




HUMAN RIGHTS DUE DILIGENCE SERIES

Understanding Global Due Diligence: From Regulation to Implementation and Investigation

**PART 3: DIFFERENCES AND OVERLAPS:
Integrity Investigations vs. Human Rights Due Diligence**





THE CHALLENGES OF IDENTIFYING HUMAN RIGHTS BREACHES

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Identifying inherent risks is a crucial aspect of any strong ethics and compliance program, requiring reliable data and sufficient information to make well-informed decisions. A key element of a defensible program is conducting external investigations to validate information provided by suppliers and third parties, as critical risks can otherwise go unnoticed, especially in complex supply chains or high-risk jurisdictions.

Human rights due diligence (HRDD) requires a nuanced approach to ensure companies do not overlook or misidentify risks. To be effective, this approach must consider the specific context of each region, as local customs, legal frameworks, and economic conditions shape the way human rights risks manifest.

The complexity of this challenge increases when it comes to identifying human rights violations in the supply chain, due to limited reliable data and the nuanced, widespread nature of these violations globally. Human rights must also be assessed through the lens of cultural perceptions of risk, taking into account various contextual factors. These factors include cultural variations in labour violations (e.g. excessive working hours), practices deeply

embedded in cultural and regional systems (e.g. kafala/sponsorship-based labor systems), industry norms (e.g. child labor in sectors like agriculture, mining, manufacturing, textiles, and construction), jurisdiction-specific laws, and gaps in enforcement.

This is where external enhanced due diligence (EDD) strengthens risk mitigation. External EDD involves identifying and collecting information independently from a variety of public and non-public sources, allowing for a thorough and unbiased investigation. It provides access to intelligence that may not be available internally or cannot be fully trusted without independent validation.

External EDD continues to gain traction among compliance professionals, especially as the risk typologies they manage expand. As specialised expertise becomes increasingly necessary for the understanding and successful identification of new risk types, in-house teams are relying more on bespoke support. We have witnessed this trend with the rapid rise of third-party-related cyber risk, and now observe the same pattern when it comes to HRDD in complex global supply chains.



THE ROLE OF EXTERNAL EXPERTISE

Engaging expert EDD investigators is crucial for making well-informed business decisions. A one-size-fits-all approach to policies and risk across jurisdictions can lead to challenges when navigating cultural nuances and industry-specific practices. External investigations provide objectivity and play a key role in identifying risks while maintaining integrity in the due diligence process. Additionally, they support preventive business risk management and are critical in addressing allegations of misconduct or ethical violations.

Moreover, external investigators are equipped with specialised knowledge of ground-level and geopolitical nuances, and can also help to build trust with local stakeholders. All this naturally leads to a more comprehensive, credible, and effective process. Better-informed decision-making and strategy development helps companies avoid cultural missteps, comply with regulatory requirements, and implement sustainable improvements in their supply chains to manage or mitigate risk exposure.

Engaging external investigators is essential when there is a lack of internal expertise or capacity. They can provide an impartial view that is free from any internal biases or business pressures that company insiders may face, or conflicts of interest that may compromise the investigation. Internal teams might overlook risks to maintain good relationships with suppliers or prioritise short-term business objectives.

Another key advantage of using an independent third party is that it brings

credibility to the due diligence process and demonstrates to stakeholders that the company is committed to conducting an impartial and thorough review, rather than self-policing.

External experts also are equipped with knowledge of the evolving legal and regulatory landscape in different jurisdictions and industries, and can therefore ensure that the due diligence process is aligned with these frameworks and their many requirements.



It is certainly possible to use external experts to carry out some human rights due diligence processes, and at times this may be both reasonable and necessary”¹

–The Office of the High Commissioner for Human Rights

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Article 1: *Impetus For Change – Navigating the Evolving Human Rights Landscape in Global Supply Chains*

Article 2: *From Compliance to Confidence – How to Tackle European Due Diligence Regulations*

¹ *Interpretive Guide to The Corporate Responsibility to Respect Human Rights developed by the Office of the High Commissioner for Human Rights (OHCHR)*



HUMAN RIGHTS-FOCUSED DUE DILIGENCE (HRDD) VS. INTEGRITY-FOCUSED ENHANCED DUE DILIGENCE (EDD)

The investigation process begins with defining the scope and terms of reference, followed by systematic evidence gathering and interviews with relevant parties. However, depending on the investigation's purpose, there are notable differences between a more general integrity and anti-bribery/corruption investigation and one focused on human rights violations.

OBJECTIVES

In Human Rights-focused Due Diligence (HRDD), the primary aim is to identify, prevent, mitigate, and remediate adverse impacts on human rights. This includes assessing risks not only to the business but also to individuals and communities impacted by a company's operations, products, or services. The focus is on understanding how business activities can cause or contribute to human rights violations, as outlined by the [UN Guiding Principles on Business and Human Rights \(UNGPs\)](#), to assess whether and which mitigation and preventive strategies are required.

In integrity-focused Enhanced Due Diligence (EDD), the primary objective is to assess the potential risks to a company's operations and reputation, as well as compliance with anti-financial [crime laws and regulations](#) and ethical standards. The emphasis is on protecting the business and its image and avoiding non-compliance consequences (such as financial losses related to fines and diminished share value), as well as related negative publicity and damage to consumer trust. In integrity due diligence, the focus is broad and oriented towards financial crime and reputation, rather than specifically addressing human rights impacts.

PROCESS

One of the key differentiators in specific types of due diligence is the process. We can include **methodology of investigations, tools, and sources of information.**

HRDD INVESTIGATIONS FOCUS

- Labor rights and working conditions
- Freedom of association
- Impact on local communities
- Child labor
- Bonded and forced labor
- Discrimination and inequality (DEI)
- Health and safety of workers and communities
- Access to clean water, food, and other essential resources
- Other jurisdiction- and industry-specific human rights risks

In HRDD, the impact assessment involves identifying and evaluating actual or potential adverse human rights impacts associated with business operations, products, and services. This assessment is a starting-point for risk remediation – because in the context of human rights breaches, the business carries a responsibility of remediation. Regulations such as the [EU CSDDD mandate a comprehensive due diligence process](#) to ensure corporations take full social responsibility for their ecosystems, which includes providing necessary remediations and corrections.

In integrity EDD, the risk assessment focuses on evaluating risks to the company's



reputation, direct or indirect, through non-compliance issues. Contrary to HRDD, if misconduct or other significant risk is discovered among the business's third parties, the company can de-risk and off-board a given supplier, agent or distributor. The company can similarly dismiss its employees as part of the remediation if they have committed a crime or acted against the company code of conduct.



Recognising the limitations of the cut-and-run approach, there has been a growing movement toward what is known as “responsible disengagement.” This concept is emphasised in the EU’s Corporate Sustainability Due Diligence Directive (CSDDD), which advocates for a more thoughtful and collaborative approach to managing supply chain risks.”²

DATA & SOURCES OF INFORMATION

Reputational and integrity investigations focus on established sets of checks and data sources, starting with international economic sanctions and political exposure (PEP),

understanding the full ownership structure, and regulatory and litigation track records of the third party. Local and international adverse media checks remain a staple of such integrity and compliance risk assessments, and to a large extent can rely on risk-specific datasets, news aggregators and openly-available online search engines. Many such aggregated sources and structured datasets are commercially available and built specifically for the compliance community.

However, data regarding human rights breaches is less readily available when it comes to HRDD. There are certain regulation-specific lists such as the [Uyghur Forced Labor Prevention Act \(UFLPA\) list of entities](#) published by the US Homeland Security, but these lists will be specific to a given sector or location and designed for compliance with specific regulation. To ensure a broad and full understanding of the business impact on its rights-holders, and to comply with the broader HRDD regulations such as the EU CSDDD, due diligence needs to tap into new sources. These include structured datasets, indices, and guidance from organisations such as the [International Labour Organisation \(ILO\)](#), and a variety of non-profit and commercial organisations. Some examples among the many available sources are the [Modern Slavery Index](#) by the Walk Free Foundation, data provided by [UNICEF](#), and the [Forced Labour Index](#) from Maplecroft. Additionally, frameworks such as the [Sustainability Accounting Standards Board \(SASB\)](#) and the [Global Reporting Initiative \(GRI\)](#) also help guide HRDD.

Another item in the investigators' broad data and sources toolkit are satellite images. Non-profit and humanitarian organisations have been increasingly using geospatial technologies to conduct disaster damage

² themekongclub.org: *When to Walk Away: The Ethics of Disengagement in Supply Chain Management*



assessment, create maps to enhance and assist humanitarian response, carry out environmental monitoring, and monitor and evaluate development programmes. In the context of Corporate Social Responsibility and HRDD however, there are certain limitations worth calling out. These are technical barriers particularly related to resolution and clarity of the images, analytical challenges - interpretation complexity, contextual understanding, and lack of evident casualty or intent, and last but not least - data privacy considerations. Because of these limitations, satellite imagery is not a go-to source but rather one that serves a corroborative purpose for the investigative material collected through different means.

While country- and sector- specific indices and satellite imagery are a great starting-point, it is important to appreciate that specific supplier data will be extremely difficult to obtain through public records searches, due to the invisibility and complexity of modern slavery, child labor, and other breaches of human rights. The main non-public data source, an internal on-site audit, also has significant limitations when it comes to evaluating human rights practices. Importantly, these often fail to identify instances of modern slavery or forced labor, as these crimes tend to be concealed. Victims may not feel secure enough to disclose their situations, even if enquiries are made regarding their working conditions. In addition, audits can leave a gap in understanding the root causes of human rights violations as they typically do not provide insight into the underlying reasons.

An alternative to an audit is a discreet, external boots-on-the-ground investigation. This approach enables first-hand observation, verification, and contextualization of

conditions, as well as a deeper understanding of the factors that underlie violations and practices. By engaging directly with affected communities and rights-holders, and by gathering insights from credible local sources, an external investigation ensures a more thorough assessment of risks and gaps in information and understanding, which allows for more informed decision-making and effective remediation measures.

THE LIMITATIONS OF AUDITS

"Audits can be a helpful snapshot of working conditions and can be a useful input to the initial risk assessment. However, they must not be relied on. There are inherent weaknesses of audit as a human rights assessment tool. Audits do not pick up cases of modern slavery or forced labour because they are hidden crimes, and victims will not feel safe enough to report, even if asked about their working conditions. And, crucially, audits don't describe why violations occur." ³

STAKEHOLDERS VS RIGHTS-HOLDERS

Another key differentiator between integrity EDD and HRDD is the engagement of stakeholders as well as rights-holders. HRDD as a holistic process requires meaningful engagement with affected rights-holders, particularly workers and contractors and impacted local communities, but also the

³ [Ethical Trading Initiative – Human Rights Due Diligence Framework](#)



broader set of stakeholders – which includes not only the business but external groups such as human rights defenders and civil society organisations.

In comparison, the integrity EDD process calls for more limited stakeholder interaction: engagement may be less comprehensive, often involving only internal assessments or consultations with select external parties, and focusing on public relations and legal compliance rather than human rights concerns.

WORKERS AT GREATEST RISK OF HUMAN RIGHTS ABUSES

Human rights due diligence must include a focus on the most vulnerable workers, these include:



REPORTING AND ACCOUNTABILITY

HRDD requires companies to communicate transparently about how they address human rights impacts, including the steps taken to mitigate risks and engage with affected stakeholders. Accountability is a critical component, with companies expected to remedy any harm caused.

The first modern slavery regulations, such as the [California Transparency in Supply Chains Act](#) and [the UK's Modern Slavery Act](#), focused primarily on reporting and disclosure. Since then, there has been a growing trend of new hard legislation obliging the private sector to do more. With the passage of the CSDDD in July 2024, mandatory due diligence on supply chains has become a reality. This new requirement increases pressure on companies to adopt a more comprehensive and robust approach to conducting due diligence across their operations and entire supply chains. This means a defensible due diligence framework – including a process-driven risk identification – through adequate procedures, such as external investigations.

In the context of anti-bribery and reputational due diligence, disclosure remains very much at the board's discretion. While the US Department of Justice has been incentivising self-disclosure of misconduct, this is still not an established best practice. From a financial crime and sanctions perspective, reporting in the context of compliance programs is often centred on compliance and risk management, with less emphasis on transparency regarding human rights impacts. Accountability mechanisms may be less robust, focused more on protecting the company's image than on addressing human rights violations.



INTEGRITY ENHANCED DUE DILIGENCE (EDD) VS. HUMAN RIGHTS DUE DILIGENCE (HRDD)

Aspect	Integrity Enhanced Due Diligence (EDD)	Human Rights Due Diligence (HRDD)
Objectives	Identify and mitigate operational, reputational, and non-compliance risks	Identify, mitigate, and remediate adverse human rights impacts
Research Areas	Reputation, criminal history, regulatory compliance	Labor rights, discrimination, health and safety
Data & Sources	<ul style="list-style-type: none">• Sanctions and PEP datasets• Commercial registries• Litigation and regulatory records• Adverse media and social media• On-the-ground intelligence	<ul style="list-style-type: none">• Regulation-specific lists (e.g., UFLPA list of entities)• Country- and sector-specific indices• NGO datasets and sources• Internal audits and questionnaires• OSINT analysis (including satellite images)• On-the-ground intelligence
Stakeholders / Right-holders	Investors, management, employees	Workers, communities, civil society
Reporting & Accountability	Voluntary disclosure and de-risking	Mandatory disclosure and remediation
Key Regulations	FCPA, UK Bribery Act, OECD Guidance	UNGP, Bill S-211, UFLPA, CSDDD

CONCLUSION

In summary, both HRDD and integrity EDD aim to manage risks associated with business operations. However, HRDD is fundamentally concerned with protecting human rights and engaging with the rights-holders and other stakeholders, whereas EDD is primarily focused on safeguarding the company's reputation and avoiding regulatory consequences. Understanding these differences is crucial for organizations aiming to implement effective due diligence practices that align with both ethical standards and business objectives.

The process of obtaining reliable and trustworthy data as part of the DD framework also differs significantly, due to the hidden nature of human rights breaches, as well as local specificities and the lack of international standardisation.

An external investigator's approach to HRDD and integrity EDD will take into consideration the similarities and differences outlined above and tailor to the specific objectives of each. HRDD requires a nuanced and flexible investigation that takes into account regional, local and industry-specific risks and relies on NGO-driven datasets as well as non-publicly available information. Only with such a specific approach can companies effectively gather insights into complex human rights violations, helping them to identify risks, develop mitigation strategies, and at the same time avoid cultural missteps and any breach of new hard regulations.



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