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CALLING FOR A NEW UK LAW MANDATING HUMAN RIGHTS AND ENVIRONMENTAL DUE DILIGENCE FOR COMPANIES AND INVESTORS

We, the undersigned, as leading businesses, investors, business associations and initiatives operating in the UK, encourage the government to play a positive role in building a more resilient and sustainable post-pandemic economy that works for all. To realise this ambition, we call on the government to introduce a new legal requirement for companies and investors to carry out human rights and environmental due diligence. Such a requirement to prevent abuse of human rights and environmental harm in global operations and value chains would deliver on the government's commitments to the levelling up agenda and to the transition to a net zero

economy, as well as establishing Global Britain as a leader in setting standards for renewed and sustainable prosperity worldwide.

The COVID-19 crisis is demonstrating the fragility of global supply chains, and the vulnerabilities this creates and exacerbates for workers, communities, indigenous peoples and businesses around the world. There is a real risk that recent progress will be reversed. For example, the number of children in child labour has risen to 160 million worldwide – an increase of 8.4 million children in the last four years – with millions more at risk due to the impacts of COVID-19, according to the International Labour Organisation (ILO) and UNICEF’s Child Labour Global Estimates 2020.

As we recover and rebuild, we recognise the need for new binding standards which benefit all and promote sustainability. Mandatory human rights and environmental due diligence is key to ensure that efforts by companies that respect people and the planet, both during and after the COVID-19 recovery, are not undercut by the lack of a uniform standard of conduct applying to all business actors.

Some companies are already taking steps to implement due diligence processes in line with the corporate responsibility to respect human rights as outlined by the UN Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines for Multinational Enterprises. However, more companies need to assess, act and report on their potential and actual impacts on human rights and the environment. Legislation introducing an obligation to conduct due diligence as defined by the UNGPs and covering all business actors is critical to bring all companies to the same standard and build on progress to date.

Mandatory human rights and environmental due diligence legislation has already been introduced or is under discussion in a number of countries around the world and has gained substantial public support from businesses. The European Commission’s legislative proposal on Sustainable Corporate Governance will be published later this year. We expect that some proposed legislation will apply to UK businesses operating in other jurisdictions.

The Modern Slavery Act established the UK as a pioneer in shaping the standards expected of businesses. The UK Government is also considering limited due diligence requirements for forest risk commodities. However, a more comprehensive approach is urgently needed. The UK now has an opportunity to retain its leading role, rather than following the footsteps of others. Legislation can contribute to a competitive level playing field, increase legal certainty about the standards expected from companies, ensure consequences when responsibilities are not met, promote engagement and impactful actions between supply chain partners and, above all, incentivise impactful and effective action on the ground. UK legislation with clear accountability should harmonise expectations towards companies, irrespective of where they operate; provide access to remedy for victims; and ultimately bring change of the necessary scale and speed to positively contribute to the lives of people and the planet.

We therefore call for the UK government to urgently bring forward ambitious primary legislation to mandate companies to carry out human rights and environmental due diligence. To level the playing field in practice, the requirement needs to be accompanied by consequences that will be strong enough to ensure that businesses that fall within the scope of the legislation carry out HREDD to a high standard and that victims have access to justice.

This issue should figure highly on the UK’s domestic and international agenda. Action in this area would allow the UK to show global leadership in the year that it chairs the G7 and hosts CoP26 in Glasgow. As companies, investors, business associations, and initiatives, we stand ready to support the UK’s leadership through open dialogue with policymakers, NGOs, trade unions, governments and local communities.

Signatories:

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ASOS

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The Body Shop

BMO Asset Management

British Retail Consortium

The Co-operative Group

Ethical Trading Initiative

Fashion Roundtable

Fidelis Insurance

Hilton Food Group

Investor Alliance for Human Rights

John Lewis Partnership

Jupiter Asset Management

LDH (La Doria) Ltd

Liberty Retail Limited

Local Authority Pension Fund Forum

Mondelez International

Nestlé

New Look

Polden-Puckham Charitable Foundation

Primark

Princes Group

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