

Expert analysis of the technology platforms claiming to provide one-stop shops for sustainability reporting and human rights due diligence on supply chains

# Sustainability Software for HRDD

Starting point, not finish line

April 2026

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## **I. Introduction**

Business and human rights has matured from voluntary initiatives to mandatory due diligence laws requiring companies to assess risks, evaluate impacts, and manage global value chains.

Companies are now subject to compliance requirements that generally fall into three broad categories: (1) disclosure laws, (2) human rights due diligence (HRDD) laws, and (3) regulatory import bans. With the emergence of HRDD laws, including the European Union Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD), businesses must adapt to new legal requirements mandating human rights management, analysis, prevention, and access to remedy in their value chain.

As compliance and reporting demands increase, sustainability software platforms have positioned themselves as comprehensive solutions. While these tools provide valuable support, platforms represent only the *starting point* of the human rights due diligence process – not a complete or standalone solution.

This Report outlines the role that sustainability software programs can play in value chain HRDD. In particular, it highlights their value as a helpful first phase of HRDD risk screening, while also recognizing their limitations in scope and accuracy.

## **II. Understanding Sustainability Software Platforms' Functionalities**

Sustainability software platforms are digital tools that calculate entity risk scores on environmental, social, human rights, and governance (ESG) topics. Platforms offer different capabilities, some targeted to supply chain management and others to companies' own operations.

For supply chains, sustainability software platforms are digital tools that collect and organize supply chain data. This data collection and management supports companies' compliance efforts on supply chain risk management and risk analysis. Platforms provide data on a range of sustainability topics including labor rights, security, human rights, material inputs, environmental regulations, responsible minerals, sanctions, and sustainable procurement more broadly. For the purposes of this Report, we focus analysis on the value and limitations of platforms' data on human rights and labor practices.

Base models typically generate supplier risk scores once basic information – such as supplier name, tax ID, or DUNS number – is entered into the system. These overall scores, usually categorized as “high,” “medium,” or “low” risk, are provided on a suite of ESG topics. Scores are based on high-level ESG criteria defined by the platform and/or AI-driven research on the supplier, often calculated without direct supplier engagement. If supplier engagement is factored into risk scoring, it is calculated based on a supplier self-evaluation, in questionnaire format. In the context of labor and

human rights, key factors that influence risk classification include the existence and content of a supplier’s human rights policies, the inherent risk level allocated to the industry or business sector, and the inherent risk associated with the supplier’s geographic location.

The platform stores and manages this supplier data, enabling clients to search, track, and analyze both individual suppliers and aggregated supply chain information. Data and corresponding risk metrics are consolidated into a centralized dashboard, where they are organized into sustainability risk categories (e.g. labor and human rights) and/or by compliance modules (e.g. conflict minerals).

Platforms market supplemental options, available for purchase, for supply chain management. These include separate “modules” aligned with a sustainability topic and/or corresponding compliance requirement, such as conflict minerals for the U.S. Dodd Frank Act or human trafficking for global modern slavery disclosure laws. Companies can select and purchase modules relevant to their compliance needs.

Additionally, some sustainability platforms also provide a risk assessment on the client itself. Often, in practice, this is a simple policy audit. Assessed documentation may include ESG performance metrics, internal ESG processes and standards, external ESG policies, certifications, inhouse trainings, and publicly disclosed KPIs on sustainability agendas. From this, the platform may offer recommendations for improvement, invitations to webinars on sustainability topics, and advice from internal experts, if applicable. The marketplace output of this assessment is a risk management performance score that can be shared with customers. These are often depicted as medals or achievements - platinum, gold or silver scores.

#### **a. How Platforms Support HRDD**

Software platforms simplify report preparation by consolidating publicly available information on suppliers. This meets the legal requirements of most disclosure laws. But for HRDD laws, their contribution is more limited but still valuable from an administrative and organizational perspective.

- **Data Collection.** For disclosure-driven laws that require collection of data from suppliers, platforms consolidate data pertinent to goods, services, and intrinsic risks in the geographies and products supplied. Conflict Minerals reporting, for example, is well supported by platforms, because conflict mineral reporting requires companies to use the same standardized reporting template across a supply chain. Rather than individually reaching out to all suppliers, through the use of the module, companies can leverage a platform’s outreach systems to help gather required data from multiple suppliers.<sup>1</sup>

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<sup>1</sup> As noted above, the usefulness for conflict minerals reporting is not the same as for conflict minerals assessment or management. Knowing where suppliers claim to source tungsten, tin and tantalum is not the same as knowing the claims

- **Data Organization.** Companies need a way to manage data about their global value chains – data that can encompass tens of thousands of suppliers. Software platforms provide extremely useful dashboards for presenting data and templates for inputting supplier data including: (1) supplier name, (2) supplier DUNS number, (3) spend, (4) appropriate phone and email contacts for the supplier, and (5) relevant files and documentation on supplier sustainability and human rights policies. Additionally, for platforms that permit clients to upload files to supplier profiles, the platform can serve as a data management system to organize, store, and track information on suppliers.
- **Tagging.** With most software platforms, a company can load suppliers into a system with various tags to help identify and sort suppliers in accordance with different characteristics. Common tags may include critical suppliers, departments managing the contracts, product and sub-supplier information, and typologies for service contracts.
- **Efficient Communication.** Many software platforms provide a mechanism to communicate with suppliers via email, which provides an avenue for fast mass communication and engagement with suppliers.

The above-mentioned benefits are helpful, supportive digital tools for in-house human rights teams managing value chain HRDD. However, none of the above benefits are substantive; information is aggregated, but no original data is analyzed. In terms of actual HRDD work, the main value of platforms is the initial risk screen stage.

- **Risk Screening.** Once supplier data is inputted into the system, software platforms can provide a risk screen to scope prioritized suppliers for further in-depth assessment in the value chain. Risk screen information may be visualized into a heat map, highlighting potential human rights risk, based on geography and goods sold, categorizing risk as “high,” “medium,” or “low.” At this stage, assessment generally relies on secondary data, such as publicly available global indices and data pertinent to industries and geographies. Direct supplier engagement is not generally undertaken; individual supplier data is not inputted. This level of screening can assist clients to prioritize areas for further due diligence. However, some companies end their analyses at this risk screening stage and draft modern slavery disclosures, relying only on the platform’s initial risk screen categorization without ever conducting meaningful supplier engagement. Risk screening, however, is among the first steps of HRDD, and further engagement is required for compliant due diligence practices.

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are true. Because import bans strongly incentivize false reporting, the reporting requirements around import bans differ drastically from the due diligence requirements.

### III. What do HRDD Laws Require from Companies?

Legal obligations vary by the type of law, which generally fall into three categories: (1) Disclosure Laws, (2) HRDD Laws, and (3) Import Bans.

- **Disclosure Acts** primarily require reporting, rather than substantive action. Companies must annually disclose efforts taken to mitigate and prevent child labor, forced labor, and human trafficking in value chains. These acts generally do not establish a minimum level of effort for disclosure or risk management. They allow considerable discretion in what level of detail companies must publicly share. As a result, in theory, a company could be in compliance with some of these laws by disclosing that “no efforts were taken to consider modern slavery risks in the value chain” or “based on our risk analysis, no risks for modern slavery were identified in the value chain.”
- **HRDD Laws** impose affirmative duties towards human rights. Companies are required to identify and assess actual and potential human rights impacts, prevent and mitigate risks, track effectiveness of measures, provide or cooperate in remediation where harm occurs, and integrate due diligence into governance and risk management systems. These laws move beyond disclosure to require a structured, ongoing due diligence process aligned with international standards such as the United Nations Guiding Principles on Business and Human Rights (UN Guiding Principles) and OECD Guidelines. Additionally, compared to Disclosure Acts, the scope of HRDD laws expands to cover more human rights (e.g. discrimination, health & safety, land rights) and cover more of the value chain, including direct operations and subsidiaries.
- **Import Bans** are an outcome-based restriction, prohibiting the import of goods produced using forced labor. Companies are legally barred from bringing certain products into the market if they are linked to prohibited practices. Customs authorities enforce the ban at the border, and illegal goods may be detained, seized or returned. This is a form of enforcement through exclusion of products linked to high-risk contexts or high-risk entities for human rights abuses.

**Table 1: Key examples of human rights laws**

Disclosure Acts	HRDD Laws	Import Bans
The European Union Corporate Sustainability Reporting Directive (CSRD) (2024, in force 2029).	The European Union Corporate Sustainability Due Diligence Directive (CSDDD) (2026, in force 2029).	EU Forced Labour Regulation (2024, in force 2027).
The Canadian Fighting Against Forced Labour and Child Labour in Supply Chains Act (2024).	The German Supply Chain Due Diligence Act (LkSG) (2023).	Uyghur Forced Labor Prevention Act (USA, 2022).
The Australian Modern Slavery Act (2018).	The Norwegian Transparency Act (2022).	Import Prohibition on Forced Labor (Canada, 2020).
The United Kingdom Modern Slavery Act (2015).	The French Corporate Duty of Vigilance Law (2017).	Global Magnitsky Act Sanctions (USA, 2016).
The California Transparency in Supply Chains Act (2010).		Withhold Release Orders under the Importation Prohibition of 19 USC 1307 (USA, 2012).

#### IV. Key Components of Supply Chain HRDD

The primary aim of HRDD legislation is to minimize adverse human rights impacts that result from business activity. To achieve this, companies must establish and implement procedures to (1) identify high-risk areas within their operations and supply chain, (2) assess actual and potential adverse impacts from suppliers or their own business operations, and (3) undertake and monitor remediation to reverse and prevent known actual and potential harms. While the process involves multiple steps adaptive to industry and context, it can be broadly summarized as including, at a minimum:

- 1. Risk Scoping: Screening & Analysis**
- 2. In Depth Assessment of Impacts**
- 3. Engagement**
- 4. Corrective Action**

The process and method for undertaking each of these steps differs for a company’s direct operations, both because companies have higher accountability for adverse impacts in their direct operations than their supply chains, and because they have more leverage and access in their own operations. Nevertheless, the key components are unchanged. This is laid out in the CSDDD (2026).<sup>2</sup>

<sup>2</sup> Directive (EU) 2024/1760 Para. 19, 20 [https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=OJ:L\\_202401760](https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=OJ:L_202401760)

It is consistent with the UN Guiding Principles and other key business and human rights instruments. The analysis here pertains to supply chains.

## **STEP 1: Risk Scoping**

### Risk Screening

Risk screening is an initial overview of human rights risks across a value chain based on generalized data, to identify the business partners that pose the highest risk to human rights. A risk screen provides a high-level rating that can be used to prioritize suppliers that require more resources for further scoping and potential in-depth analysis.

Risk screens are commonly based on three broad categories: the geography of the supplier, the goods or services provided, and the company's level of spend (and thus direct connection or contribution to the risks). For example, a risk screen may rate a \$100 million contract with an electronics supplier from China as "high" risk, and a \$5,000 contract with a printer paper supplier from Germany as "low" risk.

Geographic risk scores are aggregated from global indices such as the Global Slavery Index<sup>3</sup> for forced labor, Heidelberg Barometer for conflict<sup>4</sup>, UN Human Development Index for economic and social rights,<sup>5</sup> and Transparency International for corruption risk.<sup>6</sup> Afghanistan is always "high"; Luxembourg is always "low".

Supplier risks are generalized around the environmental, labor, corruption and usage risks of a business sector category. For example, petroleum products are frequently rated "high" risk; telecoms service providers are frequently rated low-risk.

Spend risk is calculated internally, where companies designate a set of 'critical raw materials' or 'key inputs' where they have their largest contracts.

### Human Rights Risk Analysis (HRRA)

Once a risk screening has been conducted to identify high-risk suppliers, operational-level information needs to be collected from individual suppliers; the generalized risks identified in desk-based screening need to be validated and evaluated at the operational level. The purpose of this

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<sup>3</sup> <https://www.walkfree.org/global-slavery-index/>

<sup>4</sup> <https://hiik.de/conflict-barometer/current-version/?lang=en>

<sup>5</sup> <https://hdr.undp.org/data-center/human-development-index>

<sup>6</sup> <https://www.transparency.org/en/cpi/2024>

second stage of risk analysis is to better understand the sub-set of high risk entities identified in the screen, to evaluate if they do in fact pose high risks to rightsholders and require further diligence. Two Indian metals suppliers, for example, might both be rated as “high” risk. Site-level evaluation, however, could reveal that one supplier meets rigorous standards set in its industrial zone, and common risks of environmental mismanagement, worker health exposure, and procurement are already managed. Site-level evaluation of the second could reveal that it is in a low-income region with weak environmental oversight, pervasive labor exploitation, and opaque materials sourcing.

More precisely scoped evaluation and direct interaction with suppliers generates a more accurate analysis of risk. Information gathered in this stage includes but is not limited to:

- Workforce characteristics: including the presence of migrant workers, seafarers, subcontracted workforces, and part-time/seasonal/day laborers.
- Recruitment practices: including use of labor brokers, recruitment fees, withholding of documents, wage garnishing for PPE and uniforms, and wage garnishing for housing.
- Age verification procedures for new hires: including whether national IDs are frequently forged, and whether work is ever brought home.
- Environmental hazards: including incident logs; monitoring data for key air, water, and soil monitoring parameters; and oversight of hazardous waste disposal.
- Security risks: including operations in fragile or conflict-affected contexts.

Companies develop internal matrices to rate the risks of suppliers based on these and other parameters. Suppliers can be found to be lower or higher-risk than the initial screen suggested, based on this secondary evaluation. If risks are found to be elevated to a certain threshold, further investigation will be required to understand impacts.

## **STEP 2: In-Depth Human Rights Impact Assessment (HRIA)**

By completing risk scoping (Step 1), companies refine context and product sector insights with supplier-specific knowledge. This enables a company to set an evidence-based impact assessment schedule for their highest-risk suppliers, whose risks have been vetted and validated. Impact assessment can only follow risk evaluation, allocating company resources to parts of the value chain most in need of improvement in human rights outcomes.

Impact assessments differentiate ‘risks’ that require **mitigation**, from “impacts” that require **remediation**. They are generally conducted by external experts (except in companies with very high human rights maturity), commissioned where risk analyses demonstrate a need. Companies will set internal matrices to determine what risk level will require a supplier to undergo HRIA. They will set internal schedules to determine the frequency of reassessment. HRIAs expand beyond the scope of risk assessment, often identifying risks and impacts not identified during earlier phases of due diligence. As noted above, methodologies for supplier HRIAs differ from operational HRIAs, because

companies have different levels of accountability for the adverse impacts of suppliers than of direct operations. Nevertheless, all HRIAs rely on primary and secondary data, direct engagement with affected people, inclusion of all universally held human rights, and approaches for remediation and mitigation of harms and risks.

The outputs of an impact assessment then identify which adverse human rights impacts are in fact present. With this understanding, intentional and informed problem solving and corrective action can begin.

### **STEP 3: Engagement**

Developing corrective action requires the direct input of people whose rights have been adversely affected or are at risk. This assures that affected people understand how they are affected and approve of plans to manage impacts. Engagement includes communicating impacts identified, identifying potential remedies/solutions, and understanding which remedies/solutions align best with stakeholders. Engagement can be between company and community, and/or may also be between company and supplier, if the supplier has the maturity to conduct engagement.

### **STEP 4: Corrective Action**

After remedies and mitigation measures have been agreed with affected communities, suppliers, and other business partners, companies must then monitor the implementation of actions and validate their effectiveness. Where corrective actions do not demonstrate decreases in impacts or risk, new measures are required. Additional assessment and engagement will be undertaken.

## **V. Alignments and Gaps with HRDD: What role do software sustainability platforms play in HRDD?**

Sustainability platforms have marketed themselves as purveyors of HRDD.<sup>7</sup> However, analysis of sustainability platforms is limited in existing literature. This is for two primary reasons. First, sustainability platforms are a relatively new resource to the marketplace. Second, they are proprietary and difficult for researchers and scholars to access. As such, the analysis and corresponding recommendations here are grounded in the field experience of business and human rights professionals engaged in the drafting of this Report.

Software platforms promote the idea that, for a fee, their tools can fully manage a company's HRDD obligations. However, platforms often only facilitate risk screening and *sometimes* some risk

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<sup>7</sup> For example, Ecovadis claims to “provide companies with a holistic set of tools and expertise to proactively address and successfully implement the requirements of a human rights due diligence law in supply chains.” <https://ecovadis.com/blog/the-evolving-role-of-human-rights-due-diligence-in-global-supply-chains/> Similar claims are made by virtually all platform providers.

analysis (Step 1). Below are specific considerations to keep in mind to prevent overreliance on platforms for comprehensive HRDD.

**a. Inherent Conflict of Interest**

There is an inherent challenge in subscription-service approaches to in-depth assessment of human rights impacts: companies seek clarity that their systems align with laws, and HRDD laws seek clarity that human rights are not adversely affected. A fee-for-service provider should, thus, be verifying that human rights are not adversely affected. But subscription models are not staffed with fieldworkers evaluating outcomes for rightsholders. Instead, providers use work-around indicators as the basis for their assessments. Providers establish and track these indicators, and they have a vested interest in developing indicators that they can help improve over time, to demonstrate the effectiveness of their platform. Indicator scores that can be improved by platform-provided trainings and other services also increase profitability. A conflict of interest results: the platform is designed to provide fee-based improvements in human rights scores, rather than provide real, on-the-ground improvements in human rights outcomes.

Platforms are driven by their natural profit motives to sell clients as many modules as possible. In theory, such a model could also provide quality data and risk assessment, but this would require platform firms to staff global offices with skilled human rights analysts, which would increase the cost of contracts and potentially decrease the appeal to clients. Contracts with platforms are another daunting task to navigate, often requiring multiyear commitments. Clients, for their part, are driven by contract models to demonstrate the best score possible, regardless of whether it is actually representative of human rights outcomes.

Businesses increasingly demand proof of responsible business conduct from participants in their value chains. Platforms can provide companies with a documented risk score to share with customers to fit this purpose. As such, the model of subscription-based human rights platforms drive companies to participate in, and providers to provide, an expanding array of tools to demonstrate increased efforts over time, while at no point verifying that human rights harms are managed or reduced.

Companies looking to boost their score, then, confront a circular exercise of making payments to receive a score, and then to improve a score, while at no point being ‘duly diligent’ in identifying adverse impacts on rightsholders. Despite reliance on surface layer disclosures (e.g. percentage of

personnel training on modern slavery risks; number of workplace accidents), platforms benefit from their recognition as a marker of responsibility in the marketplace.

With this in mind, the methodologies pushed by platforms are inherently misaligned with quality in-depth HRDD focused on individual characteristics of a value chain and its suppliers.

#### **b. Risk Screening Inaccuracies**

Platforms provide supplier risk screens on labor and human rights that align with “Step 1 Risk Screening,” detailed above. However, these risk screens are often generalized, missing details and more nuanced context-specific analysis. Given this, there is the potential for misclassification of risks in more specialized industries and unique regions. Examples of potential misclassification of risks include:

- **Inaccurate Geographic Risk Determinations.** Platforms may overestimate geographic risk of a country when the heightened human rights risk is actually only relevant to a particular region. As a result, any suppliers located in the given country will have a higher risk rating. E.g., conflict risks in India vary widely between Kashmir and Shimla. Alternatively, platforms may underestimate geographic risk based on how a supplier is inputted into the platform. One common example is the inputting of a trading company’s corporate office (e.g. Switzerland), rather than its mining and refining locations (e.g. Philippines, Democratic Republic of Congo). As a result, this entity is classified as low risk, and may be passed over for further due diligence.
- **Inaccurate Commodity Risk Determinations.** Platforms may also misclassify risk screens on business sector factors. A common example of this is for commodities that produce dynamically different products, and as a result have different processing for respective products with different intrinsic risks. For example, silicon is a commodity used to make kitchen or hospital grade “rubber;” however, it can also be used in solar panels and computer chips. These respective silicon products have drastically different human rights risks in supply chain production. However, when labeled as a “silicon commodity,” the risk screen may produce the same determination across diverse manufacturing processes and uses. Likewise, nickel used as a conventional steelmaking alloy is refined differently from nickel used for EV batteries, carrying different risks to affected people in very different geographies. Platform-based screening may not distinguish between these, instead assigning both to the same commodity category.
- **Inaccurate Business Sector Risk Determinations.** Human rights are universal, indivisible and interrelated, but platforms, seeking to simplify due diligence for clients, have selected a subset of rights pertinent to different business sectors and industries. This is not a task appropriately allocated to a business with complex profit motives, and it has human rights

consequences. For example, telecoms companies are categorized as posing no risks to forced labor, child labor, or e-waste contamination. This might be intuitively true for telecoms companies that provide only network connections. However, AT&T, Verizon, Comcast and T-Mobile are all fortune 500 companies in the telecoms sector, all of which also have direct involvement in the buying, selling, and disposing of technological hardware, in an industry rife with forced labor and deeply engaged in the management of e-waste. By scoping these companies to a limited set of rights that excludes some of the most vulnerable members of their supply chains, platforms are actively blinding clients to serious enforcement risks, and depriving them of the benefits of actively managing known risks in their value chains.

- **Absence of supplier and stakeholder engagement.** Additionally, at this stage, information provided through platforms typically bypasses supplier and stakeholder engagement. This contributes to the same pattern of inaccuracy in risk screening off of generalized assumption rather than contextualized detail.

Below is a table roughly summarizing the key dimensions of leading platforms. As it shows, the reference documents used to draw conclusions about outcomes for categories like human rights or environmental sustainability are not representative. Scores derived from policies, certifications, media reports, and management systems do not inherently reflect on-the-ground realities. Absent verification processes (which Sedex alone has, to an extent), there is no correlation between the evidence sources provided and the outcome for rightsholders.

**Table 2: Sustainability Platforms and their key components**

Platform	Field Work	What Is Assessed	Evidence Sources Used	Reference Standards / Frameworks Referenced
EcoVadis	No	Corporate sustainability management systems	Company policies, codes of conduct, training records, certifications (ISO), internal procedures, KPIs, sustainability reports, external media/NGO monitoring	UN Global Compact, ISO 26000, GRI guidance, industry risk indicators
Sedex (SMETA)	Yes (audit used)	Operational conditions (when audit performed); management systems	Supplier questionnaires, wage & hour records, safety logs (site inspections, worker interviews during audit)	ETI Base Code, ILO conventions, local labor law
Integrity Next	No	Supplier compliance policies and regulatory declarations	Supplier questionnaires, policy uploads, sanctions lists, NGO/media monitoring	OECD Guidance, German & EU supply chain due-diligence
Assent	No	Product regulatory compliance systems, not social conditions	Supplier declarations, product compliance documents (materials composition, regulatory attestations)	RoHS, REACH, conflict minerals (Dodd-Frank 1502), product safety regulations
Sphera SupplyShift	No	Corporate environmental and risk management systems	Environmental metrics reporting, emissions inventories, management procedures, supplier questionnaires	ISO 14001, lifecycle assessment standards (ISO 14040/44), GRI
Worldfavor	No	Self-reported ESG metrics and emissions data	Supplier questionnaires, emissions data, ESG KPI reporting	GHG Protocol, SDGs, general ESG reporting guidance

<b>Osapiens</b>	No	Regulatory compliance in supply chains	Supplier disclosures, traceability information, regulatory reporting data	EU and other supply-chain regulations
<b>Synesgy</b>	No	ESG questionnaire responses mapped to ESG maturity indicators	Supplier questionnaires and documentation	Internal ESG scoring frameworks; SDGs (logos for UNGC, GRI, EFRAG)
<b>Avetta</b>	No	Contractor compliance management systems	Safety certifications, insurance records, training logs, incident rates	Industry safety standards and certifications

\* Cority, Goodlab, Cornerstone OnDemand, Broadridge, Nasdaq reporting, and Sayari were heavily promoted in the search process. We did not identify distinguishing characteristics of these platforms that would change the trends depicted by the table and excluded them because we did not have the opportunity to reach out and seek their validation on our summaries. No companies provided feedback on our categorization, although one responded to ask about the nature of the research, and another set up a sales meeting and then canceled. Several placed our team members on promotional mailing lists without allowing us to opt out.

**c. Risk Analysis Inaccuracies and the Absence of HRIAs and Engagement**

Any risk analysis offered by platforms beyond the risk screening phase is primarily driven by supplier self-reported surveys and public data collected by internet crawling technology (now termed “AI”). This stage also has data quality concerns. Examples include:

- **Reliance on self-reported data and public data for supplier risk categorization.** Platforms depend heavily on supplier self-submitted data and websites as the primary sources driving risk categorization. Both may be outdated, and neither is fact-checked or quality controlled through inputs from workers, local communities, NGOs, or unions. Such stakeholder engagement is a key element of HRDD. In essence, a supplier can score well if it has a human rights policy, training materials, a grievance hotline and CSR reporting. This is true even if workers cannot safely use the grievance mechanism, experience conditions of forced labor, and face retaliation. Suppliers can thus receive high ESG scores even when they are linked to major abuses.
- **Poorly written supplier self-assessment surveys that do not yield meaningful data.** Platforms offer risk analysis from supplier self-reporting surveys. These surveys range in quality. Default surveys sent to suppliers asking about human rights risks may request that the supplier fill out the Slavery & Trafficking Risk Template (STRT) or questions may be limited to 5 questions, framed as “do you violate child labor laws, yes or no.” These questions provide no insight on supplier HRDD maturity or adverse impacts. Government guidance advises against reliance on supplier self-questionnaires: “blanket and undifferentiated queries to a supplier” does not meet the bar of concrete risk assessment.<sup>8</sup> Additionally, inside companies, there is rarely clarity on who should complete these surveys; personnel

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<sup>8</sup> [U.S.] Federal Office for Economic Affairs and Export Control, FAQ on the risk-based approach, p.3 (April 2025).

without human rights expertise may assume there are no risks without having investigated risks with due diligence.

- **Inaccuracies resulting from overreliance on policy audit.** Platforms rely heavily on the presence of suppliers' policies to calculate human and labor rights risks. Evaluation of a supplier's policies may be through the self-reported assessment sent to the supplier or through AI scanning (or both). Regardless, the quality of the policy is not analyzed, only the presence of it. Given this, a supplier could have an outdated anti-human trafficking statement from 2012 that is one paragraph, but still receive a low risk rating because a website scan identified the presence of a policy.
- **Overestimated risk for suppliers operating in countries with robust national labor law enforcement who do not have express human rights policies in place.** Businesses who operate in countries with strong labor laws and government enforceability of respective laws may not have policies expressly labeled as a "human rights policy" or "modern slavery policy" but nonetheless conform with national and local laws that prohibit forced labor and child labor. In practice, this means that businesses may be assigned an inaccurately elevated risk scores by platforms for failing to provide a policy, despite adhering to strongly labor-protective practices. For example, a US-based company operating in Germany without express human rights policies may be categorized as "mid-" or "high"-risk for forced labor and child labor, despite having a workforce of highly experienced individuals who earn adequate living wages. Similarly, a small business owner in East Asia with no express written human rights policies may have practices in place that ensure ethical recruitment of employees, fair wages, and lawful rest and meal breaks. Likewise a small local business based in Canada with no website and thus no publicly available documentation on its policies for employees, could be classified as "high" risk.
- **Underestimated risk for suppliers whose policies are more mature than human rights risks and impacts management processes.** Policy quality can indicate a business's maturity and awareness of human rights obligations, but it does not equate to an absence of human rights violations. For example, a sophisticated technology company in the United States may have robust human rights policies in place and have a supply chain convoluted with child labor and forced labor in mining and manufacturing operations. Likewise, a massive mining company in Brazil might have detailed ESG policies to safeguard rights, but work with contractors that are concealing engineering flaws that could decimate downstream villages and watersheds.

#### **d. Limitations to claims of In-Depth Assessment of Impacts (HRIAs) and Engagement**

Platforms do not offer in-person human rights impact assessments, and thus the in-depth assessment stage of HRDD is entirely absent from their service offerings. In terms of engagement

throughout HRDD, the previous risk analysis stage does not include in-person supplier engagement nor engagement with human rights holders or other stakeholders. As a result, there are material limitations at these stages including:

- **No in-person supplier engagement and no in-person supplier observation.** Supplier self-reported surveys and policies are provided by an interested party, and no objective analysis or consideration of implementation is included. Platforms collect information shared on behalf of the supplier alone, sometimes even without documentation to validate claims of good practice. In contrast, in-person supplier engagement and observation bolsters the quality of analysis since analysis is based on in person realities rather than a paper trail curated by the employer.
- **No external validation.** The absence of independently-validated information (even if not through direct engagement) at the operational level comes with real costs to companies, experiencing enforcement of human rights laws. As UFLPA enforcement has shown, companies have experienced Withhold Release Orders (WROs) on products that their certification platforms claimed were ethically sourced. For example, even a year after U.S. Customs and Border Protection placed Hoshine Polysilicon on a sanctioned entity list, one platform listed the entity as having ‘good’ sustainability performance. Whether risk determinations are outdated, poorly scoped, poorly benchmarked, or subject to other flaws remains unknown, since the scoring process and inputs are proprietary.
- **Platforms newly seeking out information from rightsholders or other stakeholders may be at risk.** Tech-based solutions for engaging with workers and communities have been acquired by platform companies in recent years. However, vulnerable rightsholders experience surveillance and reprisals through technologies. These can only be identified and mitigated through human intervention.

**e. Limitations in Available Corrective Actions**

Software platforms often market themselves as providing methods of corrective action to suppliers. However, remediation of harm is not the same as mitigation of risk; it is often unclear how the corrective actions could correlate to changes in the ground. For example, a common corrective action proposed by platforms is dissemination of a standardized default email facilitated through the platform on behalf of the company client (1) affirming the company's respect for human rights, and (2) encouraging that the supplier draft a policy on human rights or watch a webinar/training on human rights. If adverse human rights impacts are identified, human rights commitments and trainings do not reduce them.

Likewise, when suppliers are identified as “high” risk, a mitigation measure proposed by platforms is establishment of grievance mechanisms. While a grievance mechanism is important, the ability

to complain does not directly result in the remediation of harms. There is also no assurance that a mechanism will be effectively implemented or that its implementation results in remedial actions. Further levels of investigation would be needed, which are not tracked or evaluated by platforms.

As noted above, platforms that identify risks may also create conflicts of interest by supplying fee-for-service remedies. When a platform can identify a risk and a remedy, this happens in a vacuum, without any validation that the risk is linked to an impact, or that the remedy reduces the harm. This closed loop excludes affected people and allows companies and platforms to falsely validate (and congratulate) one another while potentially blindly perpetuating abuses.

**f. Misrepresentation of HRDD**

Platforms, through their marketing promises of support for compliance, fuel a misrepresentation of HRDD. HRDD is not a compliance check-list that can be ticked off annually through a generic risk screen. Platforms miseducate what HRDD requires and entails. HRDD requires long-term, multi-year action planning, advanced through integrated risk management systems that prioritize targeted areas for assessment and corresponding improvement.

**V. Conclusion: Maximizing Resource Efficiency and Value**

**a. Maximizing HRDD Cost Efficiency and Effectiveness**

Platforms offer the greatest benefits in the initial stages of HRDD Risk Screening and from the baseline administrative package of data organization and data management. The high-cost modules that initiate supplier assessments for human rights risks do not have a high value return because generally these assessments are low quality and have many inaccuracies. From a pure cost-basis perspective, it is often cheaper for a company to use the base model of a platform, forgo all additional modules, and hire internal staff to oversee further stages of HRDD.

**b. Quality HRDD Minimizes Import Ban Risk**

The costliest business risk related to human rights can be import bans. If a company's shipment is held by a customs office for violating an import ban, the company loses all product in the given shipment. To minimize this risk, quality HRDD is needed to proactively understand supply chain risks and potential or current business partners who may be in violation of human rights abuses and corresponding import ban consequences. Quality HRDD requires dedicated resources through staff with HRDD expertise. HRDD staff may use the risk screenings and data management tools of platforms to inform risk scoping and prioritization, but the detailed and valuable HRDD that will truly

mitigate risk of import ban consequences is from individualized assessment of suppliers with high risk for violations and thoughtful problem solving on corrective action management.

**c. Next Steps**

This research aims to provide guidance to business and human rights professionals on how to maximize value of platforms and insight on limitations of platforms' capabilities. Platforms provide a strong administrative resource for data collection, organization, and supplier communication and have the capacity to provide risk screen information for due diligence scoping. Platforms however have data quality concerns and inaccuracies to be aware of and should not be unilaterally relied on as a comprehensive HRDD strategy.

This analysis calls for continued collaboration with business and human rights professionals in the private sector who are implementing and refining HRDD corporate processes and who use software platforms as a tool.