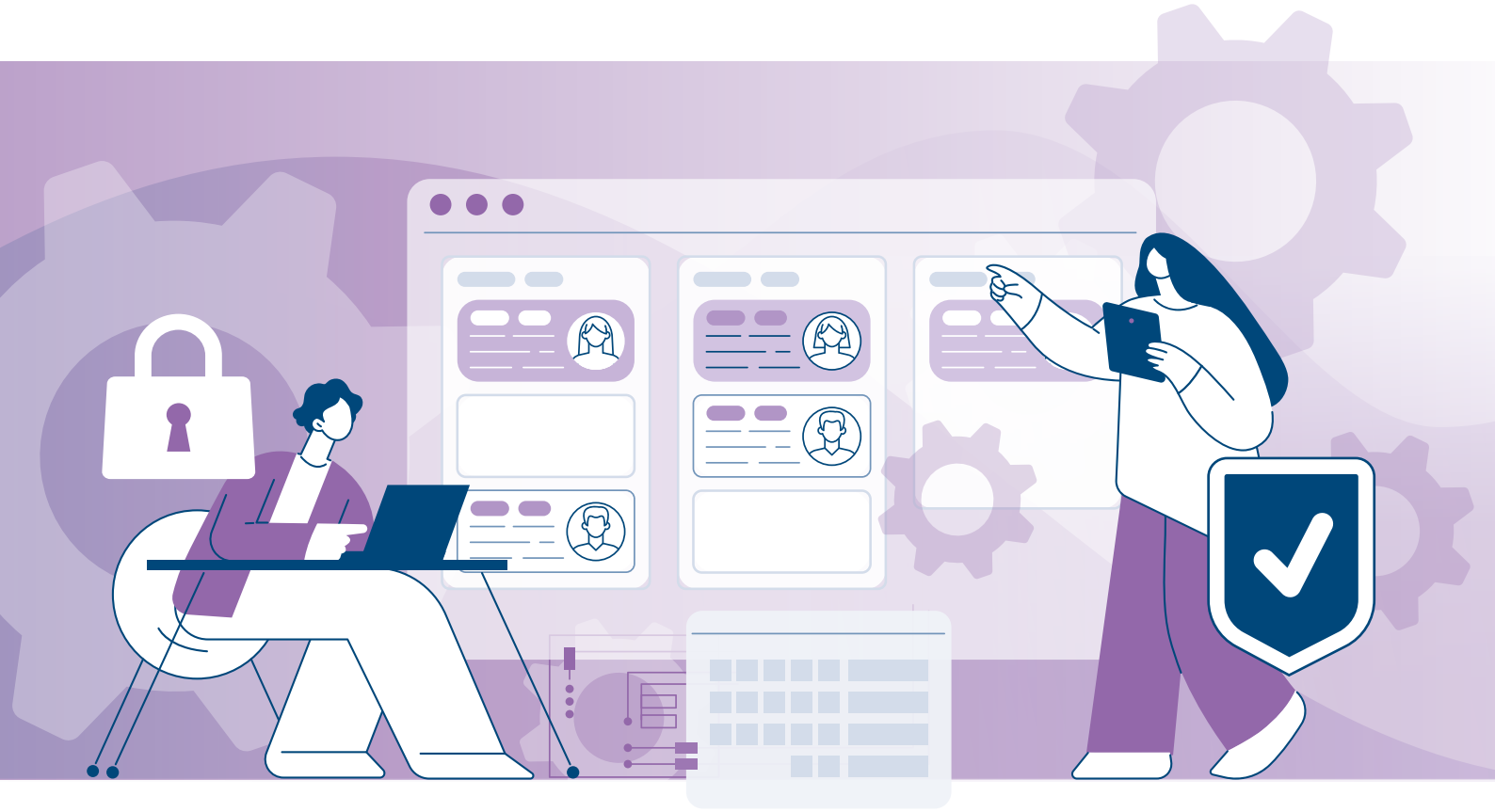
Digital Tools in Human Rights Due Diligence

Opportunities and Risks from a Workers' Perspective



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Foreword

Digital tools are finding their way into more and more areas of business, including human rights due diligence. What may initially appear to be a purely technical or compliance-driven issue touches on fundamental questions about the world of work: Who collects what data about whom? Who makes decisions on the basis of algorithmic analyses, and what are the consequences for workers across global supply chains? Whose interests shape the development and use of such systems?

Global value chains are complex and often encompass thousands of supplier relationships spanning continents and legal systems. The German Act on Corporate Due Diligence Obligations in Supply Chains (*Lieferkettensorgfaltspflichtengesetz*, LkSG), the Corporate Sustainability Due Diligence Directive (CSDDD) and the EU Forced Labour Regulation have created a binding legal framework requiring companies to systematically identify, assess and address human rights risks throughout these chains.

Companies are increasingly turning to digital tools to meet these requirements, and the market for such solutions is growing rapidly. Companies and tool providers emphasise the benefits of automation, scalability and efficiency, yet one crucial perspective is often overlooked: that of workers and their trade union representatives.

This is where the study comes in. It is aimed primarily at works councils, economic committees (German statutory employee committee on economic matters; also known as finance committee), employee representatives on supervisory boards and trade unions, as well as companies and tool providers. Its purpose is to provide an overview of common applications of digital tools in human rights due diligence and to identify gaps and challenges from a workers' perspective. A practical checklist complements the analysis and makes the findings directly applicable.

The digitalisation of due diligence processes is a dynamic and rapidly evolving field. This makes it all the more important to build strong capacity for collective action at an early stage and to ensure that workers' voices are not overlooked.

Digital tools can form part of effective due diligence, but they cannot replace human judgement, direct relationships with suppliers and local expertise. Above all, they cannot replace genuine participation.

Human rights cannot be protected by algorithms alone. They require people who demand accountability. This study aims to contribute to that process.

We hope you find it both informative and thought-provoking, and we look forward to continuing the conversation.

Carola Dittmann

Head of Sustainability/CSR and Co-determination

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1 Summary

Companies are responsible for identifying, preventing and addressing human rights risks in their own operations and throughout their supply chains. This is known as human rights due diligence (HRDD). Increasingly, they are also legally required to exercise such due diligence. In recent years, legislation including the German Act on Corporate Due Diligence Obligations in Supply Chains (*Lieferkettensorgfaltspflichtengesetz*, LkSG) and the EU Corporate Sustainability Due Diligence Directive (CSDDD) has made these requirements legally binding. This has also brought workplace co-determination and the role of employee representatives into greater focus. Human rights risks often directly concern issues that traditionally fall within the remit of co-determination actors, such as occupational health and safety, fair working conditions, protection from discrimination, data protection and grievance mechanisms. Many companies use digital tools to support their due diligence processes, including risk analysis tools and supplier assessment platforms, digital grievance mechanisms and e-learning systems for training suppliers. The analysis of current literature and the interviews conducted for this study indicates that the interests of affected workers and their representatives are not yet systematically taken into account when these tools are used. The study examines the use of digital tools in human rights due diligence processes from the perspective of workers and their representatives. It aims to contribute to the wider debate and help co-determination actors understand the issue and play an active role in shaping developments. The focus is on practice: How are tools used in companies in sectors relevant to IGBCE, and what does this mean in concrete terms for workers and their representatives? The study does not claim to provide a comprehensive overview of the market for digital tools or an exhaustive academic analysis.

Key findings

The analysis was based on four key criteria: involvement and representation, tool design, effectiveness and reciprocity. The research identified these as particularly important for assessing digital tools from the perspective of workers and their representatives.

Involvement and representation

- **A lack of awareness of the link between digital tools and workers' interests makes involvement more difficult.** One major reason for the limited involvement of workers and their representatives is an often inadequate understanding of the connection between the use of digital tools in human rights due diligence processes and the interests of workers throughout the value chain. To date, companies, tool providers and co-determination actors have rarely examined this connection in concrete terms. If the relevance of a tool to workers' interests is not recognised, their perspectives are consequently not actively taken into account.

- **Co-determination rights are not being fully exercised.**
  The interviews suggest that works councils are involved only to a limited extent in the introduction and use of tools for human rights due diligence processes, including risk analysis, supplier assessment and worker-voice applications. Where they are involved, this is often limited to being informed rather than having a genuine role in shaping how the tools are used. The interviews indicate that the statutory right of co-determination under section 87 of the German Works Constitution Act (*Betriebsverfassungsgesetz*, BetrVG), as well as the involvement of co-determination actors more generally in human rights due diligence and the use of digital tools, is rarely asserted proactively in practice.



Tool design

- **Opaque assessment methodologies make scrutiny more difficult.**
  Workers, co-determination actors and the companies using these tools do not always know exactly how the results are produced and used: What data are included? How are they weighted? What does a low or high rating actually mean? If something is difficult to understand, it cannot readily be questioned, reviewed or corrected. As a result, erroneous or one-sided assessments may go unaddressed, both for suppliers and workers.

- **People in vulnerable situations are not automatically protected by data protection measures.**
  Technical anonymisation is now widespread among leading tool providers. However, the interviews indicate that companies often still lack clear rules governing access to sensitive data from grievance mechanisms and worker-voice tools. Works councils generally have very limited insight into these data, while workers in the supply chain appear to receive little feedback about what happens to their reports or responses. Technical data protection and the actual protection afforded to people who are, or may be, affected appear rarely to be considered as distinct issues.



Effectiveness

- **Tools provide an overview but are not directly linked to effectiveness.**
  Digital tools help reduce complexity, identify risks, set priorities and document due diligence processes. However, the crucial step towards concrete action and change on the ground takes place outside the tools themselves. Tangible improvements on the ground require human judgement, direct relationships with suppliers and local expertise, none of which can be replaced by a tool. Ultimately, the effectiveness of digital tools depends less on their technical capabilities than on how they are embedded in due diligence processes and whether they lead to concrete action.

- **The actual impact of digital tools is rarely measured systematically.**
  An impact logic can help measure the effectiveness of tools. This can be explored through questions such as: What specific purpose is the tool intended to serve? What decisions does it support? How are its results interpreted and combined with other information? And, above all, what impact is it intended to have on those affected? Progress can often be tracked at process level, but in practice it generally appears to remain unclear whether this translates into genuine improvements for workers.



Reciprocity

- **To date, data have predominantly flowed in one direction.**
  Companies' own employees and workers in supply chains are often data providers: they provide digital tools with information about working conditions, risks or problems. However, they frequently have little control over what happens to these data. Neither access to results nor information about follow-up action appears to be systematically guaranteed. Reciprocity, meaning the principle that those who provide data should also derive a benefit from doing so, still appears to be the exception in the current tool landscape and is still given only limited consideration at a structural level.

At a glance

The findings presented above provide the basis for recommendations for the key stakeholder groups.

Recommendations for co-determination actors

Cluster 1

Link human rights due diligence more closely to existing areas of work and play an active role in due diligence processes

Make the connection with existing areas of work

Make the link between human rights due diligence and co-determination more visible internally. Fair wages, safety and good working conditions are also HRDD issues.

Play an active role in the due diligence process

Request regular information on the company's human rights strategy, the selection of tools used to support due diligence processes and the results generated, and use this information as a basis for action.

Assert rights proactively

Exercise co-determination and information rights in relation to human rights due diligence processes and the use of digital tools.

Cluster 2

Build knowledge and ask targeted questions about the use of digital tools

Build knowledge and ask targeted questions

Develop a basic understanding of human rights due diligence processes and digital tools in order to request relevant information, ask targeted questions and play an active role in the processes.

Strengthen the European and global perspective

Strengthen European Works Councils and Global Works Councils as platforms, and use trade unions and their international federations to build networks and bring perspectives from the supply chain into HRDD processes.

Cluster 3

Actively seek access to data and involvement in risk assessments and complaint handling

Seek access to data

Request access to aggregated results from risk analyses and grievance tools in order to strengthen the information base for effective representation of workers' interests.

Establish structures for involvement

Work towards ensuring involvement at the appropriate levels in complaint processes and risk analyses.

Safeguard workers

Look beyond technical anonymisation and assess whether workers are effectively protected in practice, including whether they receive feedback and have confidence in the systems.

Recommendations for companies

Involve co-determination actors

Involve works councils and employee representatives in human rights due diligence processes and in the selection and use of digital HRDD tools.

Focus on impact

Always ask: What specific problem does the tool solve? Its results must lead to improvements for the people affected

Make transparency a criterion

Pay close attention to tool design when selecting a tool: data sources, assessment methodology and data protection should be transparent and understandable.

Validate and interpret results

Do not accept tool results at face value. Ensure clear responsibility for expert review and dialogue with workers, trade unions and NGOs.

Establish clear rules for data access

Promote transparent handling of data and give co-determination actors access to aggregated results from risk analyses, grievance mechanisms and worker-voice tools.

Recommendations for tool providers

Increase transparency

Assessment methodologies should be communicated clearly, and changes to the methodology should be reported proactively. The use of AI should be transparent and understandable.

Ensure data quality

Sources should be disclosed, data gaps identified, and results validated by country-specific experts and trade unions.

Incorporate workers' perspectives

Trade unions and civil society organisations should be involved in governance bodies, and efforts should be made to establish formalised consultation processes.

Use data responsibly

Establish clear terms of use and prevent data from being used for unintended purposes.

Build in inclusivity

The needs of people with different circumstances and barriers to access should be considered from the outset.

Enable reciprocity

Provide the technical means for information to flow back to workers and promote transparency about data flows.

2 Background

Human rights due diligence obligations have evolved from a purely sustainability-related issue into a core strategic and legal requirement for companies. The following sections first explain the foundations of human rights due diligence and its economic significance and relevance to co-determination, before examining the role of digital tools in this process.

2.1 Relevance of human rights due diligence obligations for companies

The foundations include the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. They set out a structured process through which companies are expected to identify risks, take action, assess the effectiveness of their measures and communicate about these activities.

Definition

Human rights due diligence (HRDD) means that companies are required to comply with labour, environmental and human rights standards. It describes how companies should identify and address human rights risks in their business activities and supply chains. The aim is to prevent or remedy adverse impacts on people and improve the situation of those affected.

Further resources on key standards and frameworks

- UN Guiding Principles on Business and Human Rights (UNGPs)
- OECD Guidelines for Multinational Enterprises on Responsible Business Conduct
- ILO core labour standards
- ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration)
- Act on Corporate Due Diligence Obligations in Supply Chains (LkSG)
- EU Corporate Sustainability Due Diligence Directive (CSDDD)
- UN effectiveness criteria for grievance mechanisms (only available in German)

Human rights due diligence obligations cover issues such as child labour and forced labour, as well as many areas closely linked to traditional co-determination issues: safe and healthy working conditions, fair working hours and pay, protection from discrimination, freedom of association, data protection and privacy, and the handling of complaints from workers. Environmental impacts can also have human rights implications where they affect people's health or livelihoods. These issues concern both a company's own employees and workers throughout the supply and value chain.

Human rights due diligence obligations are no longer simply a sustainability or compliance issue. They touch on fundamental questions of corporate strategy, risk management and long-term viability. Violations of human rights or social standards in the supply and value chain can have significant economic consequences, including supply disruptions, reputational damage, legal risks and conflicts with customers, investors and business partners. At the same time, resilient and responsibly managed supply chains are becoming increasingly important in the face of geopolitical crises, dependencies on raw materials and growing regulatory requirements. Social standards throughout the value chain contribute to the stability and resilience of companies and help safeguard good jobs and fair conditions of competition, while protecting employees within the company and workers in the supply chain. Since due diligence obligations directly affect traditional co-determination and worker-protection concerns, they are also relevant to co-determination actors such as works councils and employee representatives on supervisory boards. These actors can play an important role in calling for a credible corporate commitment to labour and human rights and in critically scrutinising its implementation in practice.



Definition

Rights-holders in HRDD processes
Rights-holders are all people whose human rights could be, or are, adversely affected by a company's business activities. In the HRDD context, these typically include workers throughout the supply chain, people living near production sites, Indigenous communities, users and consumers, as well as groups in particularly vulnerable situations, such as children, migrants and people with disabilities. Crucially, rights-holders should be regarded as active holders of rights, rather than merely as groups at risk. Taking their interests into account and actively involving them are essential elements of an effective HRDD process. Since workers are among the key rights-holders, there are particularly close links between human rights due diligence and the work of co-determination actors.

Guides to human rights due diligence for co-determination actors and employee representatives

- Human Rights Due Diligence – Trade Union Toolkit (including video series), UNI Europa
- A Trade Union Guide to Human Rights Due Diligence: Risk Analysis under the German Supply Chain Act, UNI Global Union and ver.di
- CSDDD factsheet, Competence Centre for Human Rights Due Diligence
- Practical guide for employee representatives, IGBCE Foundation for Labour and the Environment (only available in German)
- Guidance and practical tips on co-determination, IGBCE and Hans Böckler Foundation (only available in German)

2.2 Digital tools in due diligence processes

Many companies use digital tools to support their processes in meeting human rights due diligence requirements. This is because global supply chains are highly complex and companies have to process large volumes of data on suppliers, countries and risks. The use of digital solutions has accelerated in recent years as a result of the LkSG and CSDDD, contributing to a growing market for software solutions.

Digital software solutions are used, for example, to analyse risks in supply chains and companies' own business activities, collect information about suppliers, or automatically search databases and online news sources for indications of potential human rights violations.

They also help companies manage supplier data, for example through digital questionnaires, document and certificate management, or training platforms. Grievance mechanisms are also increasingly being implemented digitally, for example through online reporting channels that allow workers or other affected people to report problems in their own workplaces or in supply chains.

Definition

Digital tools in HRDD processes
For the purposes of this study, 'digital tools' refers to all software solutions used by companies to support their human rights due diligence processes across different areas. These include risk analysis systems, supplier assessment platforms, digital grievance mechanisms, worker-voice tools and training tools. The study does not consider these tools to be standalone solutions, but examines their function within the HRDD process and their impact on workers.

Further reading on digital tools in due diligence processes

Practical Guide: Supporting Due Diligence with IT Tools and Software Solutions, BMZ/Agency for Business & Economic Development

This practical guide provides an overview of digital tools for implementing due diligence obligations, with a particular focus on risk analysis. It describes the opportunities and limitations of software solutions and provides step-by-step guidance on integrating them into existing processes.

Another area in which digital tools are used is worker-voice tools. These allow complaints, particularly those originating from lower tiers of the supply chain, to be submitted through various channels and managed via platforms. They also frequently enable companies to conduct easy-to-access surveys directly with workers in the supply chain and with their own employees, for example through short, mobile-based questionnaires.

2.3 Digital tools and co-determination

The use of digital tools in human rights due diligence processes can help identify human rights risks and strengthen rights. At the same time, these tools can change workflows and make decisions more heavily reliant on data and algorithms. For this reason, the use of such software in Germany is, in some cases, subject to co-determination. Under section 87(1) no. 6 of the Works Constitution Act (*Betriebsverfassungsgesetz*, BetrVG), this applies in particular where digital systems are capable of monitoring employees' behaviour or performance.

Digital grievance systems in particular are subject to mandatory co-determination because they generally use communication technologies that can store metadata or track processing times. Standardised digital employee surveys conducted as part of risk analysis and mandatory training modules also trigger corresponding co-determination rights.

To ensure that the effective use of digital tools is considered from the outset, it is important to examine where workers and their representatives should be informed and involved.

Employee representatives can play an important role in companies' sustainability transformation. To fulfil this role actively, they need a clear overview of which digital tools are used in human rights due diligence and what needs to be considered when these tools are introduced.

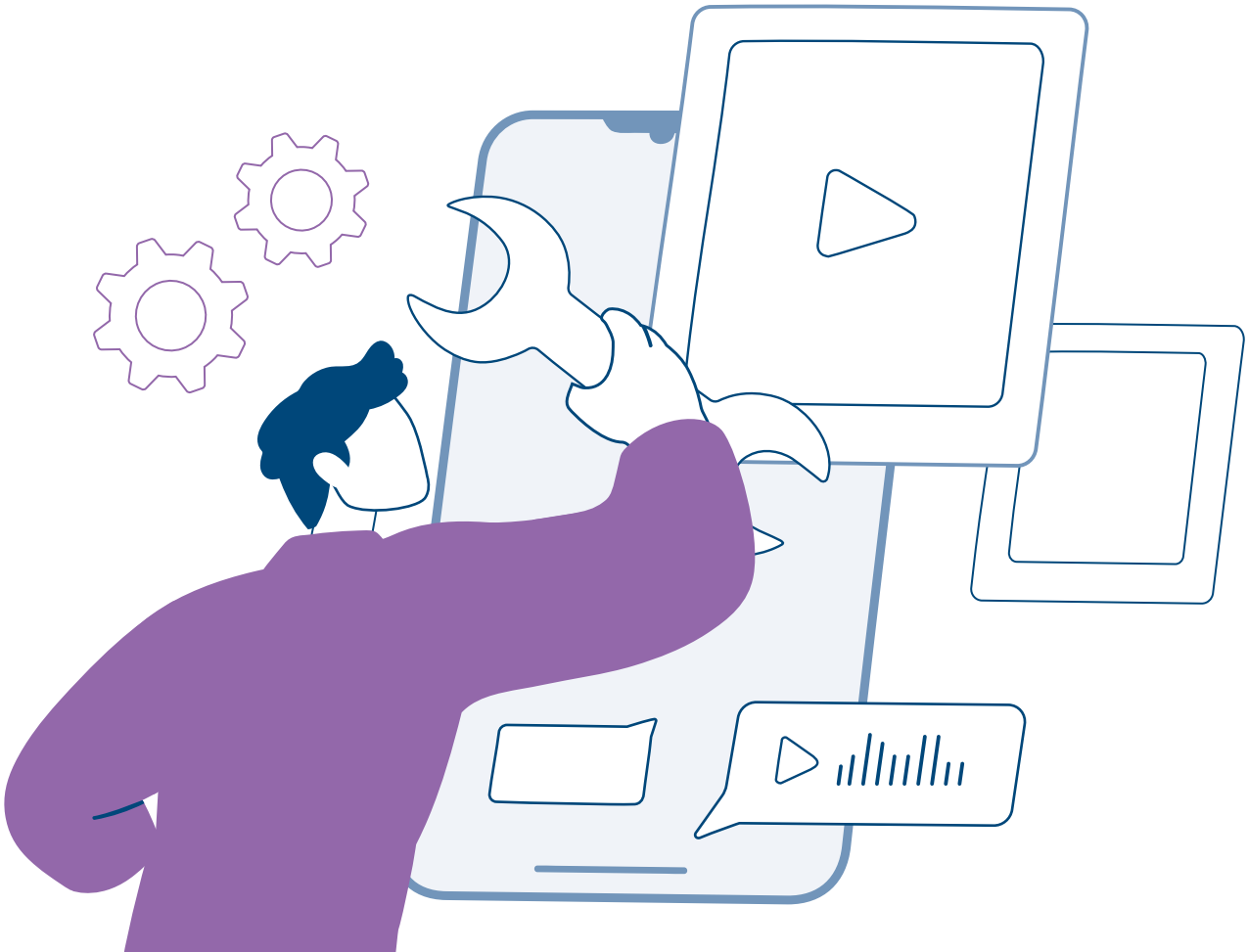
It is therefore important to raise awareness and increase transparency so that it is easier to assess which aspects should be taken into account from a workers' perspective when selecting, using and evaluating digital tools in human rights due diligence processes.

Note for co-determination actors
Mandatory co-determination

Digital grievance mechanisms in Germany are subject to mandatory co-determination under section 87(1) no. 6 BetrVG, as they generally use communication technologies capable of monitoring employees' performance or behaviour. Co-determination actors have a say in the introduction, design and modification of such systems. It is also important to assess whether the system meets the UN effectiveness criteria.

Definition

What does 'taking workers' interests into account' mean?
In this study, this means more than formal co-determination. The concept draws on international and national frameworks, particularly the UN Guiding Principles on Business and Human Rights and the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG). It includes involving works councils when relevant tools are introduced, as required by the Works Constitution Act, but goes beyond this. For the purposes of this study, 'taking workers' interests into account' means systematically incorporating the perspectives of rights-holders, namely workers and other people throughout the value chain who are, or may be, affected, into the selection, design and use of tools that support human rights due diligence processes.



3 Objectives of the study

The study provides an overview of common applications of digital tools in human rights due diligence and explains what co-determination actors, as well as companies and tool providers, should consider when introducing and using them in order to strengthen workers' interests. It is not intended to provide a comprehensive or definitive analysis of digital tools in human rights due diligence processes. Rather, it seeks to bring greater attention to a perspective that has so far received relatively little consideration in the debate: that of workers and their representatives. It aims to stimulate discussion and help co-determination actors understand the issue more clearly and play an active role in shaping developments.

Specifically, the study aims to:

- identify the aspects that should be considered from the perspective of workers and their representatives when digital tools are used in HRDD processes,
- highlight gaps and challenges in practice,
- systematically examine the issue from the perspective of workers and their representatives, including the role of co-determination, and
- provide practical guidance.

3.1 Target groups

The study is aimed primarily at co-determination actors. Its findings and the accompanying checklist are intended to help them critically assess digital tools used in due diligence processes and ensure that workers' interests are effectively reflected in the relevant company decisions: by asking the right questions, seeking transparency and, particularly at supervisory board or group works council level, working to ensure that human rights due diligence is genuinely embedded within the company. The target groups therefore include local, central and group works councils, employee representatives on supervisory boards and members of economic/finance committees who, for example, must be informed about the use of such tools in connection with the LkSG. At transnational level, the study also addresses European Works Councils and Global Works Councils. Trade unions and trade union federations also have an important role to play in disseminating the findings and strengthening collective capacity for action.

Those responsible for due diligence processes within companies, as well as providers of digital software solutions, can also draw important lessons from the study. It provides insights into how workers and their representatives can be more effectively involved in HRDD processes and which aspects should be taken into account from a workers' perspective when digital tools are developed and used. The analysis also gives rise to recommendations specifically addressed to these groups.

3.2 Scope of the study

The study deliberately takes a broad perspective on digital tools. It does not examine individual software solutions designed to address specific risks in particular areas of a company, such as recruitment software intended to reduce the risk of discrimination or time-recording systems designed to prevent overtime. Instead, it focuses on how digital software solutions are used more generally as part of human rights due diligence (HRDD) and, above all, on the role played by workers' interests.

The range of digital solutions used by companies is extensive. It includes cross-cutting tools for risk analysis, supplier assessment, documentation and reporting. There are also numerous applications used by different departments, for example in human resources or production, which likewise intersect with human rights issues such as working hours, discrimination and data protection.

Against this background, the study does not claim to be exhaustive. Instead, it focuses on four key areas of application within cross-cutting HRDD processes: risk analysis, supplier screening and monitoring, grievance mechanisms and training. These areas were identified through the literature review and interviews with companies in sectors represented by IGBCE (see Chapter 5).



4 Methodology

The study uses a multi-stage qualitative methodology that combines subject-matter analysis with insights into business practice.

Desk research

As a basis for the study, research was conducted into current developments in the use of digital tools in human rights due diligence processes. This included a review of relevant reports by international organisations, regulatory frameworks (LkSG, CSDDD and the UN Guiding Principles) and practical guidance. This made it possible to identify relevant assessment criteria from the perspective of workers and rights-holders and, on this basis, to develop the assessment framework and interview guides.

Development of the assessment framework

The assessment framework provided a systematic basis for developing the interview guides and also forms the basis of the checklist accompanying this study. Drawing on the research, a comprehensive framework of criteria for assessing digital tools was developed. It sets out relevant questions and aspects from the perspective of workers and other rights-holders in relation to the four key criteria: (1) involvement and representation of workers, (2) tool design, (3) effectiveness and (4) reciprocity in the use of digital tools within corporate due diligence processes.

The assessment framework provided a systematic basis for developing the interview guides and also forms the basis of the checklist accompanying this study.

Qualitative expert interviews

The desk research was supplemented by insights from practice. As part of the study, 14 semi-structured online interviews, each lasting between 30 and 60 minutes, were conducted with the key stakeholder groups:

Stakeholder group	Number	Participants	Research objective
Companies using the tools	6 interviews	Representatives from chemical, pharmaceutical and energy companies	Insights into how digital tools are used in human rights due diligence processes in practice, including the involvement of co-determination actors and consideration of workers' interests in the selection, use and evaluation of these tools
Tool providers	6 interviews	Providers of different digital solutions (risk analysis tools, supplier assessment, grievance mechanisms and worker-voice tools)	Insights into the potential applications of digital tools and the incorporation of workers' interests
Co-determination actors	2 discussions	Works councils	Validation of the findings on the relevance and practical application of co-determination and involvement in human rights due diligence processes, particularly in relation to the use of digital tools
Industry initiative	1 discussion	Industry initiative	Validation of the findings on the relevance and practical application of co-determination and involvement in human rights due diligence processes, particularly in relation to the use of digital tools

Data analysis and anonymisation

The interviews were analysed using qualitative content analysis. The focus was on identifying general trends, challenges and shortcomings in practice. To enable an open discussion of sensitive internal company matters, participants were assured confidentiality. Individual quotations and references to specific organisations were omitted in favour of a generalised analysis of trends.

5 Analysis of digital tools in use

Companies in sectors relevant to IGBCE use a broad and heterogeneous range of digital tools for their human rights due diligence processes. Each company assembles its own tool landscape, combining externally purchased solutions, in-house systems and, often, Excel-based processes. Company structure, supply-chain risks and internal resources all play an important role in determining this mix.

The following overview (Figure 1) shows the four key areas of application that emerged from the research and were confirmed in the company interviews as the most common uses of digital tools.

Note on training for workers in the supply chain and worker-voice tools

Training receives less attention in this study because the interviews indicate that most companies do not use separate digital tools for this purpose. Instead, they integrate training for their own employees into existing learning management systems (LMS). Training in supply chains appears to be provided mainly through industry initiatives.

The interviews with tool providers also covered grievance mechanisms and worker voice. However, the interviews with company representatives indicated that most of the companies surveyed currently make little or no use of worker-voice tools.

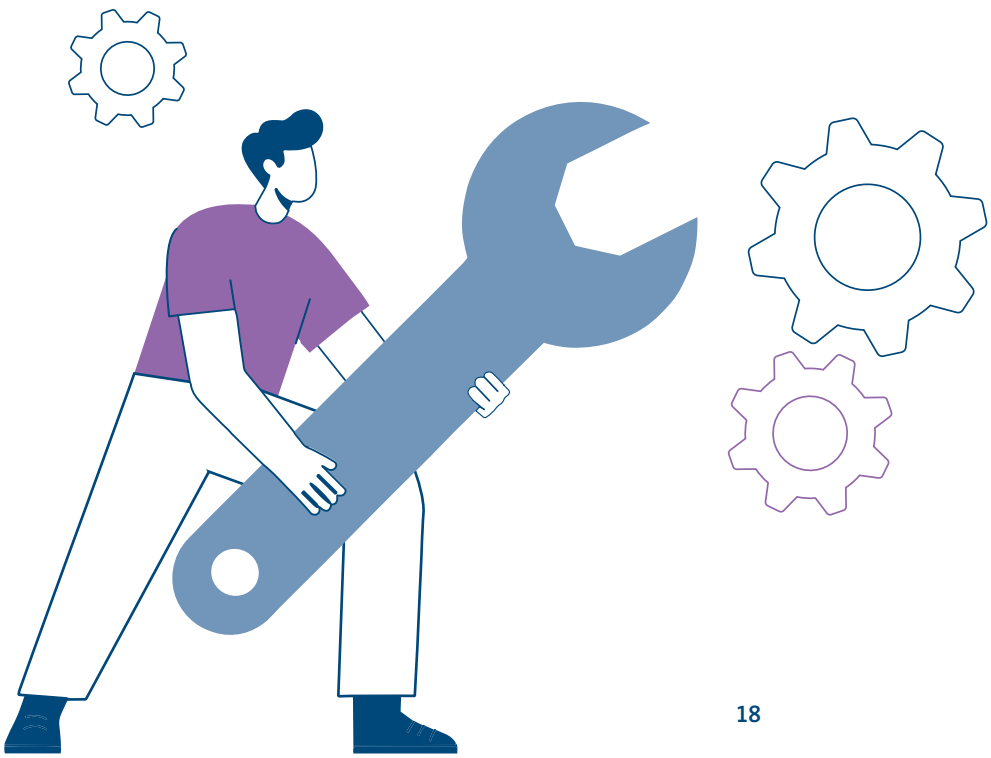


Figure 1 **The four main areas in which digital tools are used in HRDD processes**

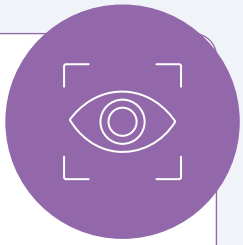
Human rights risk analysis across the value chain



Human rights risk analyses are used in HRDD in a range of contexts, for example to assess country and sector risks at an overarching level, continuously monitor media and civil-society sources, and analyse risks at supplier level. They help companies filter and prioritise relevant risks from large volumes of data, or identify risks on an ad hoc basis so that targeted action can be taken.

Examples
Verisk Maplecroft, Sustainalytics, RepRisk, Prewave

Supplier screening and monitoring



Supplier screening and monitoring involves the systematic collection, assessment and continuous monitoring of supplier information, ranging from master data management and ESG ratings to standardised questionnaires and traffic-light ratings. In some cases, this is supplemented by data from on-site audits and interviews with workers, allowing for more in-depth scrutiny than purely data-driven approaches can provide. This creates a multi-layered system that provides broad coverage across the supply chain while allowing for greater depth where the level of risk requires it.

Examples
EcoVadis, IntegrityNext, Sedex

Digital grievance mechanisms and worker voice

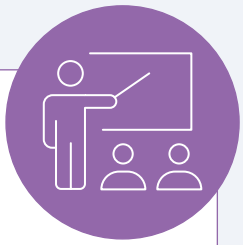


Grievance mechanisms and worker-voice tools are intended to ensure that concerns about human rights violations or risks can be reported directly by affected people and that their voices are heard, for example through whistleblowing channels for a company's own workforce or direct surveys of workers in the supply chain.

Incoming complaints are generally handled, documented and tracked through structured case management systems in order to maintain a record of how they are dealt with and ensure accountability.

Examples
NAVEX, SpeakUp, Ulula (now part of EcoVadis), & Wider

Training



Training on human rights due diligence is provided both within companies and throughout the supply chain, for example through mandatory compliance training for employees in functions associated with particular risks or targeted training for suppliers in high-risk countries or sectors. Digital training tools can also be used to educate affected workers, including those in the supply chain, about their rights.

Examples
Often internal learning management systems; external providers include EcoVadis Academy, TfS Academy, Quizrr and Laborlink.

6 Study findings

The study produces two key outputs that are closely connected and complement one another.

First, an analysis based on key assessment criteria. From the perspective of workers and their representatives, involvement and representation, tool design, effectiveness and reciprocity are particularly relevant when assessing digital HRDD tools. They provide the substantive framework for the key findings from the desk research and interviews.

Second, a practical tool for co-determination actors: based on the criteria described above, the checklist 'Digital Tools in Human Rights Due Diligence – Opportunities and Risks from a Workers' Perspective' was developed as a practical tool. It enables co-determination actors to systematically raise important issues concerning the use of digital tools in HRDD processes from a workers' perspective and to make targeted use of their information and co-determination rights.



6.1 Identified criteria and key findings

Figure 2 **Overview of the four core criteria identified**

1 Involvement and representation of workers

Workers throughout the value chain not only provide data and, in some cases, use digital systems, but are also key rights-holders in the due diligence process. It is therefore important to involve them in the development and selection of software solutions and digital tools from the outset so that their perspectives are taken into account.

Key question
Are workers and their representatives appropriately involved in the development, selection and use of digital tools?

2 Tool design

Although the design of digital tools often affects workers only indirectly, it plays a central role in determining their impact. Transparent and understandable assessment methodologies, together with data quality, data protection and inclusivity, are essential prerequisites for the effective, rights-holder-centred use of tools.

Key questions
Is the design based on ...

- transparent and understandable assessment methodologies and underlying data,
- up-to-date, balanced and verified data, including human review,
- robust data protection guidelines and principles of data sovereignty, and
- inclusivity?

3 Impact

Digital tools are not an end in themselves. Their value depends on whether they help strengthen human rights due diligence processes and ultimately improve people's working and living conditions. A clear impact logic is therefore crucial: What specific purpose does a tool serve? What decisions does it support? How are the results interpreted and combined with other information? And, above all, what impact is it intended to have, directly or indirectly, on those affected?

Key question
Does the use of digital tools help strengthen human rights due diligence processes and lead to tangible improvements for workers and rights-holders?

4 Reciprocity

Reciprocity is a fundamental principle of fair data collection: those who contribute information should also derive a benefit from doing so. The aim is not to regard workers, other rights-holders or their representatives merely as data providers, but to involve them in the processes on an equal footing and give them access to the results and the measures arising from them.

Key question
Do those who provide data or participate in surveys, particularly workers and their representatives, also benefit from the use of the tools?

The following sections examine the identified criteria and their respective key questions in greater detail, explaining why they are relevant and presenting the findings from the interviews with company representatives and tool providers.

1

CRITERION 1

Involvement and representation of workers



Explanation and context – Why this aspect is relevant

Workers throughout the value chain are not only potential users of digital systems, but also key rights-holders whose interests are at the heart of due diligence. It is therefore important to involve them in the development and selection of software solutions and digital tools from the outset so that their perspectives are taken into account. Trade unions, works councils and civil society organisations have practical knowledge of actual working conditions, the effectiveness of grievance mechanisms and the challenges involved in exercising freedom of association. Without their active involvement, digital systems lack the perspectives needed for robust risk analysis and effective due diligence processes.

Where relevant, rights-holders should not merely provide data but should also be involved in shaping and evaluating due diligence processes. Structurally involving them in tool development and in tool providers' governance structures helps prevent workers from becoming passive data providers whose information is used merely to protect companies against liability. Instead, they can help shape, on an equal footing, the systems that directly affect them.

Key question
Are workers and their representatives appropriately involved in the development, selection and use of digital tools?



Findings from the interviews

Companies

The interviews indicate that the extent to which co-determination actors are involved depends heavily on the type of digital tool being introduced and whether there is a statutory co-determination requirement.

For software solutions that directly affect a company's **own workforce**, the works council is generally involved. Digital learning platforms for mandatory training or employee surveys are usually coordinated with the works council because this is a statutory requirement. The same applies to digital grievance mechanisms. The interviews indicate that the works council is generally involved and, in some cases, regularly informed about reports received. The economic/finance committee is also informed annually in some cases.

The situation is different for digital tools relating to the **supply chain** or used to support risk analysis. The interviews indicate that supplier management platforms and risk analysis tools are almost invariably introduced without the formal involvement of the works council. Decisions on these tools are typically made by sustainability, procurement, IT and compliance departments. To date, little consideration has been given to the connection between the use of such tools, particularly for overarching risk analysis or supplier monitoring, and the involvement of workers or their representatives. Works councils appear to focus primarily on their own sites when dealing with 'traditional' employee-related matters and to have relatively little engagement with risks affecting workers in the supply chain.



The interviews showed that, in some companies with well-established works council structures, there are practices whereby works agreements are actively sought when **AI-assisted tools** are introduced and IT committees are established to systematically review new systems, including those used for human rights due diligence processes. To date, however, such approaches appear to be the exception.

A further challenge is the **lack of clear internal structures and processes** defining when and how the works council should be involved in human rights due diligence processes generally and, consequently, in the use of digital tools. As a result, even where works councils are involved, their role tends to be limited. They may be informed or consulted on specific occasions, but are rarely involved in the actual decision-making or in ongoing due diligence processes.

Tool providers

Among tool providers, the structural involvement of workers and their representatives in the development, further development and introduction of digital tools also appears not yet to be the norm. There seems to be very little direct cooperation with trade unions or other worker representative bodies. In practice, tool providers work primarily with company representatives.

Where **governance bodies** involving external stakeholders exist, they generally consist of academic experts and independent third parties, without the participation of trade unions or other worker representatives.

With **risk analysis tools**, workers' interests are incorporated predominantly indirectly, for example through the analysis of reports by international organisations such as the ILO or OECD, or through news feeds that often also include publications by trade unions and NGOs. Workers or their representatives do not appear to participate directly in the development or further development of these tools. The situation is similar for supplier assessment platforms. Here too, the underlying criteria and indicators are drawn primarily from institutional sources rather than from direct consultation with workers or trade unions.

The situation is somewhat different with **worker-voice tools**, as these tools are designed specifically to involve workers directly. The interviews showed that questionnaire content and survey designs are sometimes tested with worker focus groups. However, this does not appear to happen with every new implementation or in every market. Lessons learned in one context are often transferred pragmatically to another without further consultation. In addition, the data collected are generally passed on to the purchasing companies rather than to trade unions or works councils representing workers at supplier companies.

Some providers, particularly those offering supplier platforms and risk analysis tools, stated that they intend to formalise stakeholder consultation more extensively in future, for example through public consultation rounds on significant updates to their tools. These initiatives are still under development, however, and have not yet become structurally embedded.



Conclusion

The interviews indicate that the involvement of co-determination actors depends less on a conscious decision than on whether there is a statutory requirement to involve them. Two levels need to be distinguished: involvement in the human rights due diligence processes themselves, and participation in the selection and use of the digital tools that support these processes.

Involvement in due diligence processes: The limited involvement of employee representatives in human rights due diligence processes to date is rarely the result of deliberate exclusion. More often, there is a lack of awareness, among both management and works councils, that such involvement would be useful or necessary. Those involved often still fail to recognise the connection between traditional works council issues, such as working hours, safety and discrimination, and human rights due diligence. The two areas are perceived as being too far removed from one another. In addition, works councils have traditionally focused strongly on the workforce at their own sites. Even where they are involved, their role often remains limited: they may be informed or consulted on specific occasions, but are rarely involved in actual decision-making or ongoing due diligence processes.

Selection and use of digital tools: Decisions on the introduction and use of IT-supported tools are made almost entirely by the relevant specialist departments. Works council involvement is found primarily where a company's own workforce is directly affected and co-determination requirements have long been established, for example in relation to training platforms or grievance mechanisms. By contrast, there is very little involvement in tools used throughout the supply chain. The same pattern is evident among tool providers: their governance structures are generally geared towards academic or business expertise rather than the perspectives of affected people, trade unions or worker representatives.

Common causes: Both levels, due diligence processes and tool selection, are hampered by similar structural shortcomings. Many companies lack clear internal guidelines specifying when workers and their representatives should be involved in HRDD processes and, likewise, when they should participate in the selection and introduction of digital tools. Where no binding processes exist, involvement depends on the individual initiative of those concerned.

As a result, workers' interests are taken into account only inconsistently in the design and use of digital HRDD tools. This falls well short of what is legally possible and what effective due diligence would require.

CRITERION 2

2 Tool design

Explanation and context – Why this aspect is relevant

How companies identify and assess human rights risks depends to a large extent on how their risk management is structured: Which tools are used? What data are included? How are they analysed? Who determines the assessment methodologies? And which groups are reached by the tools used? If methodologies are opaque, data are biased or outdated, or certain groups are systematically overlooked, blind spots arise. These can have real consequences for workers and other rights-holders.

The design of a tool is not a neutral technical matter. It can potentially reflect existing power relations, influence how priorities are set and determine which risks become visible and which do not. Transparency, data quality, data protection and inclusivity are therefore essential prerequisites for the effective use of digital tools in human rights due diligence processes and, above all, for ensuring that identified risks can actually be addressed.

a Transparency

Context

Transparency is a fundamental prerequisite for using tool results effectively. Conversely, a lack of transparency about how a tool arrives at its results can prevent users from interpreting or questioning them and, consequently, from assessing whether the decisions based on those results are justified. This applies both to tool providers disclosing their data sources and assessment methodologies and to internal communication within companies about which decisions are taken on the basis of which tool results.

Key question
Are the assessment methodologies and underlying data used by the tools understandable to all relevant stakeholders?

Findings from the interviews

Companies

Transparency was one of the challenges mentioned most frequently in the interviews.

Respondents reported that the **assessment methodologies** used by tools are not always easy to understand, making it difficult to explain internally how a particular score has been derived. A particularly difficult question appears to be whether a high risk score indicates actual risks or is instead the result of missing or incorrect information in self-assessments, questionnaires or similar sources.

A further challenge concerns **how up to date and adaptable the tools are**. Providers often appear to communicate changes to the underlying data or methodology only after a delay, meaning that company representatives do not always know what current assessments are based on. Manual corrections are generally possible only to a limited extent, making it more difficult to adapt results to local contexts.

Closely related to this is how **tool results** are handled within companies. Particularly where tools are newly introduced, respondents identified a risk that results may be accepted uncritically as a basis for decision-making. Meaningful human rights due diligence processes, however, require critical scrutiny. Several interviews indicated that there is often an internal expectation that digital tools will automatically take care of due diligence processes. This expectation does not reflect reality.

Tool providers

The providers interviewed stated that they document their methodologies and disclose the **sources** used in their assessments, although the extent and level of detail vary. According to the providers, users are able to see which **indicators** are included, how they are **weighted** and which sources are used.

With **supplier assessment platforms**, suppliers appear to be able to respond to identified controversies and add their own comments. Some providers are planning to allow suppliers to review and comment on their assessments before they are finalised.

For **risk analysis tools** based on publicly available data, the underlying sources are generally documented and accessible, according to the tool providers.

By contrast, there still appears to be little transparent documentation of the extent to which AI-assisted analyses influence results and how these analyses work in detail.

b Data quality

Context

Tool results are only as good as the data on which they are based. Outdated, unbalanced or difficult-to-verify underlying data can result in risks being overlooked or assessed incorrectly. Good data quality alone, however, is not sufficient. What matters is whether results are critically reviewed and interpreted within the company's own context before being used as a basis for decisions.

Key questions

- Are the data used in risk assessments and supplier ratings up to date, balanced, verifiable and objective?
- Are the analyses and results subject to human review and interpretation?

Findings from the interviews

Companies

The comments made by the company representatives interviewed on data quality relate primarily to the **traceability of the underlying data** and the **human review of results**.

Several respondents reported that the data underlying the tools they use are not always reliable or up to date. Some tools update country assessments and risk scores only once a year, even though conditions on the ground can change more rapidly.

Some companies reported cases in which tool results appeared implausible and closer examination of the underlying data was necessary. A particular problem mentioned was the lack of transparency surrounding the composition of indices used by some providers. Some of the companies interviewed have therefore developed their own solutions or use tools based on publicly available and therefore traceable sources.

The interviews revealed different approaches to the human review of results. For example, respondents reported that, in the case of risk analysis tools, human rights teams interpret results together with procurement teams. Tools requiring incidents or reports to be assessed, such as grievance systems, are reviewed by subject-matter experts such as occupational health and safety specialists. By contrast, systematic validation was mentioned less frequently in relation to supplier assessment platforms. Respondents indicated that results were incorporated more directly into decision-making.

Several interviewees described the use of AI-assisted analyses to prioritise risks as promising, but it also appears to raise questions that remain unresolved internally, such as the limitations of the methodology and who within the company is responsible for critically reviewing and interpreting the results.

Tool providers

The providers interviewed appear to take different approaches to quality assurance.

Some use strict **selection criteria for data sources on human rights issues**, for example data from the ILO, OECD or World Bank, supplemented by event-based feeds drawing on publicly available media and NGO reports. Several **levels of manual review** are intended to ensure that scores are plausible. Respondents also described processes under which each indicator is reviewed quarterly by independent experts. Providers stated that they supplement automated and AI-generated analyses with manual review processes involving, for example, country experts or specialised human rights teams. In relation to quality assurance on supplier assessment platforms, providers interviewed also reported that suppliers can respond to identified controversies and add their own comments.

With regard to **structural limitations in the underlying data**, several providers openly acknowledged that reliable information on human rights issues is more difficult to obtain in countries in the Global South and that civil society sources from certain regions are either unavailable or given less weight than established sources, such as reports by international organisations including the ILO or major news agencies. Site visits do not generally appear to take place, meaning that the underlying data remain predominantly desk-based. Risks that do not appear in public sources or are not disclosed by suppliers are therefore structurally less likely to be captured. Direct data from workers themselves also appear rarely to be incorporated systematically at present. Worker-voice elements in ratings are still relatively new and remain under development.

c Data protection

Context

Data protection is particularly relevant where workers' personal data are collected, for example through grievance mechanisms and worker-voice tools. These systems collect sensitive data from people who are in a position of dependency in relation to their employer and, in some cases, public authorities. Anyone submitting a report or taking part in a survey needs to be able to trust that this information will not be used against them. This trust is a fundamental prerequisite for people to use such tools and therefore for their effectiveness.

Technical anonymisation alone is not sufficient. What also matters is who within the company has access to the data collected, how those data are shared and whether organisational safeguards are in place, particularly in countries where rule-of-law protections are limited.

Key questions

- Is the protection of workers' personal data ensured worldwide, particularly in regions where rule-of-law protections are limited?
- Who has access to the data collected?
- Do workers retain control over their own data?



Findings from the interviews

Companies

The interviews indicated that data protection appears to be relevant first and foremost as a **selection criterion** for digital tools. Hosting outside the US and China was explicitly mentioned in the interviews as a means of avoiding extraterritorial access to data. GDPR compliance is generally taken as a basic requirement and checked by IT departments.

With regard to the **internal handling of data**, it became apparent that there is less clarity about who has access to the data, particularly data from grievance mechanisms and worker-voice tools. Despite technical anonymisation, it cannot therefore be ruled out entirely that small groups of workers or highly specific accounts could enable individuals to be identified. Respondents reported that works councils generally do not have access to these data. Organisational safeguards extending beyond the technical level appear rarely to be embedded systematically.

Tool providers

The interviews indicate that **technical safeguards** for grievance mechanisms and worker-voice tools focus in particular on **data minimisation**. Only the data necessary for the relevant purpose are collected. Anonymity is enabled by default, and the receiving organisation cannot see who submitted a report. Providers stated that complainants can decide for themselves which information to share and who should have access to it. GDPR compliance is standard practice among providers and is applied in all countries in which they operate. In the event of a data breach, providers have formal emergency plans and escalation processes in place, including procedures for notifying affected customers.

The findings on **structural data protection issues** are less clear. It was explicitly stated that aggregated results from worker-voice surveys generally go only to the purchasing companies, rather than to workers or their representatives. Whether and to what extent data are shared therefore remains at the discretion of the party paying for and using the tool.

d Inclusivity



Context

Even well-designed tools can only have an impact if they actually reach the people they are intended to reach in practice.

Inclusivity is particularly relevant to three types of tools: grievance mechanisms, worker-voice tools and, to some extent, supplier assessment tools. This is not simply a matter of technical accessibility, but also involves factors such as trust, language skills and digital infrastructure.

For these types of tools, consideration should be given, for example, to whether they are available in the languages relevant to the particular context, can be used on mobile devices or where internet connectivity is poor or unavailable, and can be operated without technical expertise. If these contextual requirements are not taken into account, there is a risk that the groups most likely to be affected by human rights violations will not be reached.

Key questions
Is the tool designed in such a way that it can actually reach all affected workers it is intended to reach, regardless of language, digital infrastructure, educational background or physical capabilities?





Findings from the interviews

Companies

The companies interviewed presented a mixed picture when it came to inclusivity.

Multilingual provision in grievance systems appears to be standard practice among most of the companies interviewed, in some cases covering nine or more languages.

In regions with **poor internet connectivity**, the use of purely digital tools has its limitations. Some companies take a pragmatic approach by using paper questionnaires, which are subsequently entered into digital systems.

For grievance mechanisms, **telephone and email are offered alongside online channels**. However, the interviews indicated that the actual **effectiveness and reach** of grievance channels appear rarely to be assessed.

There were very few specific comments in the interviews on **accessibility** in the narrower sense, meaning usability for people with visual, hearing, motor or cognitive impairments, or on ease of use for people with low levels of literacy. This suggests that these dimensions have not yet been taken into account systematically when tools are selected.

Several companies described **accessibility further down the supply chain** as an unresolved problem that does not yet appear to be a priority.

Tool providers

Providers of worker-voice tools and grievance mechanisms described inclusivity in the interviews as a deliberate **design principle**. Questions are tested with focus groups, and user interfaces are intended to be intuitive and usable even with poor internet connectivity. Mobile-first design was identified as an important prerequisite, as workers in many regions do not have access to laptops but can be reached via mobile devices. Some providers also reported using audio-assisted features and simplified interfaces for people with low levels of literacy.

There are limits, however. According to providers, full consultation with target groups for every implementation does not appear realistic, meaning that lessons learned in one context are pragmatically transferred to another.

There were no specific comments in the interviews on **accessibility in the conventional sense**, namely usability for people with physical impairments. This aspect appears so far to have been addressed only to a limited and unsystematic extent across the industry.



Conclusion

Transparency, data quality, data protection and inclusivity are essential prerequisites for the effective use of digital tools in human rights due diligence processes. The interviews show that there are already promising approaches and examples in all four areas. At the same time, they also indicate that these issues are still too rarely considered systematically in practice, whether in the development, selection or use of digital tools. Which risks become visible and which groups are reached depends to a large extent on how actively methodological quality is required and scrutinised. This is a responsibility shared by companies, tool providers and co-determination actors.

CRITERION 3

3 Impact



Explanation and context – Why this aspect is relevant

Digital tools are not an end in themselves. Their value depends on whether they help strengthen human rights due diligence processes and ultimately improve people's working and living conditions. A clear impact logic is therefore crucial: What specific purpose does a tool serve? What decisions does it support? How are the results interpreted and combined with other information? And, above all, what impact is it intended to have, directly or indirectly, on those affected?

Some tools, for example those used for overarching risk analysis, do not need to have an immediate impact on the ground. What matters is that they make a meaningful contribution to the overall process rather than merely producing compliance 'on paper'.

Digital solutions should not replace dialogue with workers, their representatives and other rights-holders, but should complement and support it. The key question is whether the use of the tools and their results leads to concrete action. For example, does the use of digital software that displays alerts about human rights violations lead to remediation plans developed jointly with employee representatives or affected people?

Key question
Does the use of digital tools help strengthen human rights due diligence processes and lead to tangible improvements for workers and rights-holders?



Findings from the interviews

Companies

The path from using a tool to achieving genuine improvements in working conditions on the ground is a long one. Most respondents took a self-critical view of this.

Digital tools for risk analysis or supplier assessment primarily help reduce complexity. They support the prioritisation of country and sector risks and make it possible to maintain an overview of large numbers of suppliers as well as companies' own global business activities. Companies interviewed that have tens of thousands of direct suppliers emphasised that systematic human rights and environmental risk analysis of the supply chain would not be possible without digital support. In this sense, digital tools make an important contribution, although at an abstract level that remains far removed from concrete improvements on the ground. The interviews indicate that moving from risk data to concrete action requires human judgement, local expertise and direct relationships with suppliers, none of which can be replaced by a tool.

Most of the tools mentioned in the interviews relate to direct suppliers. **Lower tiers of the supply chain**, where human rights violations occur particularly frequently, appear so far to be included in risk analysis much less often. Digital tools such as worker-voice tools, which can be used to survey workers and other rights-holders directly, are still rarely used. Several of the companies interviewed described the development of corresponding structures as a lower priority at present.

With regard to **digital grievance mechanisms**, the interviews showed that companies generally see potential in their ability to reach large numbers of workers from different backgrounds and to allow problems to be raised anonymously. However, this depends on workers knowing

that the systems exist and trusting them. A tool cannot achieve either of these things on its own. Some of the companies interviewed still see challenges and a need for action in this area, particularly in the supply chain. The interviews also showed that while complaints received are analysed annually and the results reported to management and, in some cases, works councils, systematic impact measurement is rare.

Tool providers

Tool providers describe the impact of their solutions in different ways. Some refer to what is known as a **theory of change**, or impact logic. One example is that as risks become more visible, it becomes more difficult for companies to claim that they were unaware of them.

Others emphasise the **accountability effect**: when high risks or a lack of follow-up action are visible in risk dashboards, supplier assessment platforms or digital grievance systems, this can create a degree of pressure within the company to take action. Some providers report evidence of impact based on improvements in scores over time, for example where suppliers that are regularly assessed and whose improvement measures are tracked demonstrate measurable progress.

Providers also openly acknowledged a **structural limitation** in the interviews: they can increase transparency and promote accountability, but they cannot control what companies actually do with the data. The incentive to improve must come from the purchasing company. Tool providers see their role primarily as supporting due diligence processes rather than enforcing action.

Conclusion

Digital tools can make an important contribution to structuring and prioritising human rights due diligence processes. However, their impact on tangible improvements for workers and rights-holders often remains limited and indirect. Their actual impact is also rarely measured systematically, with progress generally traceable only at process level. Tools can identify risks, increase transparency and draw attention to problems, but the crucial step towards concrete action and change on the ground has to take place outside the tool itself.

Ultimately, the effectiveness of digital tools depends less on their technical capabilities than on how they are embedded in due diligence processes and whether they lead to concrete action.

CRITERION 4

4 Reciprocity

Explanation and context – Why this aspect is relevant

The principle of reciprocity and the need for feedback loops reflect key requirements of international frameworks such as the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance, which call for non-extractive, dialogue-based engagement with affected stakeholders and transparency about results and follow-up action. These requirements reflect a fundamental principle of fair data collection within the due diligence process: those who contribute information should also derive a benefit from doing so.

In the context of human rights due diligence, this means that workers, trade unions and suppliers who participate in assessments or worker-voice surveys, submit complaints or provide information about human rights risks should not be regarded merely as data providers. They should have access to results, be informed about follow-up action and be able to understand how their feedback has been taken into account and what results or decisions have followed from it.

Key question
Do those who provide data or participate in surveys, particularly workers and their representatives, also benefit from the use of the tools?

Findings from the interviews

Companies

The fact that reciprocity was rarely discussed explicitly in the interviews is itself a finding. The question of whether workers who provide data or participate in surveys also derive a benefit from doing so has so far played only a secondary role in the use of digital tools for HRDD processes.

For risk analysis tools based on public data sources, reciprocity is less relevant.

The situation is different for the other types of tools. Employee surveys generally provide participants with aggregated results, but structured feedback on specific measures takes place only in some cases. With worker-voice tools and supplier assessments, reciprocity remains largely unresolved. The interviews did not establish whether suppliers or their workers have access to results or derive any tangible benefit from them. Grievance mechanisms are a partial exception: people who submit reports generally receive updates on the progress of their case, but systematic information about outcomes and measures taken is not standard practice.

Overall, the internal focus appears to be strongly process-oriented: What was reported? How was it handled? What is reported externally?

Tool providers

Reciprocity was not explicitly raised by tool providers either. However, the interviews suggest that awareness of the issue is increasing, although it does not yet appear to be structurally embedded.

With regard to **supplier assessment tools**, the interviews suggest that suppliers have access to the information collected and can also reuse or share it. Workers and their representatives, by contrast, generally have no direct access to the data or results.

Aggregated data and results, for example from **grievance mechanisms or worker-voice tools**, generally go to the company. Whether they are subsequently shared with the people surveyed in the supply chain, workers or their representatives is at the company's discretion. Some providers described approaches intended to make these data flows

more transparent and give survey participants greater access. However, these approaches still appear to be at an early stage.

Conclusion

Reciprocity, the principle that those who provide information should also derive a benefit from doing so, has not yet been systematically taken into account in practice by either companies or tool providers. However, some providers appear to be paying increasing attention to the issue and discussing it more actively.

The design and management of digital tools generally lie with the purchasing company. Workers, their representatives and other actors in the supply chain rarely have an independent role in shaping or using these systems. This creates a structural imbalance: they often remain in the role of data providers without corresponding opportunities to influence or help shape the systems.

Although reciprocity has so far received limited attention in practice, it is a key principle in the use of digital tools in human rights due diligence processes. From the perspective of workers and their representatives, it should be given greater consideration and discussed more extensively in practice.

6.2 Checklist

To provide co-determination actors with a practical tool, the checklist 'Digital Tools in Human Rights Due Diligence – Opportunities and Risks from a Workers' Perspective' was developed on the basis of the analysis described in the previous chapter. It helps works councils, economic/finance committees, employee representatives on supervisory boards and trade union representatives systematically assess the use of digital HRDD tools within their own company and make targeted use of their co-determination rights. It is intended to help identify areas where concrete action is needed and address them directly in dialogue with management.

The checklist is structured around the four key analytical criteria:

- **Involvement and representation**: Are workers and their representatives genuinely involved?
- **Tool design**: Is the tool transparent and reliable, and does it protect those affected?
- **Impact**: Does using the tool lead to genuine improvements?
- **Reciprocity**: Do those who provide the data also benefit?

The checklist can be used when introducing new tools and for the ongoing review of existing systems. It is not a substitute for legal review, but helps draw attention to the aspects that are crucial from a workers' perspective. The checklist is available here: www.arbeit-umwelt.de/publikation/digital-tools-in-human-rights-due-diligence/

7 Recommendations

Based on the interviews and the analysis, specific recommendations can be made for three stakeholder groups:

- co-determination actors (works councils, economic/finance committees, employee representatives on supervisory boards and trade unions),
- companies, and
- tool providers.

The recommendations are intended to help integrate the perspectives of workers and other rights-holders more fully into the use of digital tools, while also providing impetus for further discussion and further development in practice.

7.1 Recommendations for co-determination actors

Cluster 1

Make stronger links between HRDD and existing areas of work and play an active role in due diligence processes

Make stronger links between human rights due diligence processes and existing areas of work

Human rights due diligence is not an abstract compliance issue. It directly concerns working conditions such as occupational health and safety, fair wages, freedom of association and protection from discrimination, all of which are traditional co-determination issues. In practice, these connections are still made too rarely, including by co-determination actors themselves. One first step would be to use existing bodies and committees, such as a sustainability or transformation committee, to embed HRDD issues systematically. The connection between human rights and workers' rights should also be communicated more clearly internally: calling for social standards throughout the supply chain ultimately also helps strengthen fair conditions of competition for employees within the company.

A comprehensive corporate commitment to social standards across all sites worldwide is therefore in the interests of all co-determination actors and should be jointly monitored and further developed by them.

Play a more active role throughout the human rights due diligence process and define specific areas for action

Co-determination actors could more proactively request regular information about the company's human rights strategy and seek to be involved in relevant due diligence processes as representatives of potentially affected people. This includes questions such as which tools are used, how results are interpreted and what action is taken as a consequence. Playing a more active role strengthens the information base for co-determination, provides a more comprehensive understanding of corporate risks and makes it possible to respond at an early stage to developments affecting workers. Which matters are the responsibility of the local works council? Which belong at group or European Works Council level? Which should be addressed by the Global Works Council or international trade union federations? In practice, this allocation of roles is often still unclear.

Assert co-determination and information rights proactively

Co-determination and information rights should be asserted proactively when digital tools for human rights due diligence processes are introduced or undergo significant changes. Where strong works councils are active, there are already examples of works agreements being secured for AI-assisted tools and IT committees being established to systematically review new systems, including systems used for HRDD processes. This shows that these rights can also be exercised in relation to digital tools. The accompanying checklist provides practical guidance on the aspects that should be considered and critically scrutinised when such tools are used.

Cluster 2

Build a basic understanding of HRDD and ask targeted questions about the use of digital tools

Build knowledge and ask targeted questions

A basic understanding of human rights due diligence and digital tools makes it easier to ask targeted questions and become effectively involved. The interviews show that if co-determination actors do not ask proactively, information about HRDD processes rarely reaches them automatically. Even where specific committees, such as sustainability committees, already exist, management often does not approach them of its own accord.

Co-determination actors need to take the initiative. Trade unions, their international federations and institutions such as the Hans Böckler Foundation, the Friedrich-Ebert-Stiftung, the IGBCE Foundation for Labour and the Environment and the Competence Centre for Human Rights Due Diligence can play an important role in building knowledge in this area.

The following guides to human rights due diligence are aimed explicitly at co-determination actors and employee representatives

- Human Rights Due Diligence – Trade Union Toolkit (including video series), UNI Europa
- Practical guide for employee representatives, IGBCE Foundation for Labour and the Environment (only available in German)
- Guidance and practical tips on co-determination, IGBCE and Hans Böckler Foundation (only available in German)
- Checklist for Co-determination Actors: Digital Tools in Human Rights Due Diligence Processes from a Workers' Perspective, IGBCE Foundation for Labour and the Environment

Strengthen the European and global perspective

Human rights risks in the supply chain cannot be addressed at national level alone. European Works Councils and Global Works Councils can perform a key bridging function between local employee representatives, management and workers further down the supply chain, who often have no direct voice in these processes. Trade unions and their international federations can support this by facilitating networks and sharing practical experience. Legislation to strengthen European Works Councils, which is due to be transposed into national law by the end of 2027, also strengthens information rights at transnational level and should be actively used by co-determination actors.

Cluster 3

Actively seek access to data and involvement in risk assessments and complaint handling

Actively seek access to data and results

In practice, works councils often have very little access to the results generated by digital HRDD tools, whether from risk analyses, grievance mechanisms or worker-voice surveys. Even where works councils are informed, this is often limited to aggregated figures, such as the number of complaints received, without substantive details or information on follow-up action. Co-determination actors should actively seek access to at least aggregated results from risk analyses and grievance tools, broken down by site and issue. This information helps them make informed assessments of corporate risks, ask targeted questions and represent workers' interests effectively in dealings with management and the supervisory board.

Establish structures for involvement in complaint handling and risk analysis

Works councils often have practical knowledge of working conditions and problems, not least because workers frequently use them as their first point of contact before turning to formal reporting channels. This knowledge should be systematically incorporated into due diligence processes. Co-determination actors should therefore work towards clear structures specifying who handles complaints, what expertise is required and how the works council is involved in the process, particularly where issues concern traditional areas of co-determination. Co-determination actors should also be involved in risk analyses. The appropriate level of involvement depends on the scope of the analysis: for local risk analyses, the works council at the relevant site is the

appropriate partner; for company-wide or cross-border analyses, involvement should take place at group works council, European Works Council or Global Works Council level.

Scrutinise whether workers are effectively protected

Technical anonymisation is increasingly standard among leading tool providers, but it is not sufficient to ensure that workers are effectively protected. Works councils should ask proactively: Who within the company has access to which data? Do workers receive information about what happens to their reports or responses? Can data from worker-voice tools or grievance mechanisms be used against workers? These questions go beyond technical data protection and concern workers' trust in the systems. Trust is an essential prerequisite for these systems to be used at all.

7.2 Recommendations for companies

Involve co-determination actors in HRDD processes

Involving works councils or other employee representatives is important in order to take different perspectives into account and strengthen acceptance when human rights due diligence processes are implemented, including when digital tools are selected. Developing internal guidelines can help clarify when and how co-determination actors should be involved. For certain tools, such as those that collect data, a works agreement may be appropriate. Employee representatives can also help address structural weaknesses in digital tools. They can make grievance mechanisms more accessible by entering complaints submitted offline into digital systems and can work to reduce cognitive barriers while ensuring that complainants' anonymity is protected.

Focus on impact

To place greater emphasis on impact when using digital tools in human rights due diligence processes, the central question should be what specific problem is to be addressed and how the tool contributes to improving the situation of affected people. Digital tools should be systematically embedded in due diligence processes and lead to concrete action. Alongside a focus on process and compliance, greater attention should therefore be paid to their actual impact on people and working conditions.

Make transparency of tool design a selection criterion

An explicit criterion when selecting digital tools should be whether the underlying design, meaning the tool's structure and methodology, is understandable. Traceable data points and sources, understandable assessment methodologies, verifiable data quality, data protection and, where relevant, inclusivity are important criteria that should also be considered from the perspective of rights-holders. These factors are important in supporting informed human review and strengthening confidence in the results.

Validate results and ensure human review

Tool results should never be accepted uncritically as a basis for decision-making. Clear responsibilities and the involvement of subject-matter experts help ensure that results are interpreted in their specific context and used to make well-informed decisions.

It is also important to supplement and validate results regularly using additional data points, with particular emphasis on dialogue with workers and other rights-holders and their representatives, including trade unions and NGOs.

Establish transparent rules for data access and give co-determination actors access to results

Transparent handling of data, for example from grievance mechanisms or worker-voice tools, can build trust and support more effective use. Involving co-determination actors and trade unions, for example by giving them access to aggregated results, can also help ensure that the findings are put to better use.

7.3 Recommendations for tool providers

Increase transparency in tool design

Assessment methodologies should be presented and communicated clearly and transparently, both to the companies concerned and to suppliers and rights-holders. To allow results to be compared with other sources of information and subjected to the necessary human review in the relevant context, tools should provide functionality for manually adjusting results. Changes to the methodology should be communicated proactively and promptly. In particular, where artificial intelligence is used, tool providers should clearly disclose where it is being applied.

Ensure data quality

The quality of the underlying data is crucial to the reliability of digital tools used in human rights due diligence processes. Tool providers should disclose which sources are used, how up to date they are and how data gaps or bias are handled. Human review, for example by country-specific experts, should be an integral part of quality assurance, particularly where scores deviate markedly from sector or country averages. Results should also be regularly validated with trade unions, NGOs and rights-holders themselves.

Systematically incorporate worker and trade union perspectives

To incorporate the interests and perspectives of rights-holders, representatives of trade unions and civil society organisations should be included in governance bodies such as expert advisory boards. This provides an opportunity to take different perspectives into account at an early stage and maintain a focus on effectiveness. Regular, formalised stakeholder consultation processes should also be more firmly established as part of the ongoing development of the tools.

Strengthen responsible data use

Clear terms of use should prevent data from being used for unintended purposes or against workers. AI-assisted data analysis in particular requires clear safeguards governing what may and may not be done with the data collected.

Embed inclusivity consistently

Mobile-first design, multilingual provision and ease of use should be standard for every tool and in every market. This applies particularly to grievance mechanisms and worker-voice tools intended to reach workers in the supply chain. The needs of people with different circumstances and barriers to access should be considered from the outset. Use by employee representatives should also be taken into account and facilitated.

Embed reciprocity as a design principle

Tools should be designed so that information can flow back to workers rather than only to purchasing companies. This includes dashboards or feedback functions through which workers or their representatives can view aggregated results; status indicators showing whether and how a report has been acted upon; and transparency about data flows, making clear who can see which data. Whether these functions are actually used is up to the companies, but tool providers determine whether the functionality is available in the first place.

Further reading and resources

Digital tools and HRDD

A ‚digital turn' for sustainability due diligence? Digital tools and the CSDDD – Business and Human Rights Resource Centre https://www.business-humanrights.org/en/blog/a-digital-turn-for-sustainability-due-diligence-digital-tools-and-the-csddd/

IntegrityNext/BME Study: Two Years of the LkSG – Experiences and Outlook (January 2025) https://www.integritynext.com/about-us/press/detail/study-by-integritynext-and-bme-assesses-two-years-of-german-supply-chain-act

Supply Chain Due Diligence: Why Transparency is Critical (Open Supply Hub, 2025) https://blog.opensupplyhub.org/2025/01/24/supply-chain-due-diligence-why-transparency-is-critical-to-csddd/

Scheper, Christian; Vestena, Carolina A.; Sorg, Christoph; Zajak, Sabrina: Human rights due diligence and the use of worker voice tools. Participation as a form of risk management? In: Thomas Haipeter, Markus Helfen, Anja Kirsch und Sophie Rosenbohm (Hg.): Social standards in global supply chains. International guidelines, corporate responsibility and the voice of workers (2023) (only available in German): https://www.transcript-verlag.de/shopMedia/openaccess/pdf/oa9783839467701.pdf

Co-determination and digitalisation

Hans-Böckler-Stiftung/wmp consult: The LkSG and the role of co-determination – Working Paper (Februar 2024) (only available in German https://www.boeckler.de/fpdf/HBS-008799/p_fofoe_WP_320_2024.pdf

Hans-Böckler-Stiftung: Works councils are modernising co-determination (only available in German) https://www.boeckler.de/de/boeckler-impuls-betriebsrate-modernisieren-die-mitbestimmung-39062.htm

Hans-Böckler-Stiftung: The Supply Chain Due Diligence Act https://www.boeckler.de/en/faust-detail.htm?sync_id=HBS-008712

Tool design and data quality

Investor Initiative on Human Rights Data – Guidance for ESG Data Providers (September 2025) https://www.churchofengland.org/sites/default/files/2025-09/ii-hrd-report-september-2025.pdf

ICMA Code of Conduct for ESG Ratings and Data Products Providers https://www.icmagroup.org/assets/DRWG-Code-of-Conduct-for-ESG-Ratings-and-Data-Products-Providers-v3.pdf

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