



# Policy Brief

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## Mandatory Human Rights Due Diligence

### Risks and Opportunities for Workers and Unions

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# Mandatory Human Rights Due Diligence: Risks and Opportunities for Workers and Unions

## Introduction

In today's global economy, protecting and promoting the human rights of workers in transnational supply chains is a pressing concern. The opacity and fragmentation within these supply chains presents huge legal and practical barriers to the assigning responsibility for human rights breaches. One promising approach to extending corporate accountability throughout supply chains is human rights due diligence (HRDD). Mandatory Human Rights Due Diligence (mHRDD) laws aim to embed multinational corporations' responsibility for workers' rights violations in national, regional, and international law. But can they, and provide workers and trade unions with effective avenues to challenge corporate practices and secure meaningful remedies?

mHRDD laws have been adopted in several OECD countries, and campaigns for HRDD continue in other jurisdictions. As HRDD approaches gain momentum, there is a need to critically examine the risks and opportunities these laws present for workers and unions. While our report *Mandatory Human Rights Due Diligence: Risks and Opportunities for Workers and Unions* acknowledges the strategic advantages of supporting the HRDD approach, we are concerned about the current trajectory of mHRDD legislation and its ability to bring about substantial improvements for workers. The report identifies trends in the design and implementation of HRDD laws that could undermine efforts to promote workers' rights in the global economy and offers guidance about how HRDD *could* be implemented to enhance workers' bargaining power to drive meaningful change within transnational supply chains.

## Risks and Challenges

The report identifies a lack of evidence to suggest that HRDD laws are delivering real and tangible improvements for labour. As currently conceived and implemented, HRDD is often carried out on a discretionary basis, privileging corporate processes over tangible outcomes, and failing to incorporate meaningful involvement of workers and their representatives, and guarantee workers' freedom of association. Despite the best intentions, when implemented in this manner HRDD may serve to reinforce rather than rebalance power asymmetries between vulnerable workers and transnational corporations.

Moreover, the focus on mHRDD legislation should not overshadow alternative approaches that have proven effective in improving conditions for vulnerable workers in transnational supply chains. The report emphasises the need for mHRDD laws to consider and complement these alternative mechanisms .

## Opportunities and Recommendations

While highlighting the risks, the report also acknowledges the potential of HRDD laws to be a positive development for workers' rights. It offers recommendations on how HRDD legislation can be designed to drive meaningful change for workers in global supply chains. These recommendations are based on five key principles:

- ▶ **Consistency with existing frameworks:** HRDD laws should align with the UN Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines for Multinational Enterprises (OECD Guidelines) in terms of their scope, application, and obligations imposed on businesses.
- ▶ **Transparency and traceability:** HRDD laws should require companies to trace their supply chains and make this information publicly available. Greater transparency and traceability can help shed light on labour rights violations, and help workers and unions organise and hold businesses accountable.
- ▶ **Worker engagement:** Meaningful worker engagement should be mandated and enforceable. The report argues for the inclusion of worker and trade union consultation as an enforceable right within HRDD laws. This requires the establishment of institutional structures that empower legitimate worker representatives throughout the supply chain and support multi-level collective bargaining.
- ▶ **Corporate accountability:** HRDD laws should impose positive and non-delegable duties on entities to respect human rights. Companies should be held accountable for their responsibility to respect human rights, and failure to do so should result in civil liability. The report recommends ways to make claims less costly and more accessible for workers, leading to behavioural changes in businesses and compensation for violations.
- ▶ **Monitoring and enforcement:** HRDD obligations must be accompanied by robust monitoring and enforcement mechanisms. The establishment of independent, well-funded supervisory authorities with the power to conduct investigations and impose sanctions on non-compliant companies is crucial. Cross-border human rights breaches require specialised expertise, and supervisory bodies should have access to labour-related knowledge and resources.

## A Labour-Centred Approach

The report argues for a labour-centred approach to workers' human rights, emphasising the need to address power disparities between workers and those who profit from their work (whether direct employers, large suppliers up the chain or lead firms) and improve workers' bargaining positions. It highlights strategies such as collective action, collective bargaining, protective legislation, and assigning liability to corporations for exploitation in production and supply chains. Workers should be positioned as agents of change and active participants in setting and enforcing human rights standards.

The full report is available [here](#).