

Addressing Human Rights Due Diligence in a practical way using life cycle thinking

A white paper on a practical approach to identify and assess human rights impacts



Fact-based sustainability

1 Why this white paper?

Organisations increasingly face societal and regulatory pressure to address and mitigate social and environmental impacts and risks in their operations and value chain. They are publicly scrutinized on these so-called sustainability due diligence processes by NGOs and other stakeholders, sometimes resulting in lawsuits. In European and Asia-Pacific countries more mandatory human rights and sustainability due diligence regulations are introduced requiring organisations to have processes in place. Additionally, more sustainability reporting regulations, also covering more organisations, will require publication of information regarding sustainability due diligence processes and outcomes in a comprehensive manner. Thus, organisations face compliance, supply chain, reputational and litigation risks and costs if they do not get started quickly with or mature to a next level in their sustainability due diligence processes.

One of the ways to get started on sustainability due diligence is by building on existing voluntary human rights due diligence (HRDD) frameworks and tools from United Nations Guiding Principles (UNGP) on Business and Human Rights and OECD Guidelines for Multinational Enterprises. Although many organisations use these as support, so far, few of them go beyond concepts, high-over definitions or steps and examples. Especially the assessment of sustainability impacts - a key part of the due diligence process - turns out to be a burdensome and challenging task, as there are currently no clear, specific or required methodologies available. Thus, translating HRDD into practical steps for organisations to follow that is also methodologically robust, is challenging.

That is where this white paper comes in, as it builds upon 10 years of experience with identifying and assessing the most common social impacts in a sector-agnostic way across the entire value chain, by around two dozen companies who contributed to methodologies and tested these in case studies. The resulting consensus-based¹ Social Value Assessment (SVA) methodology is used to qualitatively identify potential negative and positive impacts and assess actual negative and positive impacts throughout the entire supply chain. Since the SVA covers impacts on human rights it fits corporate sustainability due diligence requirements.

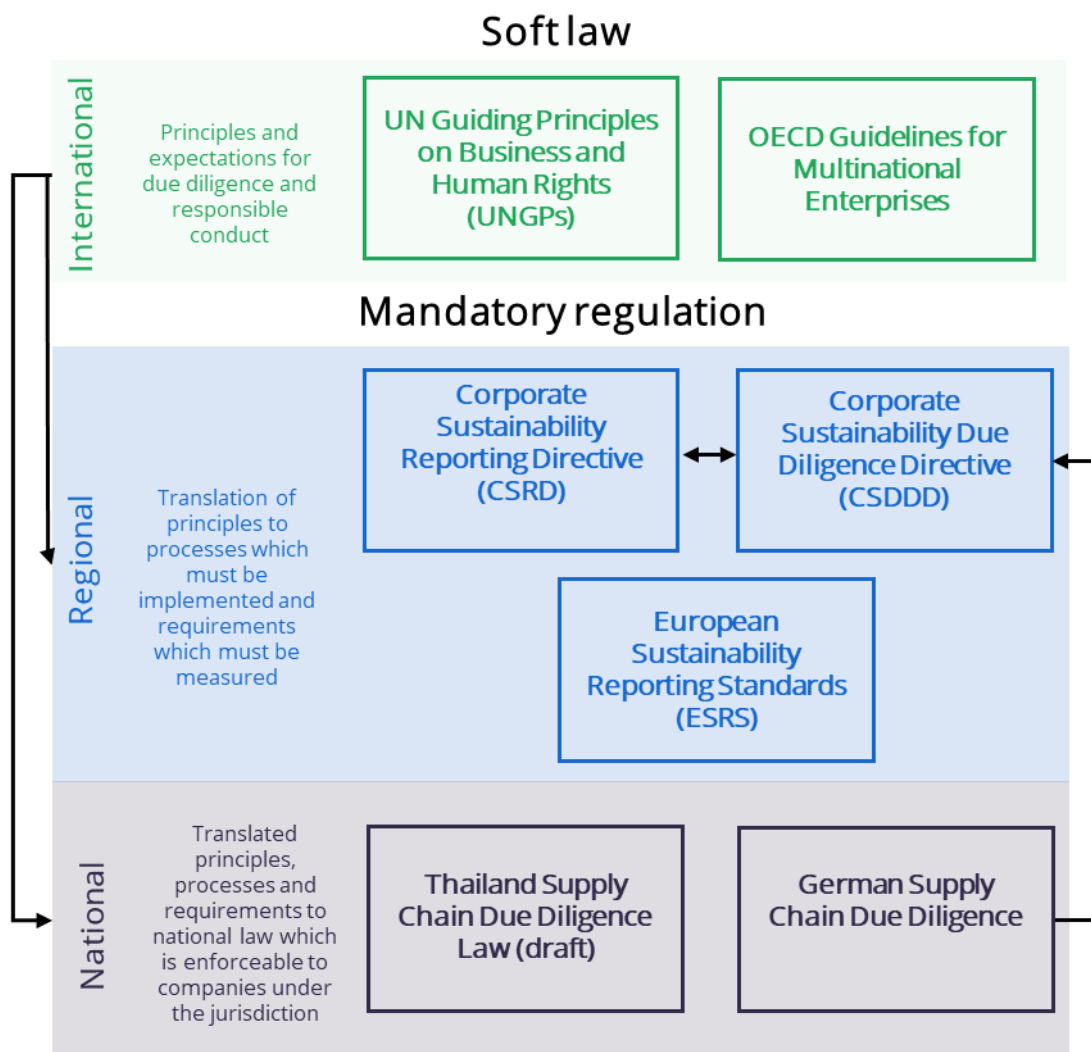
Note, this white paper does not propose a due diligence methodology in itself, but rather a way to make progress on addressing due diligence for any organisation as there is currently a lack of practical guidance to initiate such a process. In that way organisations can get a better understanding of their potential sustainability risks and get prepared for upcoming mandatory regulations, which may directly affect them or indirectly through value chain partners. Starting now by learning about some of these core concepts and developing approaches can give organisations a headstart on implementing robust processes which work well for the organisation instead of having a short time window with no prior knowledge or preparation time before legislation takes effect. Additionally, it helps enhance supply chain resilience and investor confidence.

¹ The Social Value Assessment was developed with a number of industry partners across multiple sectors which include: BASF, LG Chem, Corbion, Fuji Oil, Richemont, Arcelor Mittal and others.

1.1 The evolving landscape around Human Rights Due Diligence (HRDD)

Human Rights Due Diligence is a process for organisations to identify, prevent and mitigate adverse human rights impacts across their operations and value chains. It is a continuous management system which involves identifying and assessing risks, taking action to prevent harms and tracking the effectiveness of this action as well as communicating about the process. The guidance on how to implement such a process is described by the United Nations Guiding Principles (UNGP) on Business and Human Rights and OECD Guidelines for Multinational Enterprises. Both provide a foundation to the Corporate Sustainability Due Diligence Directive (CSDDD) and the Corporate Sustainability Reporting Directive (CSRD). More recently Asia-Pacific countries are also moving on human rights and environmental due diligence policies and regulations, which are also aligned with these internationally soft law frameworks. See Figure 1 for an overview of the relationship between human rights due diligence frameworks and the emerging regulatory landscape.

Figure 1 International Human rights due diligence regulatory landscape with mandatory regulation revised by the Omnibus 1 (in force 18 March 2026). The German Supply Chain Act scrapped has reporting duty.



International soft law defines the principles with regards to human rights. This soft law is used both to define further regional legislation, such as the Corporate Sustainability Due Diligence Directive and national law such as the German Supply Chain Diligence Act. In some cases progressive national legislation can be used to determine regional regulations as well where national law is used as inspiration for the region at large. Where the CSDDD focusses on implementing human rights processes and actions within a company, the CSRD focusses on reporting on that process and specific metrics. These directives therefore work hand-in-hand.

In July 2024, the EU Directive on Corporate Sustainability Due Diligence (Directive 2024/1760) entered into force. The aim of this Directive is to foster sustainable and responsible corporate behaviour in companies' operations and across their global value chains. The new rules will ensure that companies in scope identify and address adverse human rights and environmental impacts of their actions inside and outside Europe.²

This Directive establishes a corporate due diligence duty. The core elements of this duty are identifying and addressing potential and actual adverse human rights and environmental impacts in the company's own operations, their subsidiaries and, where related to their value chain(s), those of their business partners. In February 2025, the Commission adopted an Omnibus package to simplify due diligence requirements to better support responsible business practices. At the time of publication of this whitepaper, which was approved by the European Parliament and Council in February 2026. The CSDDD is expected to enter into force in July 2029, making sustainability due diligence mandatory for organisations in scope.

Plus, the CSRD is already applicable to organisations and updates stemming from the Omnibus directive are expected to be transposed into national laws by Spring 2027. This requires organisations to report on their sustainability due diligence processes and the results of such process feeds into the double materiality assessment of sustainability impacts, risks and opportunities, which is core to scoping the reporting requirements.

The main aim is to make sustainability reporting and due diligence assessments more efficient and less burdensome. This aligns well with the pragmatic yet robust Social Value Assessment methodology.

² https://commission.europa.eu/business-economy-euro/doing-business-eu/corporate-sustainability-due-diligence_en

2 How can SVA be used for Human Rights Due Diligence?

The six basic steps of Human Rights Due Diligence (HRDD) are:

1. Integrating due diligence into policies and management systems
2. Identifying and assessing adverse human rights impacts
3. Preventing, ceasing or minimising adverse impacts
4. Assessing the effectiveness of measures
5. Communicating how impacts are addressed
6. Providing for or cooperating in remediation

Given the voluntary nature of HRDD guidance, be it stemming from the UNGP on responsible business conduct or OECD guidelines, there is no standard methodology for identifying and assessing impacts. Also, the CSDDD suggests alignment with the UNGP – therefore no standard approach is required. The Social Value Assessment methodology can address the challenge organisations can face due to this lack of standardization in Step 2 of the HRDD process, namely identifying and assessing adverse human rights impacts. That is, the SVA methodology offers a unique and practical approach to three challenges:

1. **Scoping the HRDD process:** by providing standardized definitions of important HRDD concepts such as *stakeholder groups* and *social topics*, which align with international agreements. It gives a step-by-step approach to identify potentially relevant adverse impacts to consider in the due diligence process.
2. **Social topic materiality assessment:** A pragmatic way to assess relevant value chain-specific social topics. In the form of a materiality assessment of the entire value chain's impacts, not only direct operations, including a saliency assessment for the impact of human rights-related topics.
3. **A social value assessment approach:** A measurement approach using reference scales to assess performance of 25 social topics, including human rights-related topics. The measurement incorporates an organisation's type of contribution to adverse human rights impacts. Plus, the approach gives guidance on data collection required for a performance assessment.

Over the past decades the companies in the Social Value Initiative have applied the SVA methodology in many projects and some case studies, which showcased the useability of the SVA methodology to map hotspots in the supply chain and define the impact by scoring on a reference scale. Some of these case studies have been published³.

The following part provides more detail on how the SVA can address the three main challenges organisations often face when starting off with step 2 in the HRDD process.

³ Case studies from industry partners on application of the Social Value Assessment available at: <https://www.social-value-initiative.org/case-studies>

1. Scoping the HRDD process

Step 2 of the HRDD process requires organisations to identify potentially adverse impacts that could be part of the scope of their due diligence process. To address this, the SVA offers a step-by-step approach, starting with defining relevant stakeholder groups and social topics, then moving to mapping those on the organisation's value chain.

An important HRDD concept is the *stakeholder group*. The SVA has defined a set of four stakeholder groups, which align with those covered in the Social Topic European Sustainability Reporting Standards (ESRS) that support the implementation of the CSRD:

- ESRS S1: Own workforce (workers)
- ESRS S2: Workers in the value chain (workers and small-scale entrepreneurs)
- ESRS S3: Affected communities (local communities)
- ESRS S4: Consumers & end-users (users).

These standards in turn require organisations to conduct a (human rights) due diligence process and refer to the UNGP and OECD guidelines as a basis for it.

Another important HRDD concept concerns the key *social impacts* or topics relevant for these stakeholder groups. In the SVA, 25 social topics are defined, see Table 1 for an overview of topics per stakeholder group. The selection process of these topics can be found in the SVA Methodology report⁴ and was amongst others based on the areas of concern defined in the Social and Human Capital Coalition.

Table 1: List of 25 topics in the Social Value Assessment as defined in the Social Topics Report (2022)

 Workers	 Local communities	 Users	 Small-scale entrepreneurs
Occupational health and safety	Health and safety	Health and safety	Meeting basic needs
Remuneration	Access to material and immaterial resources	Responsible communication	Access to services and inputs
Child labour	Community engagement	Privacy	Women's empowerment
Forced labour	Skill development	Affordability	Child labour
Discrimination	Contribution to economic development	Accessibility	Health and safety
Freedom of association and collective bargaining		Effectiveness and comfort	Land rights
Work-life balance			Fair trading relationships

The definition and rationale of each social topic are based on relevant international standards. For the full definition of each social topic refer to the SVA Social Topics report⁵.

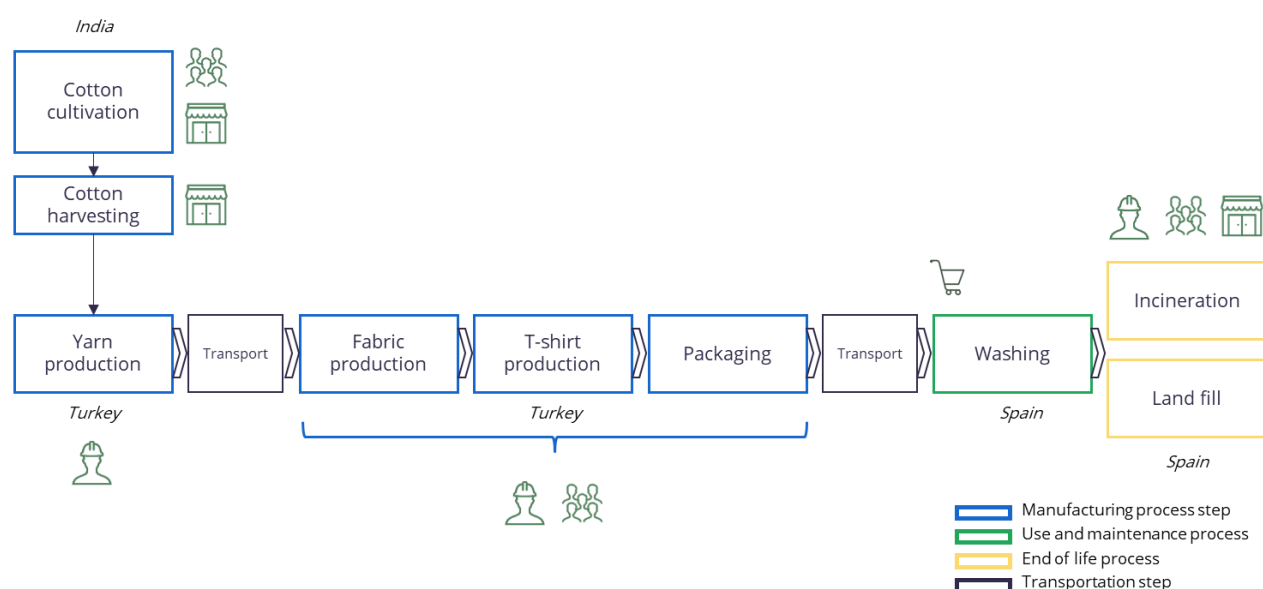
⁴ SVA Methodology Report (2020), available at: <https://www.social-value-initiative.org/wp-content/uploads/2021/04/20-02-Methodology-Report.pdf>

⁵ SVA Social Topics Report (2022), available at: <https://storage.ning.com/topology/rest/1.0/file/get/10437874286?profile=original>

The standard list of topics and definitions can serve as a starting point for organisations for due diligence process step 2. Firstly, it defines a scope of topics that can be potentially relevant to their stakeholder groups. Secondly, the topic definitions support stakeholders' common understanding, which facilitates their evaluation. Thirdly, it prevents duplication of efforts to create definitions for topics. For example, the list of material topics stipulated by the ESRS provides limited descriptions, so it can facilitate organisations also in reporting on due diligence.

After defining potentially relevant stakeholder groups and topics, to identify actually relevant topics in scope for a HRDD, the SVA methodology includes a step to map the value chain of the organisation for both upstream and downstream activities, as well as the locations and relevant stakeholders involved. For example, an apparel company producing T-shirts might have a value chain as shown in Figure 2 and recognise key stakeholders as indicated.

Figure 2 Step 1: Value chain mapping and stakeholder identification – example of a T-shirt producing company



The outcome of the first step is a mapping of the value chain, relevant stakeholders and locations of the value chain stages or operational sites. This serves as a basis for the next step of materiality assessment.

2. Social topic materiality assessment

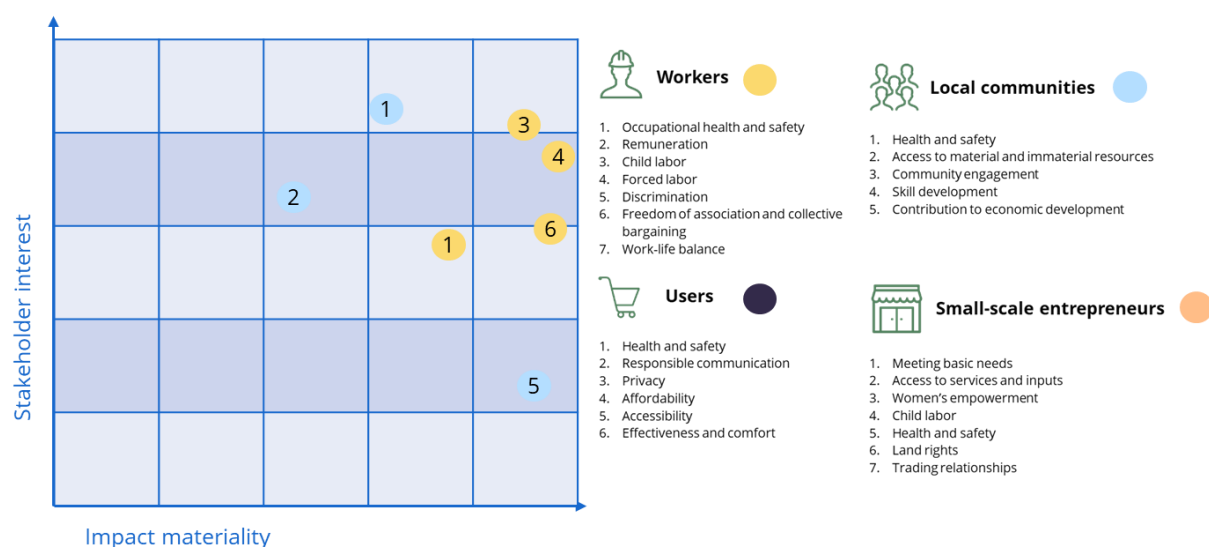
Conducting a human rights due diligence assessment requires a lot of effort as there are no standard methodologies, little pre-existing databases or sources and few practical tools. It is important to focus on the relevant topics for the organisation's value chain, which are often context-dependent and linked to on-the-ground practices in the sector and country.

The second step is to conduct a materiality assessment to narrow down the long-list of 25 social topics to those which are relevant and important to the specific value chain and stakeholder groups scoped in step 1. Materiality is assessed on two aspects:

- *Impact materiality*: the impact of the social topic on society and business
- *Stakeholder interest*: the relevance of the social topic from a stakeholder perspective irrespective of the impact.

Ideally, a materiality assessment is conducted by using inputs from the stakeholders being assessed, external experts on the social topics in the respective countries, sectors or value chains and good quality data sources. An organisation's own choice of material topics can be accounted for in the assessment. For example, an organisation might align their strategy with a topic which is important for them. The outcome of a materiality assessment is captured in a matrix that plots the two aspects against each other as shown in Figure 3.

Figure 3 Step 2: Materiality matrix for a Social Value Assessment



In the context of human rights due diligence, additionally, *saliency* can be assessed for human rights risk-related social topics such as child labour. Such assessment can serve as input to the impact materiality assessment suggested by the SVA.

Saliency is typically assessed when evaluating actual or potential impact related to a business, investment, or business relationship. It helps organisations understand and prioritize those human rights risks that have the highest and most severe actual or potential negative impact. To determine the saliency of a risk, it is often assessed on two aspects: the *severity* and the *likelihood* of occurrence.

Severity

Severity refers to the degree or level of harm, damage, or negative consequences that could result from a specific risk. It assesses the potential magnitude of adverse effects if a risk were to materialize. It is determined based on the following three factors:

1. Scale: how grave or serious the potential or actual impact is. Examples are: degree of waste pollution, degree of health impacts on workers, loss of life or degree of bodily harm caused.
2. Scope: how widespread the potential or actual risk is. This means for example the number of people that are or will be affected or the extent of environmental damage/impact.
3. Irremediable character: the irreversibility of the situation, or any constraints on the ability to return affected individuals or the environment to a state comparable to their condition before the negative consequences occurred.

Scale, scope and remediability can each be scored on a five-point scale, see Table 2. The combined score shows the overall severity of the negative human rights impact compared to a full list of adverse impacts. The overall score of severity reflects the worst score in either one of the three factors. This means when an adverse human right impact has a minor grave impact, a minor scope but is very hard to remediate, the overall severity score would still be 5.

Table 2 Severity scales

	Scale (grave)	Scope	Remediability
1	Insignificant	Insignificant	Very easy
2	Minor	Minor	Easy
3	Moderate	Moderate	Moderate
4	Major	Major	Hard
5	Catastrophic	Catastrophic	Very hard

Likelihood

Likelihood is the probability of a risk occurring in the future. It can be assessed on a five-point scale from very low to very high, which captures the level of certainty and the frequency of the negative impact to occur. In combination with the severity score, it can help further prioritise those human rights related risks with a high potential impact.

In a due diligence process, a saliency assessment is crucial because it helps decision-makers prioritize their efforts and allocate resources effectively. It is important to note that a high severity score, regardless of the likelihood score, is a reason to identify a social topic as having a high impact materiality. In general, risks that are both highly salient and likely are typically addressed as a top priority, whereas risks that are less salient or less likely may receive less immediate attention.

The outcome of the materiality assessment, including the saliency assessment for human rights-related topics, is a short-list of material topics which are important to assess for the value chain scoped in step 1. The materiality assessment is built to be iterated and to be updated regularly, for example, when higher quality data is available or the value chain changes.

3. A social value assessment approach

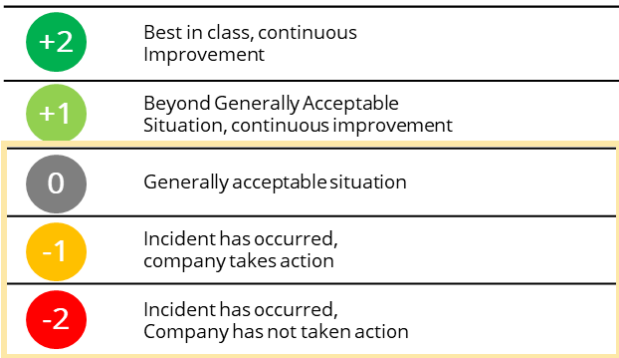
After identifying relevant social topics, step 2 in a due diligence process also requires organisations to assess their impacts. The SVA methodology provides a semi-quantitative 5-point reference scale for all 25 social topics. These are defined in the SVA Social topics report⁶.

The basis of the scale is a generally acceptable situation or level zero to reflect a situation where there are no human rights abuses. The other levels indicate situations where a company or supplier performs significantly above or below that situation. As shown in Figure 4, the levels below

⁶ Download from <https://www.social-value-initiative.org/handbook/#social>

zero include the risk-based part of the scale and represent the adverse human rights impacts on stakeholders.

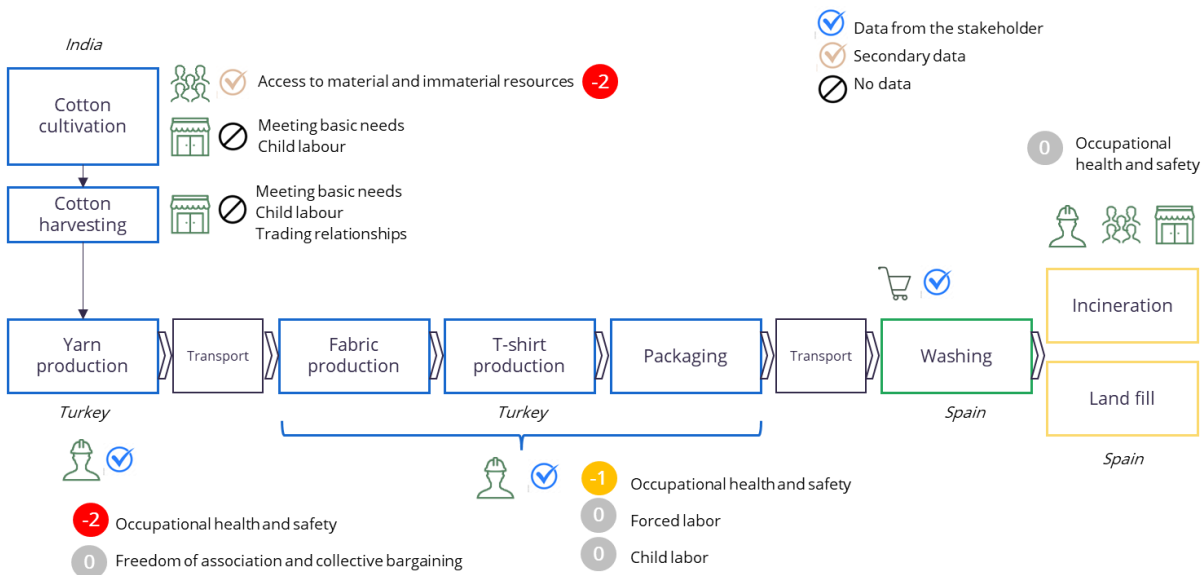
Figure 4 Risk-based part of the social value assessment 5-point reference scale



The SVA methodology distinguishes between level -2 where human rights are infringed, and level -1, where human rights are still infringed, but a process is in place to mitigate this situation. This thinking was developed a decade ago, and fits very well with the HRDD process, as the focus is on mitigating adverse human rights impacts.

For the short-listed social topics identified based on the materiality assessment, the SVA methodology describes an approach to collect qualitative data to fulfil the performance indicators which relate to the 5-point scale for each topic. In the social topics report, each topic comes with a list of publicly available data sources or databases which can be used for a refined view from a region or sector perspective. The combination of fulfilled performance indicators at a certain data quality, results in a score on the reference scale. Figure 5 shows an example of data quality and performance indicator scoring for selected topics in the apparel value chain.

Figure 5: Resulting scores from a Social Value Assessment



The outcome of the social value assessment provides insight into which material social topics need to be addressed and in what way their scores can be improved. It gives clear guidance for step 3 of the due diligence process, which requires organisations to prevent, cease or minimize adverse impacts. The reference scale is helpful in that respect, as it shows the concrete actions organisations can take to improve, either from a performance or a data quality point of view.

3 Integrating HRDD concept ‘type of contribution’ into SVA to enhance impact

As mentioned, step 3 in the HRDD process requires organisations to address adverse impacts. To know how an organisation can best do that depends on the ‘type of contribution’ of the organisation to the adverse impact. The way the organisation contributes to the adverse human right impact, influences the type of action needed to cease, prevent or mitigate the impact. This is often very organisation-specific and can affect how best to co-ordinate and manage these impacts in the most suitable way. This is a HRDD concept and something new for the SVA, which stops at the impact assessment step. Therefore, a short explanation of the concept is provided below, after which a way to integrate it into the SVA reference scale is proposed.

The ‘type of contribution’ can take three forms: *caused*, *contribute to*, or *directly linked*. These terms define the relationship between an organization's activities and their impact on stakeholders' human rights.

Caused

When an organisation's activity is said to have *caused* a human rights violation, it means that the activity (or omission) significantly increases the risk of an adverse impact on human rights and the activity itself would be sufficient to create the negative impact. In this context, caused implies a direct and immediate connection between the organisation's actions or operations and the harm inflicted on human rights. It suggests that the organisation's actions were a significant factor in bringing about the violation.

For example, Company X is paying their workers below minimum wage. Company X directly caused a negative social impact to the workers' livelihood as they are unable to make a living with an income below minimum wage.

Contribute to

When an organization's activity is said to *contribute to* a human rights violation, it means that the activity (or omission) significantly increases the risk of an adverse impact even if the organisation's activities are not sufficient by themselves to create the impact. It is the combination of their activities and the activities of the other entity that is likely to result in the adverse impact. This term acknowledges that multiple factors may be at play, but the organisation's actions or operations are contributing to the overall problem or harm regarding human rights.

For example, Organization Y sources from a supplier which knowingly uses forced labour in their business activities.

Directly linked

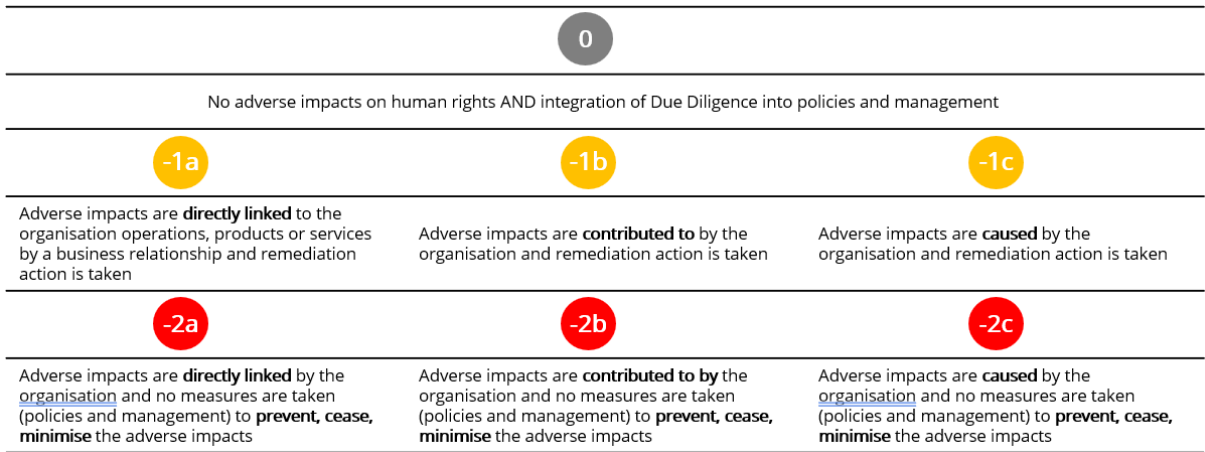
Directly linked in the context of human rights due diligence refers to the linkage between the human rights violation and the organisation's products, services and operations through another

organisation (the business relationship) or chains of relationship and does not refer to some causal relationship between the organisation and the human rights violation. It indicates that there is a discernible relationship between the organisation's activities and the adverse impact on human rights, without requiring the organisation being the exclusive or primary factor responsible.

For example, Company Z has a supplier operating in an area where local community indigenous land rights are being infringed upon.

To even better inform what companies can do in step 3 of the HRDD process, the SVA methodology was enhanced by integrating 'type of contribution' in the reference scale levels. The three types of contribution were added to the negative reference scales with letters: "a" - directly linked, "b" - contributed to or "c" - caused. The combination of the score and type of contribution gives a due diligence score as shown in

Figure 6 Newly developed reference scales and scores for due diligence



Based on the social performance score including the type of contribution, due diligence score in short, organisations are in a better position to understand how they can take action to cease, prevent or mitigate the impact as part of their due diligence process. Plus, based on the score and potential mitigation actions, it helps organisations to further prioritize where they can best focus their efforts and resources.

4 What's next for HRDD?

The EU Omnibus package aims to simplify multiple sustainability reporting legislation which includes a narrower scope, exemptions for some companies and an implication of value chain requirements. It is expected that the CSDDD will apply to only companies with more than 5000 employees and an annual net turnover above €1.5 billion.

Negotiations continue at the European level and it might take some time before the CSDDD is transposed into national laws, however companies should continue to make a start internally to review processes to prepare for reporting and due diligence obligations whether the decision comes sooner or later. Plus, even though the scope of the Directive may narrow down, the effect is still relevant throughout the value chain, due to the risk-based approach that is followed. Plus,

the voluntary UNGP and OECD guidelines are still common practice for many organisations to adopt and in turn require their value chain partners to adhere to as well. Finally, HRDD becomes an increasingly clear business opportunity for mitigating human rights risks and potential financial implications⁷.

5 PRé Sustainability has the expertise and knowledge to move the needle in the HRDD field

PRé Sustainability would like to continue contributing to creating a positive impact in the human rights and social impact field. We built the expertise, knowledge and methodological basis through the SVI over the past 10 years. With this white paper we took the first step in exploring and explaining how the SVA methodology can be used in a human rights due diligence process that also feeds back into voluntary standards and mandatory regulations like the CSDDD and CSRD. The methodology is ready to be used by organisations that want to start with or mature in their human rights due diligence process and PRé Sustainability can support with that.

At the same time, within the human rights landscape, we see that many sector and topic initiatives aim to reduce the burden of reporting for companies and value chain partners, as well as enhance addressing impacts together. We also see a need for further practical, ideally more standardized guidance, where possible building on existing frameworks and available data. There is a wish to move from qualitative, output- and performance- to more quantitative impact-based assessments, decisions and actions.

After working on cross-sectoral guidance, we also learned that organisations wish to make more sector-, value chain-, geography- and stakeholder group-specific assessments to enhance identification of underlying root causes of certain adverse impacts and measure progress over time. This will allow organisations or overall sectors to improve effectiveness of actions and resources towards those human rights risks or social topics that have the highest potential for long-term and lasting positive impact on people. Plus, it incentivizes cross-value chain collaboration, which is much needed in the human rights field.

That is why this white paper is also an invitation to interested organisations that want to drive change and can benefit from our expertise and skills by:

- Testing and improving the human rights due diligence methodology developed in this white paper for specific sectors, value chains and stakeholder groups. Also, to unveil which social topics are most relevant for a HRDD process.
- Developing sector- and value chain-specific social performance assessment methodologies. By supporting sectors or value chain partners to develop standard- or regulatory-aligned approaches, data collection methods and tools. This will allow for more standardized assessments, which in turn facilitates value chain collaboration and enhances impact on the ground in specific contexts.

⁷ [Human Rights Due Diligence: The Business Case for Profit, Not Just Principles | Sustainable Investing Research Initiative \(SIRI\)](#)

- Co-creating topic-specific social *impact* assessment methodologies. Building on qualitative performance indicators, that are typically positioned at the start of the impact pathway and moving to a more quantitative social impact assessment. In that way organisations can get to more granular and robust tracking of impact on the ground and over time.

About PRé Sustainability and the Social Value Assessment methodology

For thirty-five years PRé Sustainability has been at the forefront of life cycle thinking and has built on its knowledge and experience in sustainability metrics and impact assessments to provide state-of-the-art methods, consulting services and software tools. Internationally, leading organizations work with PRé to integrate sustainability into their product development procedures to create business growth and business value. PRé has an office in the Netherlands and a global partner network to support large international or multi-client projects. PRé's life cycle-based solutions are pragmatic and easy to use, yet scientifically valid. The company has a strong network across the academic sector and industry bodies and a partner network around the world covering 20 countries and all continents. Additionally, PRé has a world class team of sustainability assessment experts involved in methodological development, capacity building, data and tool development. For more information about how we can help your organisation with social impact assessments or social-LCA, see: <https://simapro.com/insights/social-life-cycle-assessment-lca-explained/>

PRé initiated the Social Value Initiative⁸ in 2013 when a group of industry partners including Corbion, BASF, BMW, LG Chem and Fuji Oil among others came together to develop a sector-agnostic way to measure social impact across their value chains. PRé Sustainability was the knowledge partner and facilitator of the initiative, defining social topics and indicators and testing these in case studies with the industry partners. This involved building consensus amongst industry partners and catering to their focus areas, as well as gathering input from them and developing materials which could be practically used.

Over the course of more than 10 years, the Social Value Assessment methodology and other materials have become one of the most used in the field of social-LCA and social impact assessment, due to the merging of evidence-based indicators and a practical and structured way of assessing. For more information about the Social Value Initiative and open source documentation see: <https://www.social-value-initiative.org/>.

Are you interested in finding out **how we can support your organisation**? Get in touch!

Our experts: Shaniq Pillay, Eline Willems, Colette Grosscurt.

⁸ <https://www.social-value-initiative.org/>