

# Changes in Corporate HREDD Governance (blog series Towards New HREDD Laws)

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Last month, we published [a study?](#) about changes in corporate practice resulting from the implementation of human rights and environmental due diligence (HREDD) laws, namely the French Dut of Vigilance Law (DVL) and German Supply Chain Act (LkSG). This blog provides some summary reflections found in the study on changes in internal corporate governance related to recently implemented HREDD laws.

The introduction of HREDD laws in Europe has spurred significant changes in how corporations govern and oversee their HREDD obligations. These legislative frameworks have led companies to establish specialized committees, integrate human rights into board governance, and implement robust internal mechanisms to ensure compliance. We find some progress in terms of escalating human rights issues to senior level people within the company and regularly updating senior board members on their progress.

We find however, still important gaps in internal HREDD corporate governance practices, particularly in the allocation of responsibility for overseeing and implementing day to day HREDD and real agency of directors. This may represent a missed opportunity for the EU Corporate Sustainability Due Diligence Directive (CSDDD), which dropped some elements related to corporate governance - including directors' duty of care, directors' responsibility for overseeing the due diligence policy and process, and requirements that directors report to the board.

While there is a trend towards companies taking a more cross-functional and holistic approach to HREDD, there is still some lack of a shared implementation of HREDD between the various company departments (from CSO/sustainability and legal to supply chain, risk management, and procurement) that still tend to work in silos. Some companies are forming cross-functional teams or committees to respond to HREDD laws (with representation from sustainability, legal, compliance, and procurement). It is necessary to involve also the more operationalization-focused departments and ensure that these departments have a shared understanding of HREDD to ensure that HREDD measures are effectively implemented.

HREDD legislation could be used to drive up capability within an organisation. Compliance with hard laws alone should have directors assessing its requirements as part of risk mitigation. Boards are starting to take notice of HREDD laws and are taking HREDD as a serious consideration - rather than a 'voluntary' matter. Obtaining senior level buy is crucial for effective implementation of HREDD laws as this secures provision of resources and training needed and may facilitate coordination between different departments for implementation.

To ensure that corporate governance facilitates effective HREDD, policy makers should require companies to put in place adequate governance structures and assign directors' and board's responsibility for oversight of HREDD requirements. They should encourage companies to approach HREDD requirements holistically and drive internal capability.

This blog is part of a [series](#) of reflections based on [our study](#), published on 15th October 2024 during a [launch event](#) at BIICL. You can read the [full report here](#).

URL: <https://www.biicl.org/blog/91/changes-in-corporate-hredd-governance-blog-series-towards-new-hredd-laws>