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Corporate Human Rights Due Diligence in Indonesian Supply Chains

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Abstract

Mandatory human rights due diligence increasingly shapes global supply chains, while Indonesia's business-and-human-rights framework remains distributed across sectoral laws and policy instruments. This doctrinal and comparative study assesses the legal status of Indonesian HRDD elements and develops an implementable governance model. It maps national company, investment, environmental, labour, and human-rights rules against nine due-diligence functions, distinguishing binding duties, institutional expectations, and voluntary guidance. Comparative analysis considers the UNGPs, OECD standards, France, Germany, Norway, and the EU Corporate Sustainability Due Diligence Directive as amended in 2026. The findings identify substantive obligations but no general enforceable HRDD cycle across Indonesian supply chains. Operational barriers include fragmented remedy routes, limited supplier capacity, duplicate information requests, compliance costs, and unequal buyer-supplier bargaining power. The study's original contribution is a provision-based legal integration matrix linked to a seven-stage, size-sensitive governance sequence with defined responsibility, auditable indicators, stakeholder participation, and remedy referrals. Existing rules can support sector compliance and administrative coordination; imposing a new cross-sector duty with sanctions requires legislative authority. Indonesian suppliers face different consequences depending on direct foreign statutory coverage or indirect contractual demands. The model offers a proportionate pathway for preventing and remedying severe risks without equating documentation with compliance.

Keywords: *Business and Human Rights, Due Diligence, Indonesia, Supply Chains, Corporate Accountability.*

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INTRODUCTION

Human rights due diligence has moved from a predominantly soft-law expectation toward a field in which voluntary standards, sector regulation, contractual governance, and mandatory legislation increasingly overlap. The United Nations Guiding Principles on Business and Human Rights (UNGPs) define corporate responsibility around the identification, prevention, mitigation, tracking, communication, and remediation of adverse human-rights impacts. The 2023 OECD Guidelines for Multinational Enterprises on Responsible Business Conduct develop a risk-based process extending beyond a company's own operations to business relationships. Recent scholarship consequently treats due diligence not as a single audit but as an ongoing governance cycle tied to impact severity, leverage, stakeholder engagement, and remedy (Choudhury, 2023; Leite, 2023; Lichuma, 2024; Smit et al., 2023).

Indonesia entered a new policy phase with Presidential Regulation No. 60 of 2023 on the National Strategy for Business and Human Rights. The Regulation structures the strategy around government obligations to protect human rights in business activities, business responsibility to respect human rights, and access to remedy for alleged business-related abuses. It also establishes a national task force architecture, complemented by Ministry of Law and Human Rights Regulation No. 13 of 2024 on national and regional business-and-human-rights task forces. These measures are institutionally significant because they locate business and human rights within national governance rather than treating it solely as corporate social responsibility. Contemporary Indonesian analysis identifies this policy framework as an important institutional step while also emphasizing its limits as a substitute for a general mandatory due-diligence statute (Chang, 2024; Muhammad, 2024).

The domestic statutory landscape is dispersed across sectors that face different human-rights risks. Garment and footwear subcontracting can complicate the identification of labour abuses; palm-

oil and timber sourcing can raise land and livelihood concerns; mining, infrastructure, and fisheries can involve community, safety, or migrant-worker risks. These are risk pathways requiring legal assessment, not empirical findings about particular firms. Article 74 of Law No. 40 of 2007 establishes social and environmental responsibility for companies operating in or related to natural resources, while Article 15(b) of Law No. 25 of 2007 addresses investors' corporate social responsibility. Environmental assessment and enforcement under Law No. 32 of 2009 provide further sector-specific controls. Separate permits, audits, CSR reports, and labour inspections may nevertheless miss risks transmitted through subcontractors or purchasing practices. Their different coverage and remedial routes complicate a unified assessment of affected persons' rights (Chang, 2024; Sihombing, 2024).

Previous Indonesian studies establish the legal foundation but leave a narrower doctrinal problem unresolved. Muhammad (2024) evaluates the National Strategy for Business and Human Rights and its interaction with investment governance; Chang (2024) examines the wider corporate human-rights framework; and Sihombing (2024) addresses the strategy in public-private infrastructure partnerships. These studies clarify legal and institutional developments, but do not collectively provide a provision-by-provision test of enforceability across the full HRDD cycle, a size-sensitive implementation sequence, and a distinction between direct foreign statutory coverage and supplier contracts. The present study addresses that gap by mapping legal sources onto nine functions, separating enforceable obligations from institutional expectations and soft-law guidance, and linking each identified gap to a competent institution and available remedy. The proposed contribution is an integration method rather than a claim that the National Strategy already creates a new general corporate duty (Choudhury, 2023; Qaiser et al., 2026).

The external regulatory environment adds a transnational dimension. Directive (EU) 2024/1760 on corporate sustainability due diligence requires covered companies to conduct risk-based human-rights and environmental due diligence through measures including policy integration, impact identification and assessment, prevention and mitigation, complaints and notification mechanisms, monitoring, and communication. The Directive was amended in 2025 and again by Directive (EU) 2026/470, and the consolidated version effective in March 2026 must be used rather than the original 2024 text alone. The legal duties apply to companies within the Directive’s scope, but their operational effects can reach suppliers outside the European Union because covered companies must address adverse impacts linked to parts of their chains of activities. Recent scholarship treats the Directive as part of a broader transition from soft-law expectations to legally structured, risk-based supply-chain obligations (Bueno et al., 2024; Buhmann & Feld, 2024; Ciacchi, 2024).

Foreign due-diligence duties should not be confused with automatic application to every Indonesian supplier. Under the amended EU CSDDD, a non-EU company may itself fall within the Directive's scope if its relevant EU turnover exceeds the statutory threshold; an ordinary Indonesian supplier below that threshold does not become directly regulated merely by selling to an in-scope buyer. Its exposure instead usually arises through requests for risk information, prevention cooperation, contract conditions, and monitoring as buyers prepare for their own duties. Smaller suppliers may lack dedicated compliance staff, reliable lower-tier records, or bargaining power to negotiate the costs of those requests. This makes direct statutory coverage, contractual transmission, and voluntary commercial standards analytically separate categories (Buhmann & Feld, 2024; Hogan & Reyes, 2023; European Union, 2026).

An Indonesian response should integrate existing legal functions rather than replicate a foreign statute. This article asks which HRDD stages already rest on binding Indonesian law and which remain institutional or voluntary, and how those stages can become an operational system for companies of different sizes. Its original doctrinal contribution is a nine-function, provision-level legal integration model that links the source and addressee of a duty to governance responsibility, risk severity, verification, and an accessible remedy. Comparative techniques are assessed for compatibility with domestic regulators, supplier capacities, and the current national task-force architecture. The model also specifies where coordination and existing statutory powers may suffice and where a general enforceable supply-chain duty would require legislation (Choudhury, 2023; Schilling-Vacaflor & Gustafsson, 2024).

This article asks two questions. First, which elements of human rights due diligence are already present in Indonesian law and Presidential Regulation No. 60 of 2023? Second, how should those elements be integrated to respond to domestic accountability needs and the changing legal expectations

of global supply chains? The article proposes an Indonesian HRDD architecture based on legal integration, risk prioritization, stakeholder participation, board-level responsibility, traceable prevention measures, grievance accessibility, and remedy.

RESEARCH METHODS

This study uses normative doctrinal legal research with statutory, conceptual, and functional comparative approaches; it does not claim to measure company practices through fieldwork. Indonesian primary materials comprise the 1945 Constitution, Law No. 39 of 1999 on Human Rights, Law No. 40 of 2007 on Limited Liability Companies as amended, Law No. 25 of 2007 on Investment, Law No. 32 of 2009 on Environmental Protection and Management as amended, Presidential Regulation No. 60 of 2023, and Ministry of Law and Human Rights Regulation No. 13 of 2024. The UNGPs, 2023 OECD Guidelines, and ILO Tripartite Declaration supply interpretive benchmarks rather than Indonesian statutory duties. France was selected for its vigilance-plan and liability design, Germany for risk-management and administrative supervision, and Norway for transparency and information rights; the EU CSDDD provides a regional model for supply-chain relationships. These contrasting mechanisms are relevant to Indonesian exporters, but differences in regulatory capacity and business size preclude direct legal transplantation. The EU comparison uses the Directive as consolidated on 18 March 2026 (European Union, 2026).

The analysis proceeded in four steps. First, provisions were extracted and coded against nine HRDD functions: policy integration, risk identification, prioritization, prevention, mitigation, stakeholder engagement, grievance/notification, remediation, and monitoring/disclosure. Second, each provision was classified as binding where positive law identifies a duty-holder and legally cognizable obligation, with enforcement or remedy traced separately; as an institutional expectation where it directs planning or coordination without imposing that corporate duty; or as voluntary guidance where compliance is not compelled by the cited instrument. A single instrument could receive different classifications for different provisions. Third, the analysis recorded the duty-holder, affected rights, business-relationship reach, implementing authority, compliance evidence, and remedy interface; Tables 1 and 2 synthesize that coding. Fourth, comparative mechanisms were tested against those domestic gaps and translated into proportionate actions, auditable indicators, and proposals requiring administrative coordination, subordinate regulation within existing authority, or new legislation. The resulting architecture is a normative legal proposal, not an observed or statistically validated company-performance model (Choudhury, 2023; Lichuma, 2024; Rogerson et al., 2024).

RESULTS AND DISCUSSION

Indonesia's Fragmented but Substantive Due-Diligence Baseline

Presidential Regulation No. 60 of 2023 establishes Indonesia's national business-and-human-rights strategy around protection, respect, and remedy, with implementation supported by Ministry Regulation No. 13 of 2024. Its task-force and policy-coordination provisions are institutionally significant, but do not independently establish a cause of action against every company for omitting any UNGP due-diligence step. That distinction has legal consequences: a failure to publish an integrated HRDD register does not, without a relevant legal basis, trigger the same sanction as breach of a statutory environmental or investment obligation. Accountability therefore requires identifying the particular norm, legal addressee, competent authority, and available remedy for each alleged harm. Tables 1 and 2 distinguish those existing legal anchors from functions still dependent on coordination or voluntary practice (Chang, 2024; Muhammad, 2024).

Table 1. Indonesian Legal Sources Relevant to Human Rights Due Diligence

Instrument	Principal legal function	HRDD stage supported	Structural limitation
Constitution and Law 39/1999 on Human Rights	State duties and protected rights	Normative baseline and remedy	Primarily rights framework; not a complete corporate

Instrument	Principal legal function	HRDD stage supported	Structural limitation
			due-diligence procedure
Presidential Regulation 60/2023	National Business and Human Rights Strategy; protection, respect, remedy	Policy integration, coordination, remedy architecture	Strategy does not create a unified mandatory HRDD cycle for all companies
Company Law 40/2007, Art. 74	Corporate governance; social and environmental responsibility	Policy/governance, environmental-social responsibility	Sector-specific CSR duty and applicable sanctions; no general supply-chain HRDD claim
Investment Law 25/2007, Arts. 15(b), 34	Good corporate governance and corporate social responsibility obligations	Governance and responsible investment	Investor obligations and administrative sanctions; no unified nine-stage HRDD duty
Environmental Law 32/2009 as amended	Environmental assessment, prevention, liability and enforcement	Identification, prevention, mitigation, remediation	Sector-specific enforcement and remedies; other rights need separate legal bases
Permenkumham 13/2024	National/regional BHR task-force working arrangements	Implementation, coordination, monitoring	Institutional coordination rather than company-level mandatory HRDD procedure

Company and investment legislation illustrates the difference between a duty to conduct responsible business and a comprehensive HRDD procedure. Article 74(1) of Law No. 40 of 2007 requires social and environmental responsibility from companies operating in or related to natural resources; Article 74(3) refers non-compliance to sanctions under applicable laws. Article 15(b) of Law No. 25 of 2007 places a social-responsibility duty on investors, while Article 34 provides administrative sanctions for non-fulfilment of specified investment obligations. Those mechanisms should not be presented as a general right of action for a missing nine-stage supply-chain audit. A company may fund community programmes yet fail to assess forced labour or land acquisition by subcontractors. The proposed integration model uses these existing duties as legal entry points while treating wider risk mapping and board-level HRDD oversight as proposed measures until independently required (Chang, 2024; Rogerson et al., 2024).

Environmental law contains some of the strongest existing due-diligence analogues. Environmental impact assessment, licensing/approval requirements, pollution prevention, monitoring, liability, and community participation require companies to identify and control particular categories of risk before and during operations. These mechanisms show that Indonesian law is familiar with prevention-based corporate regulation. The gap is horizontal integration: an environmental assessment can be rigorous while risks involving forced labour, discrimination, privacy, security personnel, land conflict, or freedom of association remain governed by separate legal regimes. Recent due-diligence literature similarly treats environmental and human-rights risk as increasingly integrated rather than institutionally separate fields (Dehm, 2023; Perram & Jiwan, 2023; Shulman, 2024).

Table 2. Functional Mapping of Existing Indonesian Duties to the HRDD Cycle

HRDD function	Existing Indonesian legal analogue	Current strength	Integration need
Policy integration	Corporate governance duties; Stranas BHAM; internal compliance	Medium	Explicit board-approved human-rights policy linked to risk management
Risk identification	AMDAL/environmental assessment; labour and safety compliance	Strong in selected sectors	Cross-rights mapping across operations and business relationships
Risk prioritization	Environmental materiality and enforcement priorities	Uneven	Severity-based human-rights prioritization
Prevention/mitigation	Permit conditions, OHS, labour and environmental duties	Substantial but fragmented	Single action plan with owners, deadlines and leverage strategy
Stakeholder engagement	Environmental participation and consultation mechanisms	Sector-dependent	Safe and meaningful worker/community voice, with accessible formats
Grievance/remedy	Courts, agencies, company mechanisms, Stranas remedy pillar	Multiple channels	Referral to competent regulators/courts; confidential, non-retaliatory reporting
Monitoring/disclosure	Environmental reporting, company reports, sector disclosures	Fragmented	Comparable HRDD indicators and public communication

Rights protection and enforceability must be assessed separately. Law No. 39 of 1999 and constitutional guarantees identify protected interests and State responsibilities, but the applicable legal claim still depends on a concrete cause of action and forum. Environmental damage may implicate obligations and civil relief under Law No. 32 of 2009, while workplace complaints may follow labour inspection or dispute-resolution routes and contractual claims may be pursued under contract law. The same supply-chain event can therefore produce different duties, evidentiary burdens, and remedies without a single general HRDD action. An integrated company grievance channel should refer cases to the competent process rather than present its internal resolution as a replacement for statutory rights (Deva et al., 2023; Karp, 2023).

The national task-force structure created by Presidential Regulation No. 60 of 2023 and operationalized through Ministry Regulation No. 13 of 2024 can help close coordination gaps. Its value lies in creating a forum through which ministries, regions, companies, and stakeholders can align implementation. The task-force model should not replace independent regulators or courts; it can instead function as an integration mechanism that identifies recurring sector risks, produces guidance, monitors national strategy implementation, and connects companies with remedy institutions. The national strategy therefore has particular institutional significance even though recent scholarship questions whether current Indonesian law yet supplies a complete mandatory HRDD architecture (Muhammad, 2024; Qaiser et al., 2026).

Indonesia's baseline is therefore substantively extensive but procedurally fragmented. Large firms may spread legal mapping, supplier monitoring, and reporting across specialist units, whereas small and medium-sized suppliers can face repeated buyer questionnaires, limited translation or audit capacity, and difficulties tracing lower-tier contractors. Neither company size nor a CSR certificate establishes the severity of risk, and no general cross-sector statutory procedure currently connects all the HRDD functions for every business. A proportionate baseline should begin with a short risk register, a named responsible person, available worker or community feedback channels, and referral to existing regulators, with enhanced documentation for serious or complex risks. These are proposed operational steps, not new duties imposed by Presidential Regulation No. 60 of 2023 (Muhammad, 2024; Sihombing, 2024).

The legal status of the National Strategy is important because policy architecture and corporate obligation should not be conflated. Presidential Regulation No. 60 of 2023 establishes a national business-and-human-rights framework, but the existence of a strategy does not by itself convert every UNGP due-diligence element into a directly enforceable private-law duty. Recent Indonesian analysis treats the strategy as an institutional platform that can coordinate State expectations, task forces, and business conduct while interacting with pre-existing company, investment, environmental, labour, and human-rights norms (Chang, 2024; Muhammad, 2024; Sihombing, 2024). The practical implication is that compliance mapping must identify the source of each obligation. Some duties are statutory, some arise from permits or sector regulation, some are contractual, and some remain standards of responsible conduct. A credible HRDD model should make these categories visible rather than presenting the entire framework as a single undifferentiated mandate. That distinction improves legal certainty while preserving the strategy's coordinating function.

Environmental regulation provides the strongest route for integrating human-rights and ecological risk without creating parallel compliance systems. Environmental impact assessment, monitoring, pollution control, and restoration obligations already require firms to identify and manage foreseeable harms that frequently have direct human-rights consequences for health, livelihood, land, water, and community life. Contemporary scholarship increasingly treats human-rights and environmental due diligence as connected processes, particularly where climate and deforestation risks affect communities through supply chains (Dehm, 2023; Perram & Jiwan, 2023; Shulman, 2024). For Indonesian firms, the institutional advantage of integration is substantial: the same factual assessment can inform environmental compliance and human-rights risk identification while the legal consequences remain tied to their respective regimes. Integration should not collapse one field into the other. It should ensure that environmental data are reviewed for rights impacts and that human-rights assessments capture ecological drivers of harm. This is especially important in natural-resource and infrastructure sectors where environmental and social impacts are operationally inseparable.

Company-law concepts also require careful separation from a rights-based due-diligence framework. Corporate social and environmental responsibility can support expenditure, governance, and reporting, but HRDD asks a different question: whether a company has identified actual or potential adverse impacts and acted according to its relationship to those impacts. Scholarship has warned that corporate-law structures may create incentives to prioritize firm interests even when human-rights risks are serious, and that procedural due diligence alone may not resolve those structural tensions (Choudhury, 2023; Deva et al., 2023; Leite, 2023). An Indonesian architecture should therefore avoid equating philanthropy, community-development spending, or sustainability reporting with due diligence. Those activities may be relevant evidence, but they do not substitute for risk identification, prevention, mitigation, tracking, communication, and remedy. The distinction is analytically important because a company can spend extensively on social programs while failing to address severe risks generated by its own operations or purchasing practices.

Fragmentation has its greatest consequence when an affected worker or community seeks an effective remedy. Environmental agencies, labour inspectors, courts, company complaint units, and regional task forces have different mandates and procedures; unclear referral routes may cause delay or force vulnerable complainants to repeat sensitive allegations. A large corporation can assign legal staff to navigate these channels, while a small supplier or temporary worker may have no such support. National and Regional Task Forces should therefore publish referral maps, designate contact points, and coordinate anonymized case categories without assuming the powers of courts or statutory regulators. Company-level channels should allow confidential or assisted reporting, avoid retaliation and waiver clauses, record referral consent, and inform complainants of external options. This approach connects institutional strategy to the legal consequences and accessibility of existing remedies (Chang, 2024; Qaiser et al., 2026; Sihombing, 2024).

External Due-Diligence Regimes and Indonesian Supply-Chain Exposure

Comparative analysis must distinguish present legal status from prospective corporate compliance. Directive (EU) 2024/1760, as amended by Directives (EU) 2025/794 and 2026/470, sets a narrower scope and later application timetable than its original 2024 version: Member States must transpose the amended rules by 26 July 2028 and apply them from 26 July 2029, with Article 16 reporting measures applying for financial years beginning on or after 1 January 2030. France, Germany,

and Norway provide different national combinations of vigilance planning, administrative oversight, complaints, and disclosure. Their techniques are comparative examples, not automatically applicable Indonesian law; the EU changes also mean supplier exposure should be described as prospective regulatory and existing contractual pressure, rather than implying the CSDDD currently imposes all its substantive duties (Bueno et al., 2024; Ciacchi, 2024; European Union, 2026).

Table 3. Comparative Mandatory Due-Diligence Regimes

Regime	Core regulatory technique	Supply-chain/business-relationship relevance	Relevance for Indonesian suppliers
EU CSDDD, amended 2026 (applies from 2029)	Prospective HRDD for very large EU and qualifying non-EU companies	Covers own operations, subsidiaries and defined chain-of-activities relationships	Below-scope suppliers face indirect buyer requests, not automatic statutory duties
Germany Supply Chain Due Diligence Act	Risk management, risk analysis, preventive/remedial measures, complaints, reporting	Direct suppliers central; indirect suppliers addressed under statutory conditions	German buyers may transmit compliance expectations contractually
France Duty of Vigilance Law	Vigilance plan for serious human-rights, health/safety and environmental risks	Own operations, controlled companies, established business relationships	Large French groups may map and manage risks involving Indonesian operations/suppliers
Norway Transparency Act	Due diligence and public information duties	Business relationships and supply chains	Information and due-diligence requests can flow to suppliers
UNGPs/OECD	Risk-based responsible business conduct without general treaty-level corporate compulsion	Business relationships are integral to prevention and leverage	Common baseline used in contracts, finance, procurement and ESG systems

The consolidated EU CSDDD provides a precise test for distinguishing direct statutory coverage from indirect commercial effects. Under amended Article 2, an EU company generally requires more than 5,000 employees and more than EUR 1.5 billion in worldwide net turnover, while a non-EU company can qualify through more than EUR 1.5 billion in EU net turnover; specific group and franchising rules also apply. An Indonesian company meeting the non-EU test could itself be in scope after national implementation, but a smaller exporter is not directly subject to EU corporate due-diligence duties solely because an EU customer purchases its products. Articles 5, 7, and 8 structure due diligence, policy integration, and impact assessment, and the 2026 amendments limit partner-information requests to necessary information, with added safeguards for partners employing fewer than 5,000 persons. The amendment also deleted Article 22 on mandatory climate-transition plans, so that former obligation should not be carried into the current CSDDD description. These distinctions support a contract-by-contract assessment of the actual duty-holder and applicable time frame (European Union, 2026; Buhmann & Feld, 2024).

Contractual compliance can redistribute cost without redistributing capacity or responsibility. International buyers may request worker rosters, subcontractor lists, audit evidence, corrective-action plans, and grievance records; smaller Indonesian suppliers must collect and translate information, pay for assessments, and sometimes duplicate disclosures for different customers. Suppliers may be unable to contest unrealistic deadlines or audit charges because of unequal bargaining power, while buyers control purchasing prices, order changes, and lead times that can produce risk. Information asymmetry

also means an apparently satisfactory supplier declaration may conceal unregistered subcontracting or worker intimidation. A risk-sensitive contract should specify why requested information is necessary, allocate verification and remediation costs fairly, protect confidential worker data, and examine whether the buyer's own practices contributed to the harm. Formal signatures alone do not demonstrate effective prevention (Hogan & Reyes, 2023; Lichuma, 2024; Schilling-Vacaflor & Gustafsson, 2024).

Table 4. Supply-Chain Transmission Mechanisms Affecting Indonesian Firms

Mechanism	Typical buyer request	Potential benefit	Legal/governance risk
Supplier code and contractual clause	Adopt human-rights standards and permit monitoring	Clarifies expectations	Boilerplate may shift responsibility without resources or leverage
Risk questionnaire/data request	Provide workforce, sourcing, land, safety and grievance information	Improves visibility	Supplier costs, repeated demands and confidential worker data
Audit/assessment	Permit document review or site verification	Identifies compliance gaps	Audit snapshot can miss hidden or systemic abuses
Corrective-action plan	Remedy identified non-conformity by deadline	Creates traceable prevention/mitigation process	Deadline/cost pressure may conceal violations and shift buyer responsibility
Commercial leverage	Adjust sourcing, financing, training or purchasing practices	Can address root causes	Abrupt disengagement may worsen harm
Remediation cooperation	Support worker/community remedy and grievance resolution	Centers affected persons	Unclear allocation of cost and responsibility

The due-diligence relationship is also relevant to Indonesian companies that operate as parents, exporters, state-linked enterprises, lenders, or major domestic buyers. Even where foreign legislation does not apply, UNGP and OECD expectations can influence financing, procurement, export markets, joint ventures, and contractual due diligence. The effect is therefore broader than legal extraterritoriality. A domestic HRDD architecture can reduce transaction costs by creating common concepts and documentation rather than forcing suppliers to respond to incompatible buyer questionnaires without a stable national baseline. The investment dimension further shows how business-and-human-rights expectations can shape private governance beyond direct statutory jurisdiction (Polackova Van der Ploeg, 2024; Triefus, 2023).

Comparative law also demonstrates the importance of remediation. Due diligence is not completed when a risk is discovered or a supplier is terminated. Where a company caused or contributed to an adverse impact, the UNGP framework expects remediation, while leverage may be required where the company is directly linked to harm through a business relationship. Modern due-diligence legislation increasingly incorporates complaint mechanisms and corrective action. This is particularly important in supply chains because disengagement may protect a buyer’s reputational position without improving the position of affected workers or communities (Deva et al., 2023; Hogan & Reyes, 2023; Nagaivska & Uvarova, 2024).

For Indonesia, the comparative lesson is functional rather than transplant-based. A national system should ensure that companies can identify salient risks, maintain records that satisfy multiple responsible-business frameworks, engage affected groups, and connect grievances with remedy. It should also prevent due diligence from becoming a cascade of contractual demands imposed without regard to supplier capacity or buyer contribution. This functional approach is consistent with scholarship emphasizing integrated human-rights and environmental due diligence and measurable

company compliance rather than formal policy adoption alone (Schilling-Vacaflor & Gustafsson, 2024; Shulman, 2024).

The scope of each foreign regime must be evaluated before drawing conclusions about an Indonesian supplier's obligations. Relevant variables include the in-scope company's turnover and employee threshold, legal entity or group status, the defined chain of activities, the location of the alleged harm, and the statutory start date. The revised EU CSDDD should not be equated with German, French, or Norwegian rules, which use different coverage and enforcement designs. For an Indonesian supplier, the first question is whether it is itself a regulated non-EU undertaking under the relevant law; otherwise the question is which requests arise from its buyer's duties, ordinary contracts, or voluntary procurement policies. This legal-status matrix reduces unnecessary questionnaires while keeping severe impacts within the risk assessment (Bueno et al., 2024; Buhmann & Feld, 2024; Ciacchi, 2024).

Buyer conduct must be included in that mapping because supply-chain risk is not produced only by supplier misconduct. Prices, lead times, order changes, production peaks, sourcing concentration, and termination threats can create incentives that undermine labour and human-rights standards. Research on mandatory due diligence increasingly questions models that transfer compliance duties downstream without examining the commercial practices of lead firms (Hogan & Reyes, 2023; Lichuma, 2024; Schilling-Vacaflor & Gustafsson, 2024). For Indonesian suppliers, this point has direct contractual significance. Corrective-action plans should identify which measures fall within the supplier's control and which require changes by the buyer or other chain actors. A due-diligence clause that imposes extensive warranties while preserving purchasing practices that contribute to the risk may generate documentation without effective prevention. The legally relevant inquiry should therefore follow causal contribution and leverage, not merely contractual hierarchy.

Climate-related obligations are also becoming inseparable from supply-chain human-rights analysis. Transition plans, emissions reductions, land-use changes, and decarbonization strategies can affect workers and communities even when the environmental objective is legitimate. Current business-and-human-rights scholarship emphasizes that companies should integrate respect for rights into climate action rather than treat climate policy as a separate technical function (Areias, 2024; Dehm, 2023). Deforestation-linked supply chains similarly demonstrate how environmental harm, land rights, livelihoods, and community impacts can converge within a single sourcing decision (Perram & Jiwan, 2023). Indonesian companies in energy, agriculture, mining, infrastructure, and manufacturing therefore need risk registers capable of capturing both environmental and human consequences of transition measures. This integrated approach also reduces the possibility that a company improves one sustainability indicator while externalizing severe social costs to workers, smallholders, or local communities.

Foreign documentation demands offer an interoperability opportunity only if they are proportionate and verifiable. An Indonesian supplier can maintain a common record containing its business relationships, principal risks, corrective actions, worker consultations, and remedy outcomes, then share only the information legitimately required by a specific buyer or regulator. Large firms can maintain central registers and dedicated oversight, while smaller suppliers may use simplified templates, collective training, and buyer-supported assessments without abandoning severe-risk cases. Buyer-side requests should state their legal or contractual basis, purpose, sensitivity, and cost allocation; unnecessary repetition and disclosure of identifiable complainants should be avoided. Reporting volume is not a performance indicator: meaningful evidence concerns measures taken, recurrence of harm, and whether affected people obtained remedy (Rogerson et al., 2024; Gustafsson & Schilling-Vacaflor, 2023).

Toward an Integrated Indonesian HRDD Architecture

The proposed Indonesian HRDD architecture is a seven-stage operational sequence built from existing duties and supplementary responsible-business practices, not an assertion that all seven stages are already compulsory under one statute. At the initial stage, management appoints an accountable officer and approves an internal policy; the firm then maps operations and suppliers, ranks the severity of harms, selects preventive measures, consults affected people, operates a grievance-and-remedy interface, and reviews effectiveness. The allocation of legal responsibility must be recorded at each step: directors and compliance managers oversee corporate controls, competent labour and environmental agencies enforce their respective laws, and national or regional business-and-human-

rights task forces may coordinate guidance and referrals. Table 5 specifies suggested records for each step; these are proposed evidence tools and do not replace the legal test for an actual statutory violation (Choudhury, 2023; Rogerson et al., 2024).

Table 5. Proposed Indonesian HRDD Governance Cycle

Stage	Corporate action	Legal connection	Minimum auditable output
1. Governance	Approve policy; allocate board/senior responsibility	Company/investment governance; Stranas BHAM	Policy; board owner; oversight record
2. Map	Identify operations, products, geographies and business relationships	Environmental, labour, human-rights and sector laws	Supplier/site map; high-risk coverage rate
3. Prioritize	Assess severity and likelihood; identify vulnerable groups	UNGP/OECD risk-based logic	Severity-ranked register and rationale
4. Prevent/mitigate	Adopt controls and use leverage	Applicable statutory duties and contractual powers	Action owner; due date; on-time completion rate
5. Engage	Consult workers, communities and other affected stakeholders	Participation and labour/environmental mechanisms	Safe consultation log; concerns addressed
6. Grievance/remedy	Operate accessible channel; cooperate with State remedies	Stranas remedy pillar and applicable liability law	Confidential cases; response time; verified remedy
7. Monitor/communicate	Track effectiveness and disclose material process/outcomes	Reporting and governance duties	Recurrence trends; review record; accessible disclosure

Implementation should follow a staged sequence with measurable but proportionate outputs. Stage one establishes a board-approved policy and named owner; stage two identifies higher-risk sites, workers, suppliers, and relationships; stage three records why serious risks are prioritized; stages four and five document corrective action and participation; stages six and seven record grievance outcomes and reassess recurring harm. Suggested indicators are the share of high-risk sites mapped, percentage of corrective actions completed by their due date, accessibility and use of confidential complaint channels, time to first response, proportion of remedies verified with affected persons, and recurrence of substantiated harms. These indicators are monitoring proposals, not empirical results or universal legal thresholds. Small firms can begin with a concise risk log and a functioning referral route, while firms facing severe labour or land risks require deeper verification regardless of size (Areias, 2024; Lichuma, 2024).

Stakeholder engagement must remain usable by people with limited leverage over an employer, contractor, or landholder. Workers, migrants, subcontracted personnel, women, customary communities, and other affected groups may need consultations outside management's presence, accessible languages and formats, independent facilitators, and safe reporting methods. Companies should disclose the purpose of consultation, record what concerns were raised and how decisions changed, and permit confidential follow-up without exposing complainants to supervisors or buyers. Representation cannot be inferred from attendance counts alone; a useful indicator is whether affected groups could raise a concern safely and receive an intelligible response. Environmental participation provisions offer sector-specific legal entry points, but wider inclusion in a voluntary or proposed HRDD process must be distinguished from rights already enforceable under particular laws (Perram & Jiwan, 2023; Qaiser et al., 2026).

Table 6. Legal Integration Matrix for HRDD Implementation

Risk domain	Existing Indonesian legal anchor	HRDD enhancement	Primary remedy interface
Environment and community health	Law 32/2009 and sector permits/approvals	Cross-project cumulative risk mapping; stakeholder follow-up	Environmental authority; statutory enforcement and applicable civil relief
Workers and occupational safety	Labour and OHS legislation	Supply-chain labour mapping; worker voice; purchasing-practice review	Labour inspectorate/disputes; applicable administrative or criminal routes
Land/community impacts	Land, environmental and sector laws; constitutional rights	Early stakeholder mapping; conflict-sensitive engagement; remedy plan	Competent land/sector authorities; civil remedies and mediation
Privacy/digital rights	Law 27/2022 and electronic-system rules	Human-rights risk assessment for monitoring/data systems	PDP enforcement and judicial remedies
Security and violence risks	Criminal law, human-rights norms and sector standards	Security-provider vetting, training, incident escalation	Criminal justice, civil liability and non-judicial remedy
Supply-chain exploitation	Labour, trafficking, immigration and procurement rules	Supplier mapping, responsible purchasing, grievance access	Labour/criminal enforcement plus buyer-supported remediation

Grievance systems should function as safe entry points to remedy rather than public-relations channels. A supplier or buyer should accept confidential, anonymous where practicable, oral, or assisted complaints; provide non-retaliation safeguards; acknowledge a complaint within a stated internal service target; and explain relevant external routes to workers and communities. An independent liaison or worker representative may help complainants who lack literacy, secure technology, or bargaining power. Case records should track response time, escalation, remedy agreed, implementation, and complainant feedback without disclosing identities unnecessarily. Internal procedures must not require the waiver of judicial or statutory claims, and unresolved labour, environmental, criminal, or civil issues should be referred to competent authorities. These are proposed operational safeguards anchored in the remedy pillar of the National Strategy and UNGP effectiveness criteria, not new statutory limitation periods (Qaiser et al., 2026; Smit et al., 2023).

Monitoring must assess reduced harm, not merely completed audits or training sessions. A proposed dashboard can distinguish input measures (sites covered, consultations held), implementation measures (corrective actions closed on time), and outcome measures (recurrence of substantiated violations, accessibility of complaint channels, and remedy confirmed by affected persons). Management should review serious-risk cases promptly and use periodic aggregated results to update purchasing practices, budgets, and supplier support. Regulators retain their own statutory inspection and enforcement roles; task forces could facilitate cross-agency learning without claiming adjudicative power. The suggested metrics support an auditable HRDD cycle but cannot establish legal compliance or immunity by themselves (Lichuma, 2024; Rogerson et al., 2024; Schilling-Vacaflor & Gustafsson, 2024).

The integrated architecture also improves legal defensibility. A company facing regulatory, contractual, financing, or civil scrutiny can produce a coherent record showing how it identified risk, why it prioritized particular impacts, which prevention measures it adopted, how stakeholders were engaged, and what occurred after a complaint. Documentation cannot immunize unlawful conduct, but it enables regulators and courts to distinguish substantive prevention from after-the-fact compliance

narratives. The record should demonstrate substantive diligence rather than merely invoke formal compliance or a supposed safe harbour (Choudhury, 2023; Smit et al., 2023).

The legal route to implementation has three distinct levels. Under existing law, companies can improve internal risk registers, governance assignments, sector compliance, and complaint referrals, while National and Regional Task Forces can coordinate guidance and information-sharing within their established mandates. Competent ministries and regulators may clarify sector-specific reporting, inspection, and referral procedures through subordinate instruments only to the extent their enabling laws authorize them. A general mandatory duty covering all human-rights risks throughout corporate supply chains, with defined supervision, sanctions, and civil remedies, would require an adequate legislative basis rather than being inferred from Presidential Regulation No. 60 of 2023. Proportionate templates and buyer-funded technical assistance can reduce the burden on SMEs, but cannot remove serious risks from assessment (Chang, 2024; Muhammad, 2024).

Sector calibration should be built around a risk taxonomy rather than a simple list of industries. High-risk conditions can arise from land acquisition, migrant labour, subcontracting, conflict exposure, security arrangements, hazardous processes, deforestation, or rapid climate transition, and several of these conditions may exist within the same project. Heightened due diligence is particularly important where business activity occurs in conflict-affected settings because ordinary stakeholder engagement and grievance channels may be unable to identify or mitigate risks created by violence and power asymmetry (Nagaivska & Uvarova, 2024). Climate-transition measures may also require specific attention where operational changes shift burdens onto workers or communities (Areias, 2024). An Indonesian model should therefore permit regulators and task forces to issue sector guidance based on recurring risk patterns while retaining the general HRDD cycle. This allows proportionality without reducing due diligence to company size alone. A smaller enterprise operating in a severe-risk environment may require stronger controls than a larger enterprise whose activities present comparatively limited human-rights exposure.

Regulatory coordination should be built around a common evidence record rather than duplicative reporting. For each material risk, firms could document the applicable norm, legal duty-holder, site or supplier, affected group, prevention step, responsible manager, verification date, grievance status, and referral authority. Environmental and labour authorities would continue to apply their own legal mandates, while the National and Regional Task Forces could disseminate non-binding templates and referral guidance under the National Strategy. The record should distinguish binding compliance items from voluntary HRDD enhancements and identify missing legal powers requiring legislative action. For SMEs, shared training and interoperable buyer questionnaires offer a more realistic route than multiple costly stand-alone audits; large firms can also report supplier-support costs and their own purchasing adjustments. Such coordination prioritizes reliable evidence and remedy over the number of pages in sustainability reports (Muhammad, 2024; Qaiser et al., 2026; Rogerson et al., 2024).

The integrated model should finally reject any assumption that completing a due-diligence process creates automatic immunity from responsibility. Due diligence is preventive and procedural, but the existence of policies, audits, or contractual clauses does not resolve the legal consequences of an adverse impact. Scholarship on safe-harbour proposals warns that procedural compliance can become detached from outcomes if companies are rewarded for documentation despite persistent harm (Smit et al., 2023). Broader critiques likewise argue that due diligence cannot substitute for substantive corporate accountability or effective remedy (Choudhury, 2023; Deva et al., 2023). Indonesian implementation should therefore treat documentation as evidence to be assessed, not as a conclusive defence. Good records may demonstrate serious prevention efforts, while weak or contradictory records may reveal failures in governance or follow-up. The central objective is to improve the capacity of companies and public institutions to prevent, identify, and remedy harm, not to convert HRDD into a procedural shield against scrutiny.

CONCLUSION

Indonesia's legal and policy baseline already includes enforceable sector obligations, protected human-rights interests, and an institutional business-and-human-rights strategy, but not a unified mandatory nine-function HRDD duty for every supply chain. The study's doctrinal contribution is a provision-level classification separating binding law, institutional expectations, and voluntary

standards, combined with a seven-stage implementation sequence that identifies the duty-holder, evidence, and remedy pathway. Existing Company, Investment, and Environmental Law provisions can support targeted compliance and enforcement; Presidential Regulation No. 60 of 2023 and Ministry Regulation No. 13 of 2024 can support coordination but cannot alone create a new general cause of action. The principal near-term priorities are risk mapping in severe-risk operations, clear management responsibility, proportionate SME tools, and functioning referrals to competent remedy institutions.

The comparative assessment confirms that foreign HRDD instruments offer functional techniques, not a directly transferable Indonesian statute. The amended EU CSDDD differentiates companies within its scope from suppliers affected only through commercial relationships and postpones national application to 2029; contracting practice must therefore be examined for excessive information demands, imbalanced costs, and meaningful remediation. Indonesia can immediately encourage internal governance, confidential stakeholder consultation, and cross-agency referral under existing authority, while any general enforceable supply-chain duty with sanctions and civil remedies requires a sufficient legislative mandate. The proposed indicators are recommendations rather than observed performance measures, and the doctrinal comparison cannot establish actual compliance capacity or remedy outcomes without future field research. A phased, legally grounded architecture could strengthen protection for workers and communities while giving domestic businesses a clearer basis for responding to international supply-chain expectations.

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