



Managing human rights risks in private equity investments

About us

Impactt is a boutique management consultancy specialising in human rights. Founded in 1997, Impactt supports businesses, investors and governments to understand and manage human rights risks in order to protect value.

Headquartered in the UK and with offices in China, India and Bangladesh, plus a team of associates across the world, we have a strong global presence. This brings on-the-ground expertise and contextual understanding across the markets where our clients' investments, operations and supply chains are located, ensuring locally informed insights. Our reach allows us to both inform corporate-level approaches and assess practices at a site level where risks are highest – bridging the gap between management systems and the places where their impact is most needed.

We have a strong track record in partnering with private equity ('PE') firms to integrate human rights considerations throughout the investment lifecycle. From acquisition to exit, we help our clients manage human rights risks, strengthen responsible investment practices and maximise value. Our expertise ensures effective management of regulatory and reputational risks in a world where expectations on the sector extend well beyond financial returns.



“ The Impactt team has a strong technical understanding of human rights issues, how these translate into material business risks and, critically, what that means for investors.

Their work on our transaction due diligence – including desktop research and in-country assessments at supplier sites – added a depth of insight that enhanced our decision-making on both the deal and post-acquisition planning.”

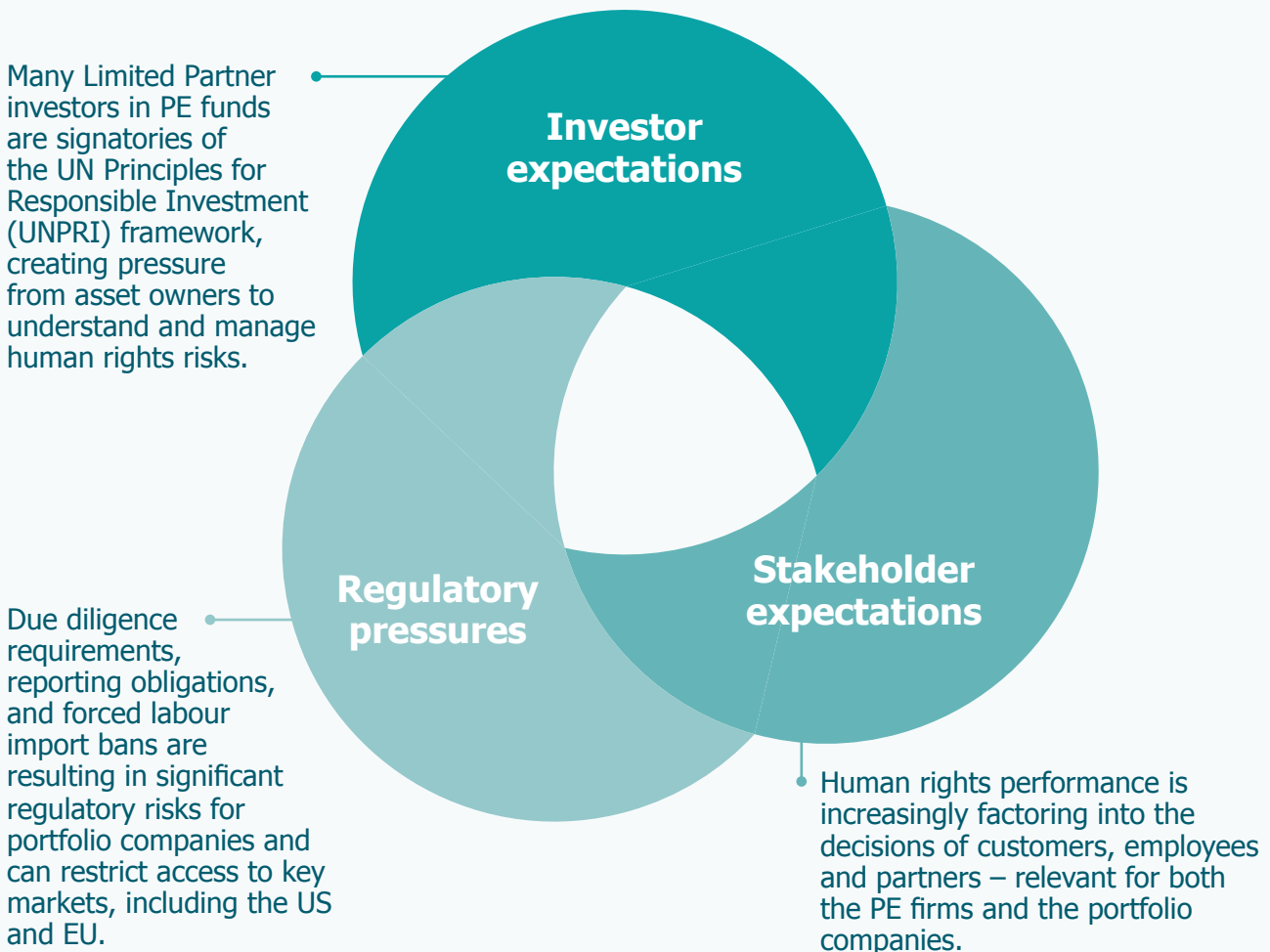
Managing Director - Private Equity, a top-tier global private investment firm

Human rights in the private equity sector

ESG has been widely recognised as a driver of value in PE investments over the last 10+ years. However, much of the work in this area has focused on environment, health & safety and corporate philanthropy. Where efforts have focused on human rights, these have tended to be narrowly addressed within sectors where the risks are higher profile e.g. garment manufacturing.

However, human rights is increasingly becoming a central pillar of the ESG agenda across the full range of PE activities, with the link to value clearly made. Material risks may relate to child labour in agricultural supply chains, modern slavery in renewable energy projects or gender-based violence in the production of consumer goods.

Key drivers for human rights focus:





Key challenges:

Despite the progress made by many PE firms, the sector continues to face significant challenges:

- **Limited expertise:** ESG and investment teams lack the technical skills to effectively identify and manage human rights risks.
- **Policy-heavy approach:** There is an overreliance on policies without sufficient commitment to their implementation or cascading through supply chains.
- **Supply chain complexity:** Complicated and opaque supply chains make managing risks beyond tier-one suppliers difficult.
- **Inadequate due diligence:** Traditional due diligence reports at the point of acquisition rarely factor in human rights risks sufficiently.
- **Deal speed vs. analysis depth:** A misunderstanding of human rights due diligence means investment teams fear it may slow down a deal, rather than seeing it as critical analysis to assess value and risk.

UNPRI data¹ shows an implementation gap:

- While **64%** of UNPRI signatories have specific human rights guidelines
- Only **32%** use UNGPs/OECD frameworks
- Just **11%** enable access to remedy where adverse human rights impacts occur

1. <https://www.unpri.org/download?ac=23004>. Global Responsible Investment Trends: Inside PRI Reporting Data, March 2025.

Our approach

We help PE firms respond to these challenges by embedding human rights considerations in decision-making processes, ultimately supporting both risk mitigation and long-term value creation.

We support PE firms in translating commitments into practice, and challenges into solutions, by embedding human rights into fast-moving deal cycles, building internal capability and embedding human rights practices into existent ESG strategies. Our approach helps our clients stay ahead of asset owner expectations, manage risk and unlock long-term value - directly addressing the top priorities identified by PRI signatories: value creation, long-term value, and risk management.

Our solutions

PE firm level

Crisis advisory and preparedness support

Human rights management system design and implementation

Across the deal cycle

Acquisition

Pre-investment due diligence on target company

Context analysis and research



Holding

Portfolio company level:
Human rights management systems design and implementation

Diagnostics and improvement programmes

Fund level:
Standardisation across portfolio



Exit

Exit readiness preparation



PE firm level

A crisis related to poor human rights performance e.g. a regulatory trade ban, a negative news article or a severe incident, can emerge without warning and demand immediate, informed action to protect portfolio value. Our ability to react quickly and our 'on-the-ground' experience with workers adds depth and insight to crisis response, as well as longer-term human rights management systems. We design corporate-level approaches that actually work, not just compliance checkboxes, giving comfort to stakeholders that risks are properly mitigated. We understand how policies translate to practice in the places they are most needed, having seen first hand how good governance drives both human rights and business performance.

Crisis advisory and preparedness support

Provide targeted advisory services to equip PE firms, and portfolio companies, with insights needed to respond to human rights-related risks in times of crisis. Whether from external factors such as trade restrictions or investigations that make the news, or internal factors such as severe grievances reported or identified through audits, our advice supports rapid, pragmatic and informed decision-making through:

- Diagnosis of the problem and root causes through stakeholder engagement, focused investigations and assessments
- Development of urgent remediation plans that support crisis communications by demonstrating active management to stakeholders
- Design and implementation of longer-term remediation measures that address harm effectively
- Establishment of monitoring systems and future risk mitigation strategies that prevent reoccurrence

Human rights management system design and implementation

Develop and deploy customised frameworks that embed human rights considerations into your existing ESG and investment approaches, as well as your portfolio management activities, in order to protect and create long-term value through:

- Policy and procedure development on human rights and responsible investment
- Human rights risk assessment tools and processes, and integration with other due diligence approaches
- Human rights performance measurement and investor reporting
- Practical human rights awareness raising and capacity building for teams

Acquisition stage

To manage risks, you need to truly understand them. Our in-country teams and market-leading approach can provide the deep insights and nuance you need to make informed investment decisions. We understand the context, including regulations and industry good practices, and how human rights issues manifest differently across regions and sectors. This means we identify the risks which traditional due diligence programmes often miss.

Pre-investment due diligence on target company

Uncover hidden human rights liabilities through our rigorous due diligence, empowering you to validate investment theses and build risks into valuations before capital deployment.

Our methodology will adjust to your specific needs and can include:

- Supply chain map risk analysis
- On-the-ground verification at high-risk suppliers
- Regulatory exposure analysis spanning multiple jurisdictions
- Benchmarking against sector leaders and competitors

Context analysis and research

Access deep human rights insights across all industries: from textiles to cocoa, from solar energy to security. This will inform both the acquisition and the focus areas planned for the hold period. Our insights will equip you to:

- Navigate complex regulatory landscapes like the US's forced labour import bans and the emerging EU frameworks
- Anticipate enforcement trends and prepare portfolio companies accordingly
- Identify market-specific vulnerabilities
- Develop strategies for high-risk geographies and commodities



Hold period

We act as translators and enablers as we convert identified problems into practical solutions. We focus on sustainable improvement rather than quick fixes, addressing root causes that affect human rights outcomes as we work with PE firms and portfolio company management to build business value over a multi-year timeframe.

Portfolio company level

Human rights management system design and implementation

As at the PE firm level, build robust management systems that protect value while ensuring portfolio companies maintain compliance with evolving regulations, through:

- Policy and procedure development on human rights and responsible investment
- Human rights risk assessment tools and processes, and integration with other due diligence approaches
- Human rights performance measurement and investor reporting
- Practical human rights awareness raising and capacity building for teams

Diagnostics and improvement programmes

Identify weaknesses and implement targeted interventions that strengthen operations while managing human rights performance, through:

- Operations and supplier deep-dive assessments
- Corrective Action Plans (CAPs)
- Supplier Improvement Programmes (SIPs)
- Training on the development and implementation of approaches to address human rights risks

Fund level

Standardisation across portfolio

Implement consistent human rights management approaches within and across PE funds to drive efficiencies and enable comparative performance analysis, through:

- Minimum standards for policies and procedures
- Consistent reporting templates
- Awareness-raising training and implementation workshops
- Knowledge sharing between portfolio companies

Exit stage

Our experience with both human rights and business performance allows us to deliver human rights improvements that have a return-on-investment on valuation at exit. In addition to protecting EBITDA during the hold period, we help your vendor due diligence process to articulate the value of strong human rights performance in terms of future resilience and competitive advantage.

Exit readiness preparation

Position human rights performance as a value driver through systems and documentation by:

- Developing human rights management system narratives
- Developing value protection documentation for transaction and alignment with compliance requirements



Why Impactt?

Proven PE experience: We are trusted by leading PE firms, managing over 250 billion USD in assets, to deliver practical solutions that protect and enhance their portfolios' value.

Specialised expertise: We are a leading business and human rights consultancy, bringing c.30 years of specialised track record across all high-risk industries and regions. Our team understands human rights, as well as operational and business realities, allowing us to create solutions that work in practice, not just in theory. We've seen firsthand how policies, procedures and company practices affect people on the ground, giving us unique insight into what actually drives performance improvement while protecting human rights.

Regulatory confidence: We help you clearly navigate complex and evolving human rights-related regulations, such as the UFLPA, EU Forced Labour Ban and CSDDD. Our practical experience in implementing compliance frameworks means we understand how these regulations affect daily operations and can design approaches that satisfy requirements while maintaining operational efficiency.

Value creation: We transform human rights management from a risk mitigation exercise into a tangible value driver through system improvements. Based on our understanding of what really works for workers, we design interventions that simultaneously address human rights concerns and enhance business performance, creating returns on your investment in responsible practices.

“**Impactt's human rights assessment identified vulnerabilities that would have been missed by traditional due diligence steams and gave us clear, actionable guidance on regulatory exposure that shaped our investment approach.**

Their analysis was thorough, practical and delivered exactly when we needed it during our acquisition process. They clearly understand the link between human rights risks and investment value in the private equity space.”

Partner - Head of Responsible Investment, a leading European mid-market investment firm

Case study:

Pre-investment risk analysis on an Asian spice supply chain

Client challenge

A PE firm needed to understand human rights risks before proceeding with an investment in a food business, with exposure to Asian spice supply chains.

Our approach

We conducted an analysis addressing:

- The target's existing risk management measures
- Forced labour risk levels throughout the spice supply chain
- Alignment with import ban requirements and stakeholder expectations
- Market sentiment regarding potential regulatory extension to the spice sector

Outcomes

- Identified high-risk sourcing regions with forced labour indicators which were previously unknown to the client
- Raised client team's awareness of specific regulatory exposure and necessary response in the case of investment
- Enabled informed investment decision-making with clear risk analysis

Case study:

Policy and guidance development on responsible sourcing in solar and battery supply chains

Client challenge

A climate-oriented PE fund manager needed a responsible sourcing framework for one of its funds, with specific focus on solar panel and battery supply chains where high-risk forced labour concerns are present.

Our approach

We worked with the client to create a Policy on Responsible Sourcing within investments, and guidance on responsible sourcing for portfolio companies, which included:

- Client expectations towards portfolio companies in terms of responsible sourcing
- Key responsibilities for portfolio companies to implement responsible sourcing through contractual requirements, risk identification and assessment, leverage and disengagement strategies and governance structures
- Special provisions for regions with documented forced labour concerns

Outcomes

- Established clear expectations on responsible sourcing and actionable guidance for portfolio companies
- Created a practical risk assessment methodology tailored to solar panel and battery supply chains
- Strengthened the fund's human rights risk management through a consistent, fund-wide approach
- Enhanced investor confidence in the fund's human rights governance

Case study:

In-country due diligence on textile supply chain in Bangladesh

Client challenge

A PE firm engaged Impactt to conduct comprehensive human rights due diligence on a potential acquisition of a European textiles company with complex supply chains in Bangladesh and China, where labour rights risks posed questions that needed to be answered before proceeding with the investment.

Our approach

Our assessment covered:

- Labour rights conditions within the Bangladesh textile supply chain
- Potential exposure to forced labour risks in China
- The acquisition target's supply chain management systems and oversight capabilities
- Benchmarking policies and practices against competitors
- On-the-ground verification of working conditions and management practices of sampled suppliers

Outcomes

- Identified good practices and gaps in the target company's HRDD processes
- Identified high - and moderate - severity findings in Bangladeshi suppliers that would have gone undetected with standard due diligence
- Built client team understanding of compliance requirements and risk exposure
- Increased target company awareness of human rights management expectations
- Enabled informed investment decision-making with clear risk analysis

Contact us

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Patrick brings c.20 years of experience of the PE sector, initially as a financial auditor of PE funds at PwC, allowing him to understand the business drivers in the sector. As former global human rights lead in PwC's Consulting Practice, he has advised many of the world's largest companies across diverse sectors. His unique combination of Chartered Accountant credentials and human rights expertise enables him to transform human rights risk into competitive advantages for PE firms.

Belén Goyeneche

Senior Consultant

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Belén specialises in implementing human rights due diligence across complex global value chains. She drives Impactt's work with PE clients, supporting them to navigate human rights challenges in high-risk sectors including extractives, energy, garments and manufacturing.

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