

HREDD – Corporate due diligence for human rights and the environment

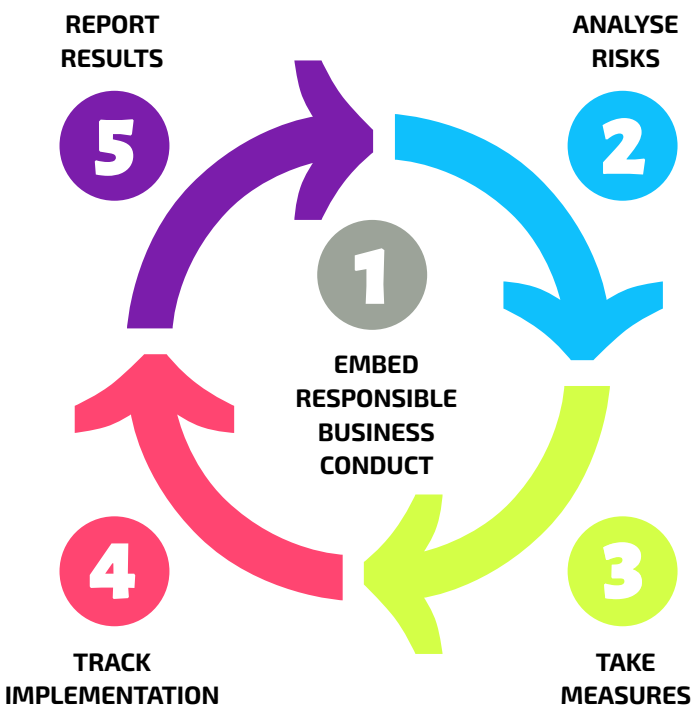
Human rights, labour and environmental standards are frequently violated in global supply chains. The German Supply Chain Act and comparable European Union requirements therefore oblige companies to analyse human rights and environmental risks in their supply chains. In addition, companies should take appropriate measures to prevent these, create remedial measures and review their effectiveness.

Human Rights and Environmental Due Diligence (HREDD)

HREDD refers to the process by which companies identify, prevent, reduce and account for their negative impacts on people and the environment.

The approach is based on the United Nations Guiding Principles on Business and Human Rights from 2011, which offer an internationally recognised reference framework for the human rights obligations of states and the responsibility of companies in global supply and value chains based on a three-pillar model of 'protect, respect and remedy'.

Steps and measures of corporate due diligence



Take everyone along

The implementation of due diligence is a cross-sectional task in which various operational functions of a company should be involved.

Take a risk-based approach

Processes should be risk-based and designed appropriately in relation to the potential and actual impact.

Share responsibility

The implementation of HREDD is a joint task: costs for compliance with requirements or the implementation of measures should be shared fairly among all parties along the supply chain.

Involve stakeholders

Stakeholders, in particular potentially affected groups of people and their representatives, should be consulted in all processes.



Fairtrade Austria / Guillermo Granja

Legal developments

The German Supply Chain Act (LkSG) has been in force since 2023 and regulates corporate responsibility for compliance with human rights and environmental protection in global supply chains. The obligations apply to the company's own business operations, the actions of contractual partners and other (indirect) suppliers. It applies to companies with at least 1,000 employees in Germany.

The EU supply chain law, the **Corporate Sustainability Due Diligence Directive (CSDDD)**, was adopted and published in May 2024. The member states have two years to transpose the directive into national law. The LkSG described above and currently in force will be amended as part of this process. The CSDDD obliges companies to carefully manage social and environmental impacts along their entire value chain, including direct and indirect suppliers as well as their own business operations.

Steps and measures explained in more detail

1 Embed responsible business conduct:

A policy statement is the starting point for corporate due diligence and the basis for embedding human rights issues in the company. It serves to sensitise the company's own employees and partners in the supply chain, defines guidelines and sets learning processes and measures in motion. The statement is dynamic and should be revised periodically.



2 Analyse risks: Proactive risk management is essential in order to recognise risks to people and the environment at an early stage. This includes: Collecting basic information on the supply chain, identifying abstract risks, e.g. at country and product level, prioritising risks based on severity and likelihood of occurrence.

3 Take measures: The aim here is to define measures to prevent and minimise the most serious impacts. These can also be developed and implemented together with organisations such as Fairtrade. It is important to clearly define goals, responsibilities, resources and time horizons. In addition, the establishment of or participation in effective grievance mechanisms for potentially affected parties is an essential part of due diligence. Such mechanisms promote dialogue with those affected and facilitate targeted remedial measures.

4 5 Tracking and reporting: This includes regular monitoring of the effectiveness of measures taken and transparent communication about them. This also strengthens trust in the company.

Thanks to our many years of experience and our network, Fairtrade is a valuable partner in the implementation of corporate due diligence for human rights and the environment. Please feel free to contact us!



More info about Fairtrade and HREDD:

