



# Linking people and planet for effective due diligence

**What WBA's Nature Benchmark tells us about the state of  
human rights and environmental due diligence**

October 2024

# What is human rights and environmental due diligence (HREDD)?

## What is the basis of HREDD?

The [UN Guiding Principles on Human Rights \(UNGPs\)](#) adopted in 2011 recognise that businesses have a responsibility to respect human rights. The evolving framework of human rights and environmental due diligence (HREDD) builds on how to put this responsibility into practice. Under the UNGPs, companies are expected to carry out due diligence by identifying, preventing and mitigating the adverse impacts of their operations on human rights and by accounting for how they address those impacts.

While the UNGPs do not explicitly mention the environment in their human rights due diligence framework, they establish that businesses should respect internationally recognised human rights. In a [2022 landmark resolution](#), the UN Member States have recognised the right to a clean, healthy, and sustainable environment as a human right, which has furthered the [extension of due diligence to environmental topics](#).

This evolution to HREDD comes at a crucial time as there is an urgency to act if we want to ensure the right to a clean, healthy, and sustainable environment. In particular given the fact that since 1970, [73% of the world's wildlife species population has been lost](#).

Therefore, HREDD is a logical expansion of the internationally recognised rights which companies must respect. They are expected to do this through the continuous process of identifying and addressing their negative impacts on people and the environment across their own operations and value chains.

## Key drivers for expanding environmental due diligence

In many ways, action and expectations for businesses on human rights and the environment have evolved both separately and in parallel. However, social norms and legal requirements for companies to address both the human rights and environmental harms across their upstream and downstream value chains are evolving.

There is a fast-increasing demand for mandatory HREDD standards coming from a range of sources, be it the mandatory due diligence laws such as the [Corporate Sustainability Due Diligence Directive \(CSDDD\)](#) and the [EU Deforestation Regulation \(EUDR\)](#), or human-rights based environmental litigation such as [legal cases](#) to halt work on the construction of hydropower dams.

At the international level, the [Global Biodiversity Framework](#) calls for a human rights-based implementation of the framework and acknowledges the human right to a clean, healthy and sustainable environment. The recent [Pact for the Future](#) further endorses this key human right and the responsibility of businesses to deliver on this.



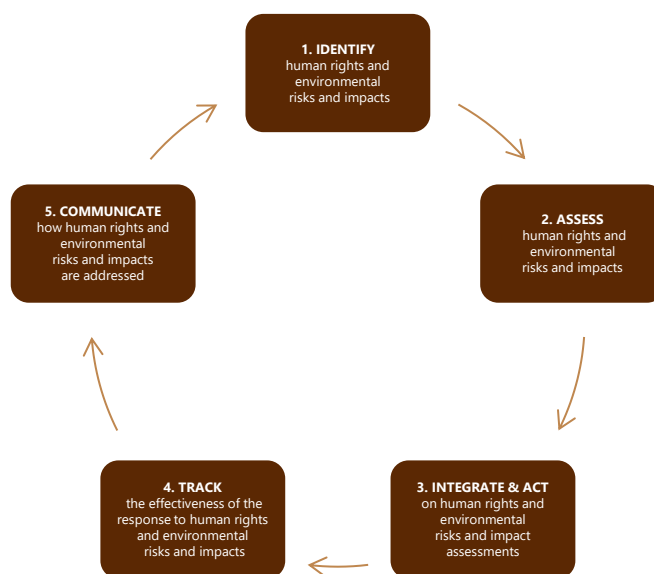
## What resources can guide companies?

A range of due diligence related guidelines, frameworks and assessments have emerged to help companies on their HREDD journey with a recent acceleration given the urgency of the triple planetary crisis of climate change, biodiversity loss and pollution.

The most notable frameworks include the [ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy](#), [OECD Guidelines for Multinational Enterprises on Responsible Business Conduct](#), [OECD Due Diligence Guidance for Responsible Business Conduct](#), [Taskforce on Nature-Related Financial Disclosures \(TNFD\)](#), [Science-Based Targets for Nature \(SBTN\)](#), [Climate-Related Financial Disclosures \(TCFD\)](#), the [Science-Based Targets Initiative \(SBTi\)](#) as well as the recent [ISO/UNDP Guidelines for contributing to the United Nations Sustainable Development Goals](#).

## What do companies need to do?

Regardless of the company's size, sector, location, ownership or structure, HREDD should include the essential steps set out in the UNGPs (see below).



Companies will need to invest in developing robust due diligence systems, which may require significant initial resources and expertise. These efforts will be needed to ensure effective value chain mapping and stakeholder engagement, particularly for complex global supply chains. It is however essential to note that companies can build on their existing human rights due diligence processes to integrate an environmental consideration. This works constitutes an opportunity to break silos between departments, bringing together sustainability, compliance and procurement teams.

Furthermore, it is crucial to highlight that HREDD as a concept is being developed on the basis of an obligation of *means* and not *results*. In other words, companies are obligated to act with all reasonable efforts to [identify and act on human rights' violations](#). The current development of HREDD is focused on the ensuring the highest quality of process is developed and not a singular focus on the final outcome.



## SDG2000 and the Nature Benchmark

The World Benchmarking Alliance (WBA) has published an [updated list](#) of the world's 2,000 most influential and impactful companies. The analysis, refreshed at the start of each year and known as [the SDG2000](#), details 2,000 companies that hold dominant positions in their respective industries, headquartered across 86 economies and with operations and supply chains spanning the globe. They provide the vital food, energy, housing, internet, transportation and financial systems our societies depend on, and have collective revenues of \$45 trillion, equivalent to 42% of global GDP.

The WBA [Nature Benchmark](#) examines how the world's most influential companies contribute to stable and resilient ecosystems, which enable humanity and nature to co-exist within planetary boundaries on biodiversity, climate, land, oceans and water. It has assessed 816 companies across more than 20 industries, including food and agriculture, apparel and extractives. Given the influence and impact of these companies, their analysis offers solid insight on the current state of play of HREDD as assessed through public disclosures.





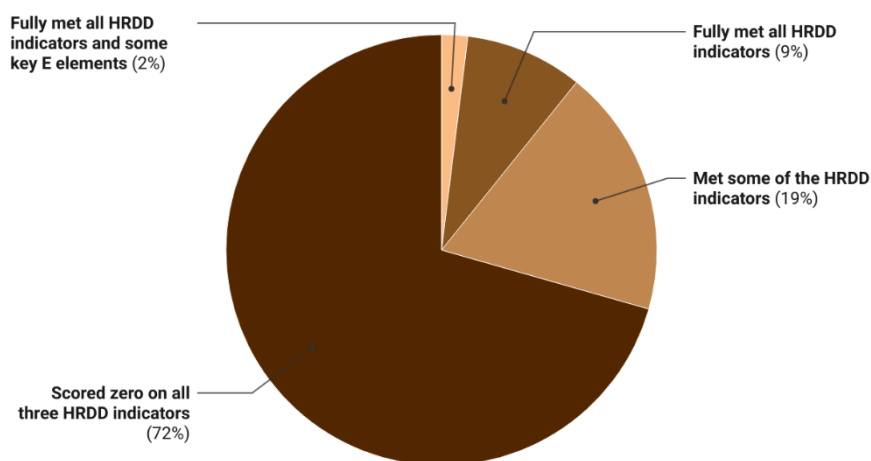
# What does the Nature Benchmark tell us about the current state of HREDD?

1. An overwhelming majority of high-impact companies on nature are failing to implement any key HR(E)DD steps

- **72% of the 816 companies assessed, among the most influential on nature, scored ZERO on key steps of due diligence implementation, namely identifying, assessing and acting on their human rights risks and impacts.**
- **Moreover, while 19% of these high-impact companies implement some steps of due diligence, less than 2% have integrated environmental considerations.**

Companies assessed in the Nature Benchmark operate in high-impact sectors, where adverse human rights impacts are more likely to occur – such as textiles and apparel, mineral extraction and agriculture. By failing to identify and address their human rights risks with an environmental perspective, these companies may contribute to serious negative human rights impacts. Much work remains to be done as only 5% of companies assess their impacts and less than 1% understand their dependencies. Without a necessary understanding of how they interact with nature, companies cannot effectively implement HREDD.

## Performance of Nature companies on HRDD + E



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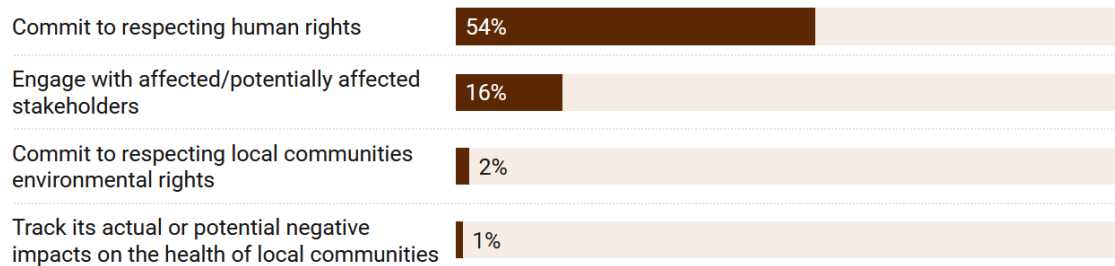


## 2. Companies do not yet recognise environmental rights as human rights

- **More than half of the high-impact companies on nature commit to respecting human rights, yet only 2% commit to respecting local communities' environmental rights.**
- **Similarly, while 16% engage with affected/potentially affected stakeholders, only 1% track their negative impacts on the health of local communities.**

In 2022, the United Nations General Assembly agreed that a clean, healthy and sustainable environment is a human right. This recognition was reaffirmed by the UN Pact of the Future. While most of the major, influential companies assessed commit to respecting human rights, they are yet to integrate environmental rights as human rights. Similarly, the 2030 Agenda recognises the importance of collaboration between all stakeholders to implement the SDGs and calls for the prioritisation of the voices of those who are often left behind. However, engagement with local communities remains neglected even though companies that engage with affected stakeholders tend to perform better across the benchmark.

### Share of companies that...



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### 3. Indigenous Peoples and Local Communities and human rights defenders remain forgotten

- **Indigenous people and local communities are at the centre of the Global Biodiversity Framework, yet less than 13% of the high-impact companies commit to respecting their rights.**
- **Human rights defenders are regularly subject to acts of violence, threats, intimidation or judicial harassment, but only 5% of companies have a policy in place to prevent such violent outcomes.**

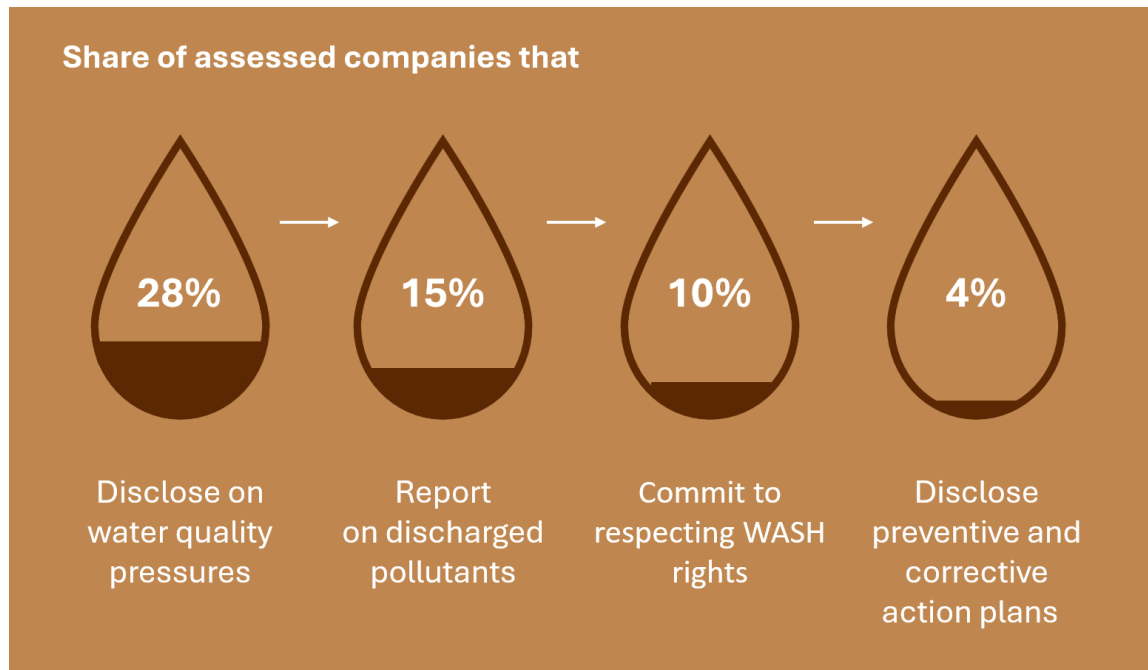
Indigenous peoples and local communities (IPLC) often live in critical ecosystems and coexist with threatened species. They manage about 40% of all terrestrial protected areas and their ecological knowledge enables a sustainable existence worldwide. However, high-impact companies assessed fail to express a clear commitment to respect indigenous peoples' rights. To carry out projects with the potential to affect IPLCs, companies must commit to obtaining free, prior and informed consent (FPIC) from them to ensure their agency in the future of their territories. Additionally, despite the regular persecution of environmental- and human rights-defenders, only a handful of companies have a commitment to neither tolerate nor contribute to threats, intimidation or attacks against human rights defenders. This is an area that needs more attention across at-risk sectors, notably food and agriculture.



#### 4. From HRDD to HR-E-DD, the case of corporate water stewardship

- **While 28% of companies tackle water quality pressures in some way, only 15% report quantitative metrics on discharged pollutants.**
- **Only 10% of companies commit to respecting local communities' water, sanitation, and hygiene (WASH) rights, with only 4% disclosing preventive and corrective action plans.**

Safe and clean drinking water and sanitation is essential for the enjoyment of all human rights including the right to health. Companies' actions on water use and pollution not only impact the environment surrounding their operations and supply chains but also significantly affect the health, livelihoods and well-being of populations, especially vulnerable communities. Unfortunately, few high-impact companies commit to respecting local communities' water, sanitation and hygiene (WASH) rights and even fewer have in place preventive and corrective action plans, including addressing water misuse and collaborating with communities for monitoring company impacts. While a quarter of the companies assessed have started to tackle water quality pressures, too few have started to exercise proper environmental due diligence on this vital topic.





# Policy Recommendations

- **UN must state the legal responsibility for companies to respect nature:** While Target 15(a) of the Global Biodiversity Framework has sent a clear signal in terms of corporate accountability, it is not enough to ensure solid corporate due diligence. Building on the Pact for the Future and especially its action 55 (c) which commits to “encouraging the private sector’s contribution to addressing global challenges and strengthen their accountability towards the implementation of United Nations frameworks”, COP16 needs to further articulate business responsibility, notably through the establishment of robust accountability indicators.
- **Mainstream the implementation of human rights & environmental due diligence:** UN Member States need to advance HREDD, meaning there must be legally mandated assessments and reporting requirements for all large business and financial institutions so they can understand and address their impacts and dependencies on nature. This mainstreaming must be done in an inclusive manner to ensure that large companies do not pass on their responsibility to small scale suppliers and producers.
- **Clarify the responsibility of financial institutions to engage with companies on their nature risks:** Financial institutions must commit to aligning their portfolios with the targets set forth by COP16, particularly focusing on funding projects that promote biodiversity, reforestation, and the transition to renewable energy sources. These institutions should implement robust environmental due diligence processes to ensure that no funding supports activities that contribute to deforestation, habitat destruction, or other harmful environmental impacts.



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