through standardization, incentives, and collaboration will ultimately contribute to the broader effectiveness of HRDD, ensuring that businesses not only prioritize profits but also uphold their responsibility to respect and protect human rights⁵.

Importance of HRDD in Human Rights-Based Corporate Behavior Preventing Adverse Human Rights Impacts

HRDD serves as a proactive tool for businesses to identify and address potential human rights violations before they occur. For example, a global fashion brand implementing HRDD might assess the working conditions in its supply chain, identifying issues such as forced labor or unsafe working conditions. By addressing these concerns early on, companies can prevent adverse impacts on human rights. Human Rights Due Diligence (HRDD) functions as a proactive shield for businesses, particularly in the complex web of global supply chains. Take, for instance, a global fashion brand committed to HRDD. Through a comprehensive assessment of working conditions in its supply chain, the company can uncover potential human rights violations before they escalate. In the textile industry, this might involve scrutinizing factories for forced labor, unsafe working conditions, or other labor rights abuses⁶.

By implementing HRDD, the fashion brand can establish robust mechanisms to monitor and evaluate its suppliers, ensuring compliance with human rights standards. Early identification of issues allows for swift corrective actions. For example, if forced labor is detected, the company can intervene to address the root causes, potentially rescuing workers from exploitative conditions. Similarly, if unsafe working conditions are identified, preventive measures can be implemented to mitigate risks and enhance workplace safety. This proactive approach not only

⁴ Smit, L., Holly, G., McCorquodale, R., & Neely, S. (2021). Human rights due diligence in global supply chains: Evidence of corporate practices to inform a legal standard. *The International Journal of Human Rights*, 25(6), 945–973.

⁵ Chambers, R., & Vastardis, A. Y. (2020). Human rights disclosure and due diligence laws: The role of regulatory oversight in ensuring corporate accountability. *Chicago Journal of International Law*, 21, 323.

⁶ Landau, I. (2019). Human rights due diligence and the risk of cosmetic compliance. *Melbourne Journal of International Law*, 20, 221.

prevents immediate harm but also creates a ripple effect by setting a precedent for ethical practices throughout the industry.⁷ It positions the business as a responsible actor, committed to upholding human rights, and sets the stage for a more sustainable and humane supply chain ecosystem. However, there are evolving numbers of regulations encouraging businesses to engage in HRDD. Examples include the French Duty of Vigilance Act 2017 (Devoir de Vigilance Loi), the Dutch Child Labor Due Diligence Act 2019, the German Corporate Due Diligence in Supply Chains Act 2021, Australian Illegal Logging Prohibition Act 2012, UK Modern Slavery Act 2015 and the Norwegian Transparency Act 2021. As such, HRDD becomes not just a corporate responsibility but a catalyst for positive change within the intricate dynamics of global business operations.

Remediating Human Rights Abuses

HRDD also plays a crucial role in addressing existing human rights abuses within corporate operations. When violations are identified, businesses can take remedial actions to rectify the harm caused. An example is a technology company discovering child labor in its cobalt supply chain and subsequently implementing measures to ensure the elimination of such practices. Beyond its preventive role,⁸ Human Rights Due Diligence (HRDD) emerges as a powerful instrument for addressing and rectifying existing human rights abuses within corporate operations. Consider a scenario involving a technology company diligently conducting HRDD in its cobalt supply chain.⁹ Upon identification of child labor, the company doesn't merely stop at acknowledgment but takes immediate and comprehensive remedial actions. The first step involves ceasing any engagement with suppliers involved in child labor and severing ties with entities that contribute to the abuse. Simultaneously, the technology company establishes clear policies and guidelines explicitly prohibiting child labor within its supply chain. This includes conducting thorough audits, implementing robust monitoring systems, and collaborating with stakeholders to ensure compliance.

In addition to terminating unethical practices, the company commits to rectifying the harm caused. This might include providing reparations to affected individuals, supporting their education, and contributing to the development of sustainable and ethical alternatives for the community. By transparently communicating these actions, the technology company not only addresses immediate human rights violations but also showcases a commitment to accountability and continuous improvement. This remediation aspect of HRDD underscores its dynamic role in not

⁷ Hess, D. (2021). The management and oversight of human rights due diligence. *American Business Law Journal*, 58(4), 751–798.

⁸ Deva, S. (2023). Mandatory human rights due diligence laws in Europe: A mirage for rightsholders? *Leiden Journal of International Law*, 36(2), 389–414.

⁹ Mares, R. (2018). Human rights due diligence and the root causes of harm in business operation. *Northeastern University Law Journal*, 10, 1.

just identifying issues but actively participating in the restoration of human rights. It exemplifies a corporate culture that goes beyond passive adherence to regulations, striving for tangible positive impacts on the lives of those affected by human rights abuses.¹⁰

Strengths of HRDD

Legal Compliance and Risk Mitigation

HRDD helps companies comply with international human rights standards and local regulations, reducing the risk of legal actions and sanctions. By proactively addressing potential issues, companies can mitigate legal and financial risks associated with human rights violations. The integration of Human Rights Due Diligence (HRDD) into corporate practices not only aligns businesses with international human rights standards but also serves as a robust mechanism for legal compliance and risk mitigation. Companies operating in a globalized landscape are subject to an intricate web of international, regional, and local regulations. HRDD acts as a compass, guiding businesses through this complex regulatory terrain. Amid the global COVID-19 pandemic, the UNGPs introduced a tool with the name of C19 Rapid Self-Assessment to help businesses to address human right abuses within their supply chain.

One illustrative example involves a multinational corporation navigating diverse legal frameworks related to labor rights in its various operational locations. By incorporating HRDD, the company conducts thorough assessments to ensure compliance with international human rights standards, such as the International Labour Organization's (ILO) conventions. Simultaneously, it tailors its due diligence processes to align with specific local regulations governing labor practices. Proactively addressing potential human rights issues through HRDD not only minimizes the risk of legal actions and sanctions but also safeguards the financial standing of the company.¹¹ Legal battles resulting from human rights violations can be costly and damaging to a brand's reputation. By identifying and mitigating risks early on, companies shield themselves from potential lawsuits, fines, and other legal consequences, preserving both their financial stability and market credibility. In essence, HRDD becomes a strategic investment in legal risk management, providing companies with a proactive shield against legal uncertainties. This approach reinforces the symbiotic relationship between ethical business practices, legal compliance, and long-term financial viability. Examples include UK cases like *Vedanta v Lungowe* and *Okpabi v Shell*, where it was established that parent companies bear a duty of care for the activities of their foreign subsidiaries with adverse human rights and environmental impacts. The obligation for companies to provide a remedy was affirmed in cases like *Four Nigerian Farmers vs Shell* in the

¹⁰ Nolan, J., & McCorquodale, R. (2022). The effectiveness of human rights due diligence for preventing business human rights abuses. UNSW Law Research Paper (22-23).

¹¹ Hogan, B. F., & Reyes, J. (2023). Downstream human rights due diligence: Informing debate through insights from business practice. *Business and Human Rights Journal*, 8(3), 434–440.

Netherlands. Notably, companies can be held accountable when it is foreseeable that a third party's actions may result in human rights harm, as seen in *Begum vs Maran* in the UK. In Canada, the *Nevsun Resources Ltd vs Araya* case held that customary international law's prohibitions, such as those against slavery and forced labor, could directly apply to businesses.

Enhancing Corporate Reputation

Adopting HRDD demonstrates a commitment to ethical business practices and human rights, enhancing a company's reputation among consumers, investors, and other stakeholders. Consumers are increasingly conscious of ethical considerations, and a positive human rights record can contribute to brand loyalty. The adoption of Human Rights Due Diligence (HRDD) transcends mere legal compliance; it serves as a tangible demonstration of a company's commitment to ethical business practices and human rights. This commitment, when communicated effectively, becomes a powerful driver in enhancing a company's reputation among key stakeholders. In the modern business landscape, consumers are progressively more conscientious about the ethical dimensions of the products and services they choose to support¹². A company actively engaging in HRDD signals to consumers that prioritizes social responsibility, ethical conduct, and the well-being of individuals throughout its operations. This resonance with ethical values is pivotal in cultivating brand loyalty and building a positive rapport with consumers. Investors, too, increasingly consider ethical considerations as integral to a company's long-term sustainability. Adopting HRDD becomes a strategic move in attracting socially responsible investors who value not only financial returns but also the ethical stance of the companies in which they invest. By aligning with global human rights standards, companies can appeal to investors who prioritize sustainable and responsible business practices¹³.

Moreover, stakeholders beyond consumers and investors, including employees, suppliers, and the wider community, view HRDD as a beacon of integrity. Companies that actively work to prevent and address human rights abuse through HRDD demonstrate a commitment to fostering positive social impact, earning the trust and respect of diverse stakeholders. In essence, the incorporation of HRDD becomes a proactive investment in not just legal and financial risk management but also in cultivating a reputation for ethical conduct. This, in turn, contributes significantly to building enduring relationships with consumers, investors, and the broader community, fostering a corporate culture rooted in values of responsibility and respect for human rights.

¹² Lichuma, C. O. (2023). Mandatory human rights due diligence (mHRDD) laws caught between rituals and ritualism: The forms and limits of business authority in the global governance of business and human rights. *Business and Human Rights Journal*, 1–20.

¹³ Rashmi, K. (2022). Human rights due diligence as a tool to prevent business human rights abuses: A critical analysis.

Supply Chain Transparency

HRDD encourages transparency in supply chains, allowing businesses to trace the origin of their products and assess the human rights practices of suppliers. This transparency enables companies to make informed decisions about their business partners, fostering a culture of accountability. The implementation of Human Rights Due Diligence (HRDD) goes beyond internal practices, extending its impact to supply chains by fostering transparency. This transparency not only empowers businesses to trace the origins of their products but also enables a comprehensive assessment of the human rights practices embedded within their supplier networks¹⁴.

Consider a scenario where a multinational corporation incorporates HRDD to scrutinize its extensive supply chain. By systematically assessing suppliers' adherence to human rights standards, the company gains a detailed understanding of potential risks and areas for improvement. This information becomes crucial in making informed decisions about continued partnerships or the initiation of new collaborations. HRDD acts as a catalyst for a culture of accountability by setting clear expectations for suppliers and encouraging compliance with established human rights principles. Through transparent reporting and disclosure mechanisms, businesses can communicate their commitment to ethical sourcing practices. This not only strengthens relationships with existing suppliers but also attracts ethically conscious partners who share the commitment to upholding human rights. Moreover, this transparency resonates positively with consumers who increasingly demand visibility into the production processes of the goods they purchase. By providing insights into the journey of products, companies instill trust and credibility, aligning with the values of an informed and socially responsible consumer base. Therefore, HRDD emerges not only as a mechanism for assessing and addressing risks but as a transformative force promoting accountability and transparency throughout the supply chain ecosystem¹⁵.

Weaknesses of HRDD

Lack of Universal Standards

HRDD lacks universally agreed-upon standards, making it challenging for companies to establish a consistent framework. Varying interpretations of human rights can lead to inconsistencies in implementation, potentially diluting the effectiveness of HRDD. One of the inherent challenges in the widespread adoption of Human Rights Due Diligence (HRDD) lies in the absence of universally agreed-upon standards, posing a hurdle for companies striving to establish a consistent and effective framework. The lack of a unified global guideline results in a landscape

¹⁴Ford, J., & Nolan, J. (2020). Regulating transparency on human rights and modern slavery in corporate supply chains: The discrepancy between human rights due diligence and the social audit. *Australian Journal of Human Rights*, 26(1), 27–45.

¹⁵ Jeong, E. (2017). Corporate accountability and the role of the state: Requirements for improving corporate human rights due diligence (HRDD) after the endorsement of the UN Guiding Principles on Business and Human Rights (UNGP) (Doctoral dissertation).

where interpretations of human rights can vary significantly, leading to inconsistencies in the implementation of HRDD. Consider a multinational corporation operating in diverse regions; without standardized HRDD protocols, the company faces the intricate task of navigating through a patchwork of interpretations and expectations. Human rights, being inherently complex and culturally sensitive, may be subject to differing perspectives, making it challenging for businesses to create uniform practices that resonate across their global operations¹⁶.

The absence of universal standards also leaves room for interpretation gaps between companies, potentially diluting the overall effectiveness of HRDD. Disparities in the depth and scope of due diligence measures can emerge, leading to varying levels of human rights protection and oversight. This lack of uniformity not only hampers the comparability of corporate practices but also makes it difficult for stakeholders, including consumers and investors, to gauge the true extent of a company's commitment to human rights. Addressing this challenge requires collaborative efforts among governments, international organizations, and businesses to establish clear, universally accepted HRDD standards. A standardized framework would not only simplify the implementation process for companies but also foster a more cohesive global approach to human rights protection within corporate activities.

Limited Enforcement Mechanisms

While HRDD is a voluntary mechanism, there is often a lack of effective enforcement mechanisms. Companies may choose not to conduct thorough due diligence, especially in regions where regulatory frameworks are weak or nonexistent¹⁷. The voluntary nature of Human Rights Due Diligence (HRDD) introduces a critical challenge: a lack of robust enforcement mechanisms, leaving room for companies to opt-out or conduct superficial due diligence. This becomes particularly pronounced in regions where regulatory frameworks are weak or nonexistent, creating an environment where the adoption of HRDD may be inconsistent or, in some cases, entirely disregarded. In regions with lax regulations, companies might be tempted to prioritize cost savings over ethical considerations, leading to inadequate due diligence practices. This is especially concerning when operating in jurisdictions where human rights violations may be more prevalent, as companies may exploit the absence of strict enforcement.

The absence of effective enforcement mechanisms also raises questions about accountability. Companies opting out of comprehensive HRDD may escape consequences for overlooking potential human rights abuse within their operations or supply chains. This not only poses risks to the affected individuals but also

¹⁶Marshall, S., Landau, I., Shamir, H., Barkay, T., Fudge, J., & van Heerden, A. (2023). Mandatory human rights due diligence: Risks and opportunities for workers and unions. RMIT University Business and Human Rights Centre.

¹⁷ Marshall, S., Landau, I., Shamir, H., Barkay, T., Fudge, J., & van Heerden, A. (2023). Mandatory human rights due diligence: Risks and opportunities for workers and unions. RMIT University Business and Human Rights Centre.

undermines the credibility of HRDD as a meaningful mechanism for corporate responsibility. To address this, there is a pressing need for international collaboration to establish and reinforce consistent enforcement mechanisms for HRDD. Governments, industry associations, and civil society must work together to create a framework that encourages companies to conduct thorough due diligence universally. Strengthening legal frameworks, both globally and locally, will be essential to ensure that the voluntary nature of HRDD does not lead to its selective implementation based on convenience rather than ethical commitment¹⁸.

Challenges in Multi-Tiered Supply Chains

Companies with complex, multi-tiered supply chains face challenges in implementing HRDD effectively. Identifying and addressing human rights issues at various levels of the supply chain requires significant resources and cooperation from multiple stakeholders. For companies navigating complex, multi-tiered supply chains, implementing Human Rights Due Diligence (HRDD) presents a formidable challenge that goes beyond the simplicity of a linear operation. The intricate web of interconnected suppliers across various tiers adds layers of complexity, demanding substantial resources and a high degree of collaboration among multiple stakeholders. Consider a technology company relying on a global network of suppliers for components like semiconductors. The complexity arises not only from geographical dispersion but also from the diversity in suppliers' practices and standards. Identifying and addressing human rights issues at each tier necessitates a granular understanding of local contexts, cultures, and regulations, demanding a significant allocation of time and resources¹⁹.

Moreover, cooperation from multiple stakeholders is paramount in successfully implementing HRDD in multi-tiered supply chains. Engaging with suppliers, local communities, non-governmental organizations, and industry peers becomes essential for gathering accurate and comprehensive data, fostering transparency, and collectively addressing identified human rights concerns. While the challenges are formidable, tackling them head-on becomes imperative for companies committed to ethical sourcing. Investing in technologies like block-chain for supply chain transparency and fostering collaborative initiatives such as industry-wide standards can streamline the implementation of HRDD in complex supply chains. Recognizing and addressing these complexities will not only strengthen human rights protections but also contribute to building a resilient and responsible supply chain ecosystem²⁰.

¹⁸ Chambers, R., & Martin, J. (2021). Reimagining corporate accountability: Moving beyond human rights due diligence. *NYU Journal of Law & Business*, 18, 773.

¹⁹ Terán, D. U. (2021). Beyond corporate social responsibility: Strengthening human rights due diligence through the legally binding instrument on business and human rights (No. 138). Research Paper.

²⁰ McInerney-Lankford, S. (2019). Human rights, international financial institutions, and environmental and social due diligence: The value added of HRIA. In *Handbook on Human Rights Impact Assessment* (p. 405).

Enhancing Effectiveness of HRDD Standardization and Guidance

Developing and promoting standardized guidelines for HRDD can enhance its effectiveness. International bodies, governments, and non-governmental organizations can collaborate to establish clear, universally accepted standards for human rights due diligence. The effectiveness of Human Rights Due Diligence (HRDD) can be significantly bolstered through the development and promotion of standardized guidelines. Collaboration among international bodies, governments, and non-governmental organizations (NGOs) becomes paramount to establish universally accepted standards, ensuring a consistent and comprehensive approach to human rights protections in the corporate sphere. When diverse entities come together to create clear and standardized guidelines, businesses benefit from a structured framework that transcends geographical and sectoral boundaries. For instance, the International Labour Organization (ILO), United Nations (UN), and other global entities can spearhead the creation of guidelines that encapsulate the principles of HRDD, providing a common language for companies worldwide²¹.

Governments play a crucial role in endorsing and implementing these standards, embedding them within national regulatory frameworks. This not only elevates the importance of HRDD but also ensures a level playing field for businesses operating across different jurisdictions. Non-governmental organizations, with their expertise and advocacy power, contribute to the effective dissemination and adoption of these standardized guidelines, holding both governments and businesses accountable for their implementation. Additionally, a collaborative approach allows for continuous refinement of these guidelines, incorporating evolving perspectives on human rights. Industry-specific nuances can be considered, making the guidelines adaptable and relevant to diverse sectors. Ultimately, standardization becomes a catalyst for widespread adoption, reinforcing HRDD as an integral and universally embraced mechanism for ethical corporate behavior. The role of HRDD is inevitable which only requires protection.

Incentives and Recognition

Governments and industry associations can provide incentives for companies that demonstrate exemplary HRDD practices. Recognizing and rewarding responsible corporate behavior can encourage widespread adoption of HRDD across different sectors. Governments and industry associations, recognizing the transformative potential of Human Rights Due Diligence (HRDD), can play pivotal roles in incentives and promoting its adoption. By providing tangible incentives for companies demonstrating exemplary HRDD practices, these entities create a positive reinforcement loop that encourages widespread adoption across diverse sectors. Governments, as regulatory authorities, can implement policies that offer tax benefits,

²¹Fahmy, S., & Shahid, A. (2022). Towards human rights due diligence: A review of the legal framework and compliance mechanisms for corporate human rights responsibilities in the Maldives. *International Journal of Social Research & Innovation*, 6(2), 1–16.

subsidies, or preferential treatment in public procurement to companies that exhibit robust HRDD processes. Such financial incentives not only reward responsible corporate behavior but also offset the costs associated with implementing comprehensive due diligence measures.

Industry associations, with their sector-specific knowledge and influence, can establish recognition programs and awards for companies excelling in HRDD. Publicly acknowledging and celebrating such achievements not only serves as a powerful motivator for the recognized companies but also sets benchmarks for others to emulate. Furthermore, collaborative efforts between governments and industry associations can lead to the development of industry-specific best practices and standards for HRDD. This creates a cohesive approach that aligns with sectoral nuances while maintaining the overarching principles of human rights protections. Incentivizing HRDD excellence, therefore, becomes a strategic lever for driving change. The prospect of tangible rewards not only boosts the reputation of responsible companies but also sends a clear signal to the business community that embracing ethical corporate behavior, as encapsulated in HRDD, is not just a moral imperative but a strategic advantage in today's conscientious marketplace²².

Strengthening Legal Frameworks

Governments play a crucial role in strengthening legal frameworks related to human rights and corporate accountability. Implementing and enforcing regulations that mandate HRDD practices can create a level playing field and ensure that companies prioritize human rights. Governments serve as pivotal architects in shaping a conducive environment for Human Rights Due Diligence (HRDD) by reinforcing legal frameworks that underscore corporate accountability. Through the strategic implementation and enforcement of regulations mandating HRDD practices, governments can foster a level playing field and ensure that companies prioritize human rights considerations. Legislation can be crafted to make HRDD a legal requirement, specifying the scope, methodologies, and reporting mechanisms for companies. By codifying HRDD into law, governments send a clear signal that human rights considerations are not just ethical choices but legal obligations. This legal framework provides a baseline for all companies to adhere to, creating consistency and coherence in human rights practices²³.

Enforcement mechanisms within these regulations are equally crucial. Governments can institute penalties for non-compliance, ranging from fines to more severe consequences for persistent violations. Such deterrents motivate companies to invest in HRDD as a risk mitigation strategy, ensuring that human rights considerations are integrated into their core business operations. Moreover,

²² Bright, C., & Bueno, N. (2023). Mandatory human rights due diligence. In *Teaching Business and Human Rights* (pp. 144–159). Edward Elgar Publishing.

²³ Masee, K. (2019). Exploring and analysing Thailand's potential new legislation on mandatory human rights due diligence for private sectors.

collaboration between governments and international bodies can contribute to the harmonization of global standards, reducing discrepancies across jurisdictions. This collaborative effort reinforces the notion that respect for human rights is a shared global responsibility, transcending borders and creating a unified front for corporate accountability. In essence, a robust legal framework, coupled with effective enforcement, establishes a foundation where HRDD is not merely a voluntary initiative but an integral aspect of corporate governance, aligning businesses with the imperative of safeguarding human rights.

Capacity Building and Collaboration

Investing in capacity building businesses, especially small and medium enterprises, can facilitate the implementation of HRDD. Additionally, fostering collaboration between businesses, civil society, and government entities can create a supportive environment for effective HRDD. Recognizing the diverse landscape of businesses, particularly small and medium enterprises (SMEs), governments and stakeholders can amplify the impact of Human Rights Due Diligence (HRDD) through strategic investments in capacity building. By providing targeted resources, training programs, and guidance, especially tailored for smaller enterprises, governments can empower them to navigate the complexities of HRDD implementation effectively²⁴. Capacity building initiatives may include workshops, online resources, and mentorship programs to enhance awareness and understanding of HRDD principles. Offering financial incentives or subsidies for SMEs engaging in such programs can further encourage their participation, overcoming resource constraints. Moreover, fostering collaboration becomes instrumental in creating a conducive environment for HRDD. Businesses, civil society organizations, and government entities can form partnerships to share best practices, exchange knowledge, and collectively address challenges associated with HRDD. Platforms for dialogue, such as industry forums and round-table discussions, can facilitate the exchange of insights and experiences. Usually, states protect the rights of individual living within them. However, international law allows states to extend jurisdiction beyond borders. Courts, as seen in cases *like Okpabi vs Royal Dutch Shell* and *Nevsun Resources Ltd vs Araya*, play a vital role in holding violators accountable, establishing precedents for the extraterritorial enforcement of HRDD.

Governments can play a significant role by acting as mediators, encouraging collaboration and providing a regulatory framework that promotes cooperation rather than competition in HRDD endeavors. Civil society organizations, with their expertise and advocacy power, can act as intermediaries, bridging the gap between businesses and governmental entities, fostering a sense of shared responsibility for human rights protection. In essence, a combination of capacity building and collaborative ecosystems creates a holistic approach to HRDD implementation. This dual strategy ensures that businesses, regardless of size, are equipped with the

²⁴ Landau, I. (2023). Human rights due diligence and labour governance. Oxford University Press.

necessary knowledge and resources, while a collaborative environment amplifies the collective impact of HRDD efforts across diverse stakeholders.

CONCLUSION

Human Rights Due Diligence is a pivotal mechanism in fostering human rights-based corporate behavior. While it has demonstrated strengths in preventing adverse impacts and remediate abuses, there are notable weaknesses that need to be addressed. Standardization, incentives, legal frameworks, and collaborative efforts can contribute to enhancing the effectiveness of HRDD, ensuring that businesses uphold their responsibility to respect human rights. Ultimately, a comprehensive and universally accepted approach to HRDD is essential for promoting a corporate culture that prioritizes human rights in all aspects of business operations.

Human Rights Due Diligence (HRDD) stands as a crucial mechanism, fostering human rights-based corporate behavior. While it effectively prevents adverse impacts and remediates abuse, challenges such as the lack of standardized guidelines, weak enforcement mechanisms, and complexities in multi-tiered supply chains require strategic interventions. To address these issues, a multi-faceted approach is essential. Standardization efforts, led by international bodies and governments, can create a consistent framework, while incentivizing exemplary HRDD practices through awards and tax benefits can motivate widespread adoption. Strengthening legal frameworks mandating HRDD practices is imperative, with governments playing a pivotal role in enforcement. Additionally, collaborative efforts involving businesses, civil society, and governmental entities can provide a supportive environment, facilitating knowledge exchange and best practices. In essence, a comprehensive and universally accepted approach to HRDD is pivotal. Standardization, incentives, legal frameworks, and collaboration collectively contribute to enhancing the effectiveness of HRDD, ensuring that businesses prioritize human rights across their operations. This integrated strategy is fundamental for cultivating a corporate culture that upholds the responsibility to respect and protect human rights in the ever-evolving landscape of global business.

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