e.publica
public law journal

Challenges for implementing human rights due diligence: empirical evidence from the cocoa value chain in Brazil

Tamara Brezighello Hojaij
Tarsila Iglecio Fernandes
Matheus de Mello Sá Carvalho Ribeiro

Reviewers:

Clarisse Ferraz Lima

Danielle Pamplona

Vol. 13 No. 1 (125-150)
July 2026
e-publica.pt

ISSN 2183-184x

Funded by:

FCT Fundação para a Ciência e a Tecnologia *e-Publica* **Vol. 13** No. 1, July 2026 (125-150)

CHALLENGES FOR IMPLEMENTING HUMAN RIGHTS DUE DILIGENCE: EMPIRICAL EVIDENCE FROM THE COCOA VALUE CHAIN IN BRAZIL

TAMARA BREZIGHELLO HOJAIJ
Business and Human Rights Centre of Fundação Getulio Vargas (FGV CeDHE)
ORCID: 0000-0001-6477-0512

TARSILA IGLECIO FERNANDES
Business and Human Rights Centre of Fundação Getulio Vargas (FGV CeDHE)
ORCID: 0009-0004-5319-6024

MATHEUS DE MELLO SÁ CARVALHO RIBEIRO
Business and Human Rights Centre of Fundação Getulio Vargas (FGV CeDHE)
ORCID: 0000-0002-1210-7097

Abstract: As mandatory HRDD legislation expands globally, including the CS3D and the German Supply Chain Act, understanding the barriers to its operationalisation in agricultural value chains becomes increasingly pressing. This article examines these challenges, drawing on empirical evidence from the cocoa sector in Brazil. Building on the UN Guiding Principles on Business and Human Rights and the growing convergence between international standards, legislation and ESG expectations, it analyses how structural conditions hinder effective HRDD implementation. Based on research conducted by the Business and Human Rights Centre of FGV, the findings demonstrate that human rights impacts are not isolated but interconnected and mutually reinforcing, emerging from territorial vulnerabilities, labour informality, and intermediation dynamics. These factors limit traceability, challenge corporate leverage, and tiered audit-based approaches. The article argues that effective HRDD requires context-sensitive and systemic responses to effectively identify and address human rights impacts, thus, supporting better corporate and investment decision-making.

Submission: 15/05/2026
Accepted by peer reviewer: 10/06/2026
13/06/2026

Keywords: Human Rights Due Diligence; Value Chain; Challenges; Brazil; Cocoa.

Resumo: Com a expansão global da legislação obrigatória sobre Devida Diligência em Direitos Humanos (HRDD), incluindo a CS3D e a Lei Alemã sobre Cadeias de Abastecimento, é cada vez mais urgente compreender os obstáculos à sua implementação nas cadeias de valor agrícolas. Este artigo aborda esses desafios, com base em dados empíricos do setor do cacau no Brasil. Orientado pelos Princípios Orientadores das Nações Unidas sobre Empresas e Direitos Humanos e pela crescente convergência entre normas internacionais, legislação e expectativas ESG, analisa como as condições estruturais do setor dificultam a implementação eficaz da HRDD. Com base num estudo conduzido pelo Centro de Direitos Humanos e Empresas da FGV, os resultados demonstram que os impactos adversos aos direitos humanos não ocorrem de forma isolada, mas estão interligados e reforçam-se mutuamente, sendo decorrentes de vulnerabilidades territoriais, da informalidade laboral e das dinâmicas de intermediação. Estes fatores limitam a rastreabilidade, desafiam a capacidade de influência das empresas e as abordagens baseadas em auditorias por níveis. O artigo defende que uma HRDD eficaz requer respostas sensíveis ao contexto e sistêmicas para identificar e abordar eficazmente os impactos aos direitos humanos, apoiando assim uma tomada de decisões empresarial e de investimento mais informada.

Palavras-chave: Devida Diligência em Direitos Humanos; Cadeia de Valor; Desafios; Brasil; Cacau.

1. Introduction

One of the main contributions of the United Nations Guiding Principles on Business and Human Rights (UNGPs) is the concept of human rights due diligence (HRDD), which requires businesses to identify, prevent, mitigate, remediate, monitor and account for how they address their adverse human rights impacts (United Nations, 2021). HRDD has been widely incorporated into multiple standards over the past fifteen years, including the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, the International Labour Organization (ILO) Tripartite Declaration concerning Multinational

Enterprises and Social Policy, the International Finance Corporation (IFC) Performance Standards (IFC, 2012), the Food and Agriculture Organization (FAO)-OECD Guidance for Responsible Agricultural Supply Chains, and others, creating a robust international architecture for companies to respect human rights (OECD, FAO, 2016; ILO, 2022; OECD, 2023a).

This trend has intensified in recent years, particularly in the context of value chains, in light of the increasing adoption by States of mandatory HRDD legislation. Developments such as the German Supply Chain Due Diligence Act, the French Duty of Vigilance Law, the Norwegian Transparency Act, and the European Union's Corporate Sustainability Due Diligence Directive (CS3D) and Deforestation Regulation (EUDR) have consolidated different legislative models with respect to the extension of HRDD obligations across value chains, ranging from chainwide to tier-specific requirements (DIHR, 2025).

In parallel, and closely connected to these regulatory developments, investor attention to environmental, social and governance (ESG) performance has also increased significantly. As documented by KPMG (2022), ESG-oriented investment has gained considerable market momentum, growing at an estimated rate of 27% per year. This rapid expansion has intensified investors' expectations regarding how companies assess and manage risks throughout their operations, including human rights-related ones (for example, diversity and inclusion, occupational health and safety, and community relations), often framed within the "S" dimension (Ruggie, Middleton, 2018).

The relationship between ESG investing and HRDD, however, deserves closer attention. As Ruggie and Middleton (2018) argue, the "S" dimension is often the weakest link in ESG frameworks, largely because its elements are under-conceptualised and fail to draw on well-established human rights standards. The authors note that most of the elements integrated in the "S" dimension, such as health and safety, union relationships and supply chain management, are in practice human rights issues, yet are rarely treated as such by data providers and raters. This conceptual gap has practical consequences: ESG assessments frequently measure internal companies' policies rather than actual impacts on people, thereby obscuring the very issues that HRDD is designed to identify and address (Ruggie, Middleton, 2018). Strengthening the "S" domain, therefore, requires grounding it in the UNGPs framework and in HRDD processes, which provide both the substantive standards and the procedural mechanisms necessary to assess how companies identify, prevent and mitigate adverse human rights impacts in value chains (Ruggie, Middleton, 2018).

Indeed, the UNGPs and the concept of HRDD have become central for identifying human rights outcomes within investment processes, with 32% of reporting signatories of the Principles for Responsible Investment using the framework for financial decision-making (PRI, 2025).

While this reflects increasing convergence between the UNGPs framework, international standards, legislation and financial practices, collectively creating a multi-level "web of pressure" surrounding corporate respect for human rights, the practical operationalisation of HRDD remains a significant challenge for businesses, especially in value chains (United Nations, 2021). In this regard, McCorquodale, Nolan (2021) note that, in 2018, only 37% of 350 multinational companies reported implementing structured HRDD processes, with just half extending them across their entire value chains. Also, the UN Working Group on Business and Human Rights has itself emphasised the need for companies to further translate corporate human rights commitments into practice in all their business relationships (United Nations, 2021).

This difficulty is reflected in the results of the 2026 benchmark published by KnowTheChain and the Business & Human Rights Resource Centre, which highlights the failure of major food and beverage companies to implement effective HRDD measures to address forced labour risks in their value chains. The overall average score of the companies was only 15 out of 100, revealing significantly low levels of performance in responsible corporate conduct (KnowTheChain, BHRRC, 2026).

The operationalisation gap is even more pronounced in agricultural value chains, which are often characterised by fragmented production structures, multiple intermediaries, and significant asymmetries in information and bargaining power between smallholder farmers, food processors and manufacturers (Lee, Gereffi, Beauvais, 2012). As noted by the OECD (2022), agricultural value chains in Latin America continue to be associated with persistent human rights-related issues, including deforestation linked to agricultural expansion, soil and water contamination resulting from the intensive use of agrochemicals, high levels of labour informality, unsafe working conditions, restrictions on freedom of association, child labour, rural poverty and food insecurity.

Within this broader landscape, Brazilian agricultural value chains constitute an interesting case for examining the challenges associated with the operationalisation of HRDD. Brazil is one of the world's leading producers and exporters of agricultural commodities and occupies a central position in global value chains supplying international markets that are increasingly subject to mandatory HRDD legislation. Consequently, companies operating in the country are increasingly exposed to regulatory requirements and investor expectations regarding the management of human rights impacts beyond first-tier suppliers.

Against this backdrop, this article examines the challenges associated with operationalising HRDD in agricultural value chains in Brazil, drawing on the broader experience of the Business and Human Rights Centre of *Fundação Getulio Vargas* (FGV CeDHE) in conducting applied research on the topic. Understanding these challenges is fundamental to inform investment decisions, better directing capital allocation, and support the development of effective ESG strategies by companies, aligned with responsible business conduct standards and grounded in the specific operational realities.

In particular, the article builds on recent research on child labour and other human rights-related impacts in the Brazilian cocoa value chain. It involved literature review, value chain mapping (Fernandez-Stark, Gereffi, 2019; Frederick, 2019; OECD, 2023b), semi structured interviews with more than 30 stakeholders, including representatives of trade unions, cooperatives and civil society organisations, as well as field observations.

The cocoa value chain is used as an illustrative empirical case through which on the ground challenges associated with the implementation of HRDD can be examined. This choice is consistent with value chain literature, which has largely been developed through in depth single qualitative case studies capable of capturing the complexity of arrangements and interactions between multiple actors directly and indirectly involved in production systems (Frederick, 2019; Alford, 2015).

Considering this, the cocoa value chain provides insights into how structural characteristics frequently observed in other agricultural chains, such as smallholder farming, labour informality, territorial dispersion and intermediation dynamics, influence companies' ability to identify, assess and address adverse human rights impacts. Thus, while evidence is grounded in the Brazilian cocoa sector, the analytical conclusions may be relevant to understanding similar challenges in other agricultural value chains characterised by comparable features.

The article is structured as follows. Section 2 presents a broader overview of HRDD in value chains, with particular emphasis on the agricultural sector, thereby setting the stage for the discussion of the empirical challenges associated with operationalising the tool. Section 3 presents empirical evidence on socioeconomic and structural characteristics of the cocoa value chain in Brazil and examines how they translate into concrete operational barriers for HRDD processes and practices. Finally, Section 4 concludes the article by reflecting on the broader implications of the findings for the operationalisation of HRDD in agricultural value chains.

2. Human rights due diligence in value chains

2.1. Core components of human rights due diligence and the involvement framework

HRDD, as established by the UNGPs, is understood as an ongoing process through which companies identify, prevent, mitigate, and account for human rights impacts throughout their activities and operations (United Nations, 2011). This process must encompass adverse human rights abuses caused by the company itself, by action or omission, and by other actors to whom it is connected through its business relationships. Rather than a one-time exercise, HRDD is conceived as a continuous process integrated into corporate governance and decision-making (United Nations, 2011). Its primary objective is to ensure that companies can foresee and address human rights harms throughout their global value chains before they arise (United Nations, 2011).

Accordingly, HRDD comprises four interrelated core components. Firstly, companies are expected to identify and assess actual or potential adverse human rights impacts that they may cause, contribute to, or be directly linked through its operations or business relationships (United Nations, 2011). This is often conducted through a human rights impact assessment (HRIA) process (DIHR, 2020). It must be continuous and informed by meaningful engagement with potentially affected stakeholders, particularly vulnerable and marginalized groups (United Nations, 2011).

Secondly, companies must integrate the findings of HRIA into its internal processes and take appropriate action according to the nature of their involvement with the human rights-related impacts (United Nations, 2011). This includes adopting preventive, mitigation and remediation measures, adjusting business practices, and ensuring that responsibility for addressing risks is embedded across corporate structures and decision-making processes. It often takes place in the form of an action plan.

Thirdly, enterprises are required to monitor the effectiveness of the measures adopted to determine whether adverse impacts are being adequately prevented, mitigated and remediated (United Nations, 2011). Finally, companies are expected to communicate how identified impacts are being addressed (United Nations, 2011), thereby promoting transparency and accountability towards affected stakeholders.

While these components are central to the adoption and development of HRDD, the effective operationalisation of each of them depends fundamentally on the understanding that companies may be connected to adverse human rights impacts through their business relationships. This is particularly relevant in value chain contexts, where impacts frequently emerge through complex and indirect business relationships involving multiple tiers of suppliers, intermediaries and subcontractors (Hojaij, 2025).

In this regard, the UNGPs introduced an involvement framework through which companies may be associated with adverse human rights impacts either directly or indirectly (United Nations, 2011). In other words, companies are responsible for human rights impacts not only when they cause them, but also when they are perpetrated by third parties to whom they are connected through operations, products, or services (United Nations, 2011).

In such cases, where the company is not directly involved, the UNGPs establish that companies are expected to exercise leverage to influence the conduct of third parties that have caused or contributed to the harm (United Nations, 2011; United Nations, 2012). Leverage, here, refers to a company's ability to influence the wrongful behaviour of others, with the aim of preventing, mitigating or ceasing an impact; for example, through contractual clauses or capacity-building initiatives (United Nations, 2012). It is "not intended to shift the responsibility from the entity causing an adverse impact to the enterprise with which it has business relationship" (OECD, FAO, 2016: 21).

This broader understanding of corporate responsibility is embedded in the requirements for mandatory HRDD legislation adopted over recent years in different jurisdictions (DIHR, 2025). Under these frameworks, conducting due diligence exclusively within a company's own operations is increasingly treated as a minimum baseline requirement. Thus, building upon the involvement framework, HRDD is expected to include a company's own operations, but also the operation of its subsidiaries and business partners under direct or indirect control (DIHR, 2025). Such is the case, for example, of the French and German laws, and the CS3D (DIHR, 2025).

The EUDR cannot be left out. While the EUDR requires companies placing specific agricultural commodities on the European market to demonstrate that products are both deforestation-free and compliant with the legislation of the country of origin, including human rights-related requirements (European Union, 2023), the CS3D requires large companies to specifically carry out HRDD to identify, prevent, mitigate, and account for human rights and environmental impacts in their own operations, subsidiaries, and value chains (European Union, 2024). Together, these regulations are expected to generate significant impacts beyond the European market, particularly in major agricultural exporting countries, such as Brazil.

In Brazil, two recent regulatory initiatives illustrate similar efforts to incorporate the involvement framework into proposed mandatory HRDD obligations. One is the National Policy on Business and Human Rights, that aims to consolidate the legal, academic and civil society-led discussions regarding the protection of human rights in relation to business activities, establishing incentives to the implementation of enterprise mechanisms for the prevention of human rights abuses (Brasil, 2023). This administrative instrument is intended to improve the effectiveness of the current programmes and public policies regarding business and human rights, to stimulate corporate instruments on this subject, and to establish mechanisms for monitoring compliance on human rights obligations (Brasil, 2023). The other initiative is the Bill of Law n.º 572 from 2022, which aims to create the National Legislative Framework on Business and Human Rights, and expressly requires companies to undertake HRDD regularly as a means of preventing and addressing negative human rights impacts in their entire value chain. In addition, it establishes the civil responsibility for companies for human rights abuses (Brasil, 2022).

Although these initiatives represent relevant developments, they have not yet been adopted and, therefore, do not establish mandatory regimes comparable to other legislative instruments. Furthermore, progress on both initiatives has been limited. The National Policy on Business and Human Rights has seen no significant developments in the past year. Likewise, Bill of Law n.º 572 is under consideration in the Brazilian Congress and is currently awaiting a statement from the Economic Development Commission. Hence, while these initiatives signal growing policy attention to HRDD in Brazil, they cannot (yet) be considered binding mandatory frameworks.

Notwithstanding the status of the Brazilian initiatives, the broader international trend points towards the expansion and consolidation of mandatory HRDD regimes. This reflects the growing recognition that HRDD-related requirements are increasingly seen as the most effective way of obliging companies to better address human rights impacts in value chains (Lafarre, Rombouts, 2022). Furthermore, it shows the expansion and the strengthening of HRDD as a central instrument to include stakeholder engagement, transparency, and access to remedy for affected communities (De Schutter, 2020). Nevertheless, operationalising these expectations remains highly complex, particularly in contexts characterised by labour informality and intersecting socioeconomic vulnerabilities.

2.2. Challenges for human rights due diligence in value chains

It is imperative that corporate HRDD is not merely a set of words on paper or an empty commitment (Rogge, 2022). Yet, significant challenges remain regarding its on the ground implementation. A first and fundamental challenge concerns companies' understanding of the responsibility to respect human rights and of the relevance of conducting HRDD processes to fulfil such responsibility (United Nations, 2018). Smaller companies, in particular, often struggle to perceive the value of HRDD and may regard it as an additional and onerous requirement imposed by larger companies to which they supply products or services (United Nations, 2018).

Another closely related challenge concerns the misconstruction of human rights risks within corporate decision-making. Companies frequently approach HRDD from a "risk to the business" perspective rather than a "risk to people" perspective (United Nations, 2018). This is especially because the notion of a risk to a business is relatively well established within corporate environments, generally understood as the potential for adverse effects on expected returns or on the company's reputation, while the same level of conceptual clarity does not necessarily exist regarding risks faced by affected individuals and communities (Rogge, 2022). Consequently, HRDD are frequently treated as box-ticking exercises aimed primarily at reducing financial and reputational risks to companies, rather than genuinely identifying and addressing human rights impacts (United Nations, 2018; Rogge, 2022).

In the context of value chains, an additional challenge emerges regarding how far companies are expected to go with HRDD (Rogge, 2022). In practice, many companies continue to restrict their due diligence efforts to first-tier suppliers and direct business relationships (United Nations, 2018). Establishing the boundaries of HRDD and, consequently, of the corporate responsibility to respect in value chains is, indeed, complex. Companies cannot reasonably be expected to be responsible for every adverse human rights impact associated with their business relationships (United Nations, 2008; Hojaij, 2025). The UNGPs explicitly recognise this difficulty and introduce the concept of leverage precisely as a factor to be considered when determining the extent of companies' responsibilities in preventing and mitigating adverse impacts in value chains (Hojaij, 2025). It refers, as previously mentioned, to a company's ability to influence the conduct of actors responsible for the harm, particularly in situations where the company possesses sufficient economic, commercial or collaborative capacity to perform meaningful change (Wood, 2012; Hojaij, 2025).

Exercising leverage in value chains, however, entails additional challenges closely related to the dynamics of production systems. Distinct from the risks caused by a company's direct operations, value chain impacts often involve several suppliers, subcontractors, intermediaries, and business partners (European Commission et al., 2020; Smit et al., 2021). This is further coupled with complex corporate structures containing several separated legal entities in different countries (European Commission et al., 2020). This fragmentation reduces corporate oversight and control over multiple aspects such as working conditions and business practices, particularly in lower tiers of supply chains where risks such as child and forced labour tend to be higher (The Centre for Child Rights and Business, 2026). For example, in many agricultural value chains in Brazil, production is often characterised by informal labour relations, including undeclared work and temporary arrangements, making workers more vulnerable to exploitation.

Connected to it, the geographic distance between lead companies and the actors involved in production chains poses another challenge for HRDD, particularly in countries of large territorial extension such as Brazil (European Commission et al., 2020). Suppliers, apart from being located far from the parent company, are often dispersed across several regions in Brazil, making the mapping of territorial contexts and of human rights risks more complex. In addition, as local contexts can differ greatly, leading to different socioeconomic realities and particular vulnerabilities according to the territory, distinct human rights adverse impacts may arise and therefore these particularities must be considered in the HRDD. Coupled with this, production is often transported from small properties to large companies by intermediary actors, posing a challenge for tracing its origin and therefore assessing human rights impacts. As a result, traceability is often recognised as a major challenge for HRDD in value chains (European Commission et al., 2020).

Lastly, power disparities between multinational companies and smallholder farmers may make the implementation of HRDD more complex and it can even contribute to human rights abuses in lower-tier suppliers (Eller, 2025). That is, lead companies frequently exert strong commercial pressure on smaller suppliers through pricing, delivery deadlines, and production targets, which can indirectly contribute to labour rights violations, especially in small-scale and not mechanised rural properties. An extensive survey conducted by the Joint Ethical Trading Initiatives suggests that "buyers often contradict their own HRDD requirements with their purchasing practices, such as lead times, prices and technical specifications" (The Joint Ethical Trading Initiatives *apud* Smit et al., 2021: 20).

Moreover, suppliers producing in social contexts marked by high poverty rates, limited labour protections in terms of legislation or public oversight, or restricted civic space may lack the resources and incentives necessary to respect human rights. In these contexts, HRDD cannot be reduced to contractual clauses or one-time supplier audits, as these mechanisms often fail to capture systemic risks and vulnerabilities, and a deep understanding of the affected territories is mandatory.

HRDD, therefore, requires considering and overcoming these challenges to be effective and able to adequately identify and address human rights impacts in value chains. Moreover, this has important implications for ESG frameworks, as overlooking these context-specific factors may result in the misidentification of material risks, weakening corporate accountability and ultimately affecting investment decision-making.

3. On the ground challenges for HRDD in the cocoa value chain in Brazil

The UNGPs recognise that there is no "one-size-fits-all" formula for HRDD, as its operationalisation relies on a range of factors, including companies' financial, technical and operational capacities, including to exercise leverage over business partners, and the specific contexts in which they operate (United Nations, 2011; United Nations, 2012). As a result, HRDD is inherently context-specific, and its practical implementation is likely to vary across sectors and individual companies.

Consistent with this, the OECD (2023b) identifies the assessment of the operational and local context as a key step of HRDD. This includes analysing the inter-firm, institutional and socioeconomic dynamics that may shape both the emergence of adverse human rights impacts and companies' ability to identify and address them. Such an approach reflects the broader recognition that business relationships in value chains are embedded within specific territorial contexts (Horner, Alford, 2019). Consequently, understanding the local circumstances and interplay between upstream and downstream actors is a prerequisite for effective HRDD.

Considering this, this section is organised into two parts. The first presents empirical evidence regarding the dynamics of the Brazilian cocoa value chain. The second examines how these characteristics translate into practical challenges for the implementation of HRDD by companies. The objective is not to portray these local characteristics as insuperable barriers, but rather as territorial particularities that companies must understand and address to conduct effective HRDD processes that do not escalate preexisting vulnerabilities.

3.1. Characteristics of the Brazilian cocoa value chain

Initially, it is important to note that Brazil congregates all tiers of the cocoa value chain within its territory, including input supplying, harvesting, processing, manufacturing commercialisation and final consumption (Kaplinsky, 2004; Nunes, Bastos, 2018; Hojaij, 2025). Harvesting is concentrated in the states of Bahia and Pará, which together account for most of the national production of cocoa beans (Hojaij, 2025). Adverse human rights impacts tend to be concentrated at the harvesting stage, as cocoa farming is highly labour-intensive (Hojaij, 2025). The groups most affected by these impacts are typically smallholder farmers, sharecroppers ("*parceiros rurais*")[1] and their families (Hojaij, 2025). Sharecroppers are further disadvantaged when sharecropping arrangements involve unequal risk and profit sharing or remain informal.

According to the research conducted by the FGV CeDHE, which is consistent with previous studies on the Brazilian cocoa sector, for example, one developed by the ILO and the Labour Prosecutors' Office (2018), smallholder farmers and sharecroppers frequently rely on unpaid family labour as a strategy to secure minimum household income levels. At the same time, they commonly depend on intermediaries to transport and commercialise their production, especially in remote rural areas.

This is especially true in the state of Pará, located in the Brazilian Amazon, where significant logistical constraints affect cocoa farming due to the long distances between the properties and the urban centres where the beans are traded. In Bahia, although to a lesser extent, distances are also a challenge faced by producers, since farms and milling warehouses are commonly far apart. Furthermore, the territorial extent of municipalities in both states, such as the municipality of Ilhéus in Bahia, is characterised by urban centres distant from rural zones, leading to issues with transportation and access to public services.

1. Sharecroppers are different from smallholder farmers. Sharecroppers are those who have an agreement with a landowner to farm, normally half, of the land during a specific period, provided that risks and profits are equally shared with the landowner (article 4 of Brazilian Federal Decree 59,566/1966).

Long distances increase producers' reliance on middlemen. Middlemen typically travel by pickup trucks from property to property, collecting bags of dried cocoa beans and then, transporting them to buyers' processing facilities; thereby playing an essential logistical function in the value chain. The problem is that, as found by the research, farmers often become indebted to these intermediary actors. Sharecroppers, especially, often sell part (or all) of their future harvest to middlemen in advance in exchange for immediate cash payments, to meet pressing financial needs, including the costs associated with sharecropping arrangements and other household or health expenses. However, because these agreements are negotiated before harvesting, farmers are generally unable to benefit from subsequent increases in cocoa market prices. As a result, this practice may reinforce producers' economic dependence on intermediary actors and further increase their financial vulnerability.

This context is ultimately reflected in the working conditions experienced by smallholder farmers, sharecroppers and their families. The research developed by FGV CEDHE found that they face a series of occupational risks, such as carrying excessive weight in the plantations, exposition to accidents with venomous animals, physical exhaustion due to long walks in the plantations, and handling pesticides without adequate protection and training. These risks are often associated with financial constraints that prevent farmers from acquiring appropriate protective equipment or adopting safer working practices, and, also, with limited awareness of occupational health and safety requirements. The study also identified situations of insecurity and systemic violence in rural areas, particularly during harvesting periods, including the theft of dried cocoa beans.

At its extreme, this scenario may lead to cases of work analogous to slavery, including situations involving child labour. In this regard, the cocoa sector is one of the sectors with the highest concentration of child labour worldwide, a fact that is acknowledged even by companies operating within the field (OIT, MPT, 2018). FGV CeDHE's work identified that child labour manifests in multiple forms throughout cocoa-producing territories. In the productive sphere, especially during harvesting season, adolescents between 13 and 17 years old are frequently involved in farming activities, including breaking cocoa pods and removing seeds, often under unsafe conditions. The research also documented reports of physical violence against these individuals in the context of rural work.

Within the domestic sphere, there are cases where children and adolescents do not work on the plantations but take on household responsibilities, such as cooking and caring for younger siblings, while their parents work in the plantations, and consequently suffer from neglect in their parents' absence. This domestic burden is further compounded by an increase in school dropout rates during the cocoa harvest season. The research also identified broader situations of vulnerability affecting children and adolescents in cocoa-producing communities, including cases of sexual violence and early or unwanted pregnancies among families of rural producers.

The absence or limited effectiveness of public policies further intensifies these impacts, as they occur against a backdrop of pre-existing socioeconomic problems, such as basic sanitation issues (Estival, Correa, 2017), and heightened risk of malnutrition in the home environment (Mustapha, 2010).

Taken together, these findings suggest that the Brazilian cocoa value chain is characterised by a series of features that shape production dynamics. The harvesting linkage is marked by geographically dispersed small family farms, long distances between these rural properties and processing facilities, a strong reliance on intermediary actors, and widespread labour informality and precarity, particularly among sharecroppers. These characteristics are further compounded by territorial socioeconomic vulnerabilities, involving, for example, limited access to public services, creating a context in which adverse human rights impacts become deeply embedded within the prevailing production system.

Effective HRDD depends on an integrated understanding of how territorial distance, intermediation dynamics, labour informality, precarious working conditions and socioeconomic vulnerabilities interact as interconnected (and possibly mutually reinforcing) features of the production system to shape the practical conditions under which companies operationalise HRDD.

3.2. On the ground challenges for human rights due diligence

Before examining how the presented features of the harvesting linkage affect the operationalisation of HRDD in the cocoa value chain in Brazil, it is important to acknowledge a more fundamental challenge identified by FGV CeDHE's research: the limited adoption of HRDD itself within the Brazilian cocoa sector. The study found no evidence that the major cocoa buyers operating in the country have established comprehensive HRDD processes covering their activities and operations in the national territory. This finding is particularly relevant considering that three companies (Barry Callebaut, Cargill and Olam) are responsible for processing approximately 97% of all cocoa beans produced in Brazil (OIT, MPT, 2018), placing them in a unique position to influence production practices throughout the value chain.

Importantly, this should not be interpreted as an absence of corporate commitment to human rights. On the contrary, the companies have publicly adopted human rights policies and commitments that explicitly refer to internationally recognised standards, including the UNGPs. However, the research suggests that these commitments have not yet been systematically translated into structured, on the ground HRDD processes and practices tailored to the Brazilian cocoa value chain.

This, nonetheless, does not diminish the importance of understanding the conditions under which HRDD would need to be implemented. As mentioned before, HRDD is inherently context-specific, and its effectiveness relies on companies' ability (and capacity) to identify and address human rights-related impacts within specific realities and production dynamics. Hence, the characteristics described in the previous section constitute empirical elements buyers need to consider while moving forward with HRDD.

Considering this, a first challenge concerns the territorial configuration of the Brazilian cocoa value chain, which directly shapes how downstream buyers source cocoa beans and interact with upstream producers. As previously mentioned, cocoa production in Brazil is concentrated in the states of Bahia and Pará. However, although the major cocoa buyers source beans from both producing regions, the study found that their processing facilities in Brazil are located exclusively in Bahia. Consequently, cocoa beans produced in Pará must travel long distances before reaching these facilities, with the initial stages of transportation largely depending on intermediary actors who collect cocoa beans from dispersed rural properties and deliver them to companies' warehouses. These logistical arrangements are further complicated by the geographic dispersion of farms and, in many regions, poor road infrastructure.

In practice, companies' visibility over production conditions tends to begin only once cocoa beans reach their warehouses, typically through intermediary actors. That is, supplier screening activities are often concentrated at these points of commercial interaction rather than at the farm level, where adverse human rights impacts are most likely to occur. This scenario reduces companies' direct engagement with smallholder farmers and sharecroppers, limiting the visibility of their working and socioeconomic conditions.

The reliance on intermediary actors creates another challenge, related to traceability, a fundamental component of effective HRDD. FGV CeDHE's research points out that many smallholder farmers and sharecroppers do not issue formal sales invoices when commercialising their cocoa to middlemen. Instead, intermediary actors purchase the beans and subsequently issue themselves the commercial documentation when selling the product to downstream buyers. Although this arrangement enables cocoa produced by smallholder farmers and sharecroppers to enter formal markets, it also creates an additional layer between buyers and producers, making it more difficult to identify the precise origin of the beans and the farms from which they were sourced. Thus, downstream buyers may have limited visibility over the specific smallholder farmers and sharecroppers supplying their operations, constraining their ability to verify production and working conditions.

A further challenge for operationalising HRDD concerns the limited reach of corporate monitoring mechanisms. The research indicates that the major cocoa buyers operating in Brazil have committed internationally to the implementation of Child Labour Monitoring and Remediation System (CLMRS), a mechanism designed to identify, monitor and remediate child labour cases and related human rights impacts in cocoa value chains.

In practice, the system relies on periodic farm-level assessments, typically conducted once or twice a year, with additional visits taking place only in specific circumstances (OECD, 2023b). These assessments are frequently scheduled in advance with farm owners, providing valuable snapshots of working conditions at particular moments in time, but not necessarily capturing the dynamic and seasonal nature of cocoa production. This is particularly relevant in the Brazilian context, where family participation in harvesting activities and the presence of children on farms may vary considerably throughout the production cycle. Consequently, isolated monitoring visits may not always identify adverse impacts that occur intermittently or outside the period covered by the assessment.

Empirical evidence also indicates that CLMRS implementation is concentrated on producers maintaining direct commercial relationships with downstream buyers, thus remaining limited to first-tier commercial relationships. However, as discussed above, a significant proportion of cocoa produced by smallholder farmers and sharecroppers reaches processing companies through intermediary actors rather than through direct sourcing arrangements. As a result, many producers remain outside the scope of corporate monitoring systems. This creates an important gap between the territorial distribution of human rights impacts and the operational reach of companies' mechanisms.

Therefore, structural and socioeconomic features of cocoa production reduce companies' visibility over production and working conditions and the traceability of the beans, as well as constrain direct engagement with smallholder farmers and sharecroppers. They may also weaken buyers' ability to exercise leverage over those actors most affected by adverse human rights impacts, as commercial relationships are frequently mediated by intermediary actors rather than established directly with producers. Consequently, effective HRDD in the Brazilian cocoa sector requires approaches that delve deeply into local contexts and adopt process and practices capable of grasping the on the ground root causes through which these impacts emerge, persist and mutually reinforce themselves in production dynamics.

4. Conclusion

This article examined the challenges associated with operationalising HRDD in agricultural value chains, arguing that adverse human rights impacts in these contexts are not isolated phenomena but structurally embedded and mutually reinforcing, a pattern illustrated by the empirical findings from the study conducted by FGV CeDHE on the Brazilian cocoa value chain.

The article began by arguing that the consolidation of HRDD as a central instrument of the UNGPs has been accompanied by the emergence of a growing "web of pressure", composed of international standards, increasing investor scrutiny through ESG frameworks, and mandatory legislation, all of which reinforce expectations that companies assess and address adverse human rights impacts related to their activities and operations (United Nations, 2021; DIHR, 2025).

It then contended that significant and fundamental challenges persist regarding the practical operationalisation of HRDD. These challenges are not limited to procedural constraints but also concern the underlying understanding of the corporate responsibility to respect human rights. Questions remain regarding how far this responsibility extends in value chains and, consequently, how far companies are expected to go in their HRDD efforts (United Nations, 2018; Rogge, 2022). The involvement framework established by the UNGPs provides an important conceptual basis for addressing these issues; however, its application in practice remains difficult, especially in contexts where there is no direct relationship between the business and the impact.

This is particularly evident in value chains, where complex and fragmented structures involving multiple tiers of suppliers, intermediaries and business partners blur the visibility of human rights impacts (European Commission et al., 2020; Smit et al., 2021). In such contexts, traceability is weaker and leverage is more difficult to exercise, thereby complicating the identification, prevention and mitigation of impacts.

The article further argued that these problems are exacerbated in agricultural value chains, which are traditionally characterised by labour informality and socioeconomic vulnerabilities associated with rural territories, including poverty, limited access to public services and weak institutional oversight (OECD, 2022). These structural conditions heighten exposure to human rights impacts.

This dynamic is brought into sharp relief by the findings of FGV CeDHE's research on the Brazilian cocoa value chain. It is important to note that the article adopted a comprehensive approach to presenting the findings, without exhausting the full analytical depth of the empirical material, to highlight the key structural and socioeconomic patterns shaping human rights impacts in cocoa farming in the country. It showed that labour- and children's rights-related impacts are deeply embedded in territorial realities and shaped by the interaction between intermediation structures, poor working conditions, and territorial and household vulnerabilities. As such, these impacts are not isolated phenomena but interconnected and mutually reinforcing, spanning productive and domestic spheres.

This finding has important implications for HRDD. It indicates that adverse human rights impacts in agricultural value chains cannot be effectively addressed through isolated or fragmented interventions but rather require systemic and integrated responses capable of engaging with the underlying drivers of vulnerability. In many cases, addressing such drivers exceeds the capacity of individual companies and depends on collaborative efforts involving business partners, public authorities and civil society organisations; moreover, establishing such partnerships can itself be challenging.

Lastly, it is worth acknowledging that the cocoa sector has not remained static in the face of these challenges. Mechanisms such as CLMRS, widely implemented by cocoa buyers and manufacturers, as well as the incorporation of the UNGPs into guidance frameworks of international sectoral bodies such as the International Cocoa Organization, reflect growing efforts to respond to sector-wide adverse impacts (OIT, MPT, 2018). In turn, the sectoral initiative CocoaAction Brazil, a private-public partnership that fosters the development of the value chain, brings together key players in the country's cocoa and chocolate industry to advance sustainability, improve the livelihood and working conditions for cocoa-growing families, and strengthen forest-positive production systems (World Cocoa Foundation, n.d.). The platform also supports farmers, cooperatives and industries to meet national sustainability goals and to respond to new international requirements such as the EUDR, therefore addressing key issues surrounding human rights impacts and the implementation of HRDD in the sector (World Cocoa Foundation, n.d.).

Based on this article, future studies could deepen the analysis of how companies operationalise HRDD in practice across different value chains, including examining whether there are distinctions between the mechanisms and processes applied to companies' own operations and those applied to their broader business relationships. Future research would benefit from examining how companies navigate the tension between formal HRDD commitments and the structural conditions (informality, territorial distance, and power asymmetries) that this article has shown to be central issues that need to be addressed to effectively prevent and mitigate human rights impacts in agricultural value chains.

Acknowledgements

The authors would like to acknowledge and thank the contributions of all the researchers involved in FGV CeDHE's applied research project, whose work on data collection and analysis informed the findings presented in this article.

References

Alford M. Public governance and multi-scalar tensions in global production networks: Crisis in South African fruit [Doctoral thesis]. The University of Manchester, Faculty of Humanities; 2015. Available at: https://research.manchester.ac.uk/en/studentTheses/public-governance-and-multi-scalar-tensions-in-global-production-

BRASIL. Câmara dos Deputados. Projeto de lei n.º 572, de 2022: Cria a lei marco nacional sobre Direitos Humanos e Empresas e estabelece diretrizes para a promoção de políticas públicas no tema; 2022. Available at: https://www.camara.leg.br/proposicoesWeb/prop_mostrarintegra?codteor=2148124&filename=PL%20572/2022

BRASIL. Presidência da República. Decreto n.º 11.772, de 9 de novembro de 2023; 2023. Available at: https://www.planalto.gov.br/ccivil_03/_ato2023-2026/2023/decreto/D11772.htm

Danish Institute for Human Rights (DIHR). Human rights impact assessment guidance and toolbox; 2020. Available at: https://www.humanrights.dk/sites/humanrights.dk/files/media/dokumenter/udgivelser/hria_toolbox_2020/eng/dihr_hria_guidance_and_toolbox_2020_eng.pdf

Danish Institute for Human Rights (DIHR). Mandatory human rights due diligence laws: Key design features and practical considerations; 2025. Available at: https://www.humanrights.dk/files/media/document/Guidance%20on%20developing%20a%20mHRDD%20law_web_ENG.pdf

De Schutter O. Towards mandatory human rights due diligence at the EU level. European Commission; 2020. Available at: https://op.europa.eu/en/publication-detail/-/publication/

Eller KH. Pricing and distribution in global value chain regulation. SSRN; 2025. Available at: https://ssrn.com/abstract=5142749

Estival KGS, Correa SRS. Reflexões sobre a invisibilidade do trabalho das mulheres rurais na cadeia de valor do cacau no Brasil. Revista Latino-Americana de Geografia e Gênero. 2017; 8: 18-34.

European Commission, et al. Study on due diligence requirements through the supply chain: Part I – Synthesis report. Publications Office of the European Union; 2020. Available at: https://doi.org/10.2838/688

European Union. Regulation (EU) 2023/1115 of the European Parliament and of the Council of 31 May 2023 on deforestation-free products. EUR-Lex; 2023. Available at: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32023R1115

European Union. Directive (EU) 2024/1760 of the European Parliament and of the Council of 13 June 2024 on corporate sustainability due diligence and amending Directive (EU) 2019/1937 and Regulation (EU) 2023/2859. EUR-Lex; 2024. Available at: https://eur-lex.europa.eu/eli/dir/2024/1760/oj

Fernandez-Stark K, Gereffi G. Global value chain analysis: A primer. 2nd ed. In: Ponte S, Gereffi G, Raj-Reichert G, coordinators. Handbook on Global Value Chains. Edward Elgar Publishing; 2019. Available at: https://doi.org/10.4337/9781788113779

Frederick S. Global value chain mapping. In: Ponte S, Gereffi G, Raj-Reichert G, coordinators. Handbook on Global Value Chains. Edward Elgar Publishing; 2019. Available at: https://doi.org/10.4337/9781788113779

Hojaij TB. Public governance and the role of justice institutions: The case of the cocoa value chain in Brazil [Doctoral thesis]. University of Manchester; [in press, 2025].

Horner R, Alford M. The roles of the state in global value chains. In: Ponte S, Gereffi G, Raj-Reichert G, coordinators. Handbook on Global Value Chains. Edward Elgar Publishing; 2019. pp. 555-569.

International Finance Corporation. Performance standards on environmental and social sustainability. World Bank Group; 2012.

International Labour Organization (ILO). Tripartite declaration of principles concerning multinational enterprises and social policy. Amended ed. ILO; 2022.

Kaplinsky R. Competition policy and the global coffee and cocoa value chains. UNCTAD Discussion Papers, 31; 2004. Available at: https://www.ids.ac.uk/download.php?file=files/RKaplinskycocoacoffee05.pdf

KnowTheChain, Business and Human Rights Resource Centre (BHRRC). 2026 food and beverage benchmark: Key findings report. Business & Human Rights Resource Centre; 2026. Available at: https://media.business-humanrights.org/media/documents/KnowTheChain_2026_food_and_beverage_key_findings_report_PT.pdf

KPMG. Evolution of ESG investing: Near-term implications and strategies for asset managers; 2022. Available at: https://assets.kpmg.com/content/dam/kpmgsites/es/pdf/2022/04/evolution-esg-investing.pdf.coredownload.inline.pdf

Lafarre A, Rombouts B. Towards mandatory human rights due diligence: assessing its impact on fundamental labour standards in global value chains. European Journal of Risk Regulation. 2022; 13(4): 567-583. Available at: https://www.researchgate.net/publication/363156664_Towards_Mandatory_Human_Rights_Due_Diligence_Assessing_Its_Impact_on_Fundamental_Labour_Standards_in_Global_Value_Chains

Lee J, Gereffi G, Beauvais J. Global value chains and agrifood standards: Challenges and possibilities for smallholders in developing countries. Proceedings of the National Academy of Sciences of the United States of America. 2012; 109(31): 12326-12331. Available at: https://doi.org/10.1073/pnas.0913714108

McCorquodale R, Nolan J. The effectiveness of human rights due diligence for preventing business human rights abuses. Netherlands International Law Review. 2021; 68(3): 455-478. Available at: https://doi.org/10.1007/s40802-021-00201-x

Mustapha K. Taste of child labour not so sweet: A critique of regulatory approaches to combating child labour abuses by the U.S. chocolate industry. Washington University Law Review. 2010; 87(5).

Nunes HSJ, Bastos RZ. Cacau, chocolate e turismo na região transamazônica, Pará: Contribuições ao desenvolvimento local. Revista Turydes: Turismo y Desarrollo. 2018; (25). Available at: https://www.eumed.net/rev/turydes/25/cacau-para.html

Organisation for Economic Co-operation and Development (OECD). Responsible business conduct in the agriculture sector in Latin America and the Caribbean. OECD Publishing; 2022. Available at: https://doi.org/10.1787/f9f01757-en

Organisation for Economic Co-operation and Development (OECD). OECD guidelines for multinational enterprises on responsible business conduct. OECD Publishing; 2023a. Available at: https://doi.org/10.1787/81f92357-en

Organisation for Economic Co-operation and Development (OECD). Business handbook on due diligence in the cocoa sector: Addressing child labour and forced labour. OECD Publishing; 2023b. Available at: https://doi.org/10.1787/79812d6f-en

Organisation for Economic Co-operation and Development (OECD), Food and Agriculture Organization of the United Nations (FAO). OECD-FAO guidance for responsible agricultural supply chains. OECD Publishing; 2016. Available at: https://www.oecd.org/content/dam/oecd/en/publications/reports/2016/10/oecd-fao-guidance-for-responsible-agricultural-supply-chains_g1g63c3a/9789264251052-en.pdf

Organização Internacional do Trabalho (OIT), Ministério Público do Trabalho (MPT). Cadeia produtiva do cacau: Avanços e desafios rumo à promoção do trabalho decente: Análise situacional; 2018. Available at: https://www.ilo.org/wcmsp5/groups/public/---americas/---ro-lima/---ilo-Brazilia/documents/publication/wcms_817094.pdf

Principles for Responsible Investment (PRI). The risk-based approach to due diligence: Practical, proportionate and effective human rights and environmental due diligence (HREDD) for investors and investees; 2025. Available at: https://public.unpri.org/download?ac=23786

Rogge M. Risk, uncertainty and the future of corporate human rights due diligence [Corporate Responsibility Initiative Working Paper No. 81]. Harvard Kennedy School; 2022. Available at:

https://www.hks.harvard.edu/sites/default/files/centers/mrcbg/files/CRI_81_AWP_FINAL.pdf

Ruggie JG, Middleton EK. Money, millennials and human rights: Sustaining "sustainable investing" [Corporate Responsibility Initiative Working Paper No. 69]. Harvard Kennedy School; 2018. Available at: https://www.hks.harvard.edu/sites/default/files/centers/mrcbg/working.papers/CRI69_FINAL.pdf

Smit L, et al. Human rights due diligence in global supply chains: Evidence of corporate practices to inform a legal standard. The International Journal of Human Rights. 2021; 25(6): 945-973. Available at: https://doi.org/10.1080/13642987.2020.1799196

The Centre for Child Rights and Business. Beyond first-tier: The imperative for international brands to engage with lower tier suppliers on human rights due diligence [White paper]; 2026. Available at: https://childrights-business.org/public/uploads/files/20260210/e544a58f85114848eed01a2016fbf255.pdf

United Nations. A/HRC/8/5. Report of the Special Representative of the Secretary-General on the issue of human rights and transnational corporations and other business enterprises, John Ruggie; 2008. https://documents.un.org/doc/undoc/gen/g08/128/61/pdf/g0812861.pdf

United Nations. Guiding principles on business and human rights: Implementing the United Nations "Protect, Respect and Remedy" framework; 2011. Available at: https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr_en.pdf

United Nations. The corporate responsibility to respect human rights: An interpretive guide; 2012. Available at: https://www.ohchr.org/sites/default/files/Documents/publications/hr.puB.12.2_en.pdf

United Nations. A/73/163: The report of the Working Group on the issue of human rights and transnational corporations and other business enterprises; 2018. Available at: https://www.ohchr.org/en/documents/thematic-reports/a73163-report-working-group-issue-human-rights-and-transnational

United Nations. Raising the ambition – Increasing the pace: UNGPs 10+ roadmap for the next decade of business and human rights; 2021. Available at: https://www.ohchr.org/sites/default/files/documents/issues/business/ungps10/2022-11-08/UNGPS_ROADMAPPLUS10_EN.pdf

Wood S. The case for leverage-based corporate human rights responsibility. Business Ethics Quarterly. 2012; 22(1): 63-98. Available at: https://doi.org/10.5840/beq20122215

World Cocoa Foundation. CocoaAction Brasil; [n.d.]. Available at: https://worldcocoafoundation.org/programmes-and-initiatives/cocoaaction-brasil