



## A Business, Human Rights and Environment Act:

## Due Diligence to Protect the Environment and Achieve a Just Transition in Global Value Chains

### Summary and recommendations

This is part of a series of parliamentary briefings on a new Business, Human Rights and Environment Act. For more information, see [this](#) briefing on the general case for a new law. [These](#) legal principles have been endorsed by 38 organisations, including civil society organisations and trade unions.

- The UK must urgently introduce a new law requiring all businesses – all sectors and all sizes, including financial institutions – and the public sector to prevent, address and remedy any harm to human rights, including labour rights, and the environment in their global value chains.
- UK business has global impacts on the environment – e.g., through climate change, biodiversity loss, degradation of ecosystems, deforestation, pollution, and mismanagement of waste – that in turn impact many human rights and have a particularly harmful impact on women, Indigenous Peoples, and historically marginalised groups. Current economic and business paradigms put the planet [in crisis](#).
- A new law is called for by UK [civil society](#) organisations and trade unions, [businesses](#), [investors](#), [Parliamentarians](#), and more than [120,000](#) petition signers. YouGov [polling](#) shows four in five adults in the UK support new laws requiring UK companies to prevent human rights abuses and serious environmental damage in their operations or supply chains.
- It would align with [legal developments](#) in other countries, help fulfil international obligations to [protect human rights](#), and deliver on UK [commitments](#) to take “ambitious action to tackle climate change, biodiversity loss and environmental degradation” and to [become](#) “the world’s first Net Zero-aligned Financial Centre”.
- To be effective, a new UK law must: include a duty to prevent human rights and environmental harm; mandate all businesses and the public sector to undertake ‘human rights and environmental due diligence’ in a gender sensitive way, in line with the [UN Guiding Principles](#) on Business and Human Rights (UNGPs); require a just transition away from fossil fuels in line with limiting global warming to 1.5°C; hold businesses liable when they fail to prevent harm, placing the burden of proof that they did all they reasonably could to prevent harm on businesses, and providing access to justice for victims.
- The ‘failure to prevent’ model is also used in the Bribery Act, the Criminal Finances Act, and the Economic Crime and Corporate Transparency Act. It was [recommended](#) by Parliament’s Joint Committee on Human Rights and [identified](#) as legally feasible by the British Institute of International and Comparative Law.

We urge you to declare your support for a new Business, Human Rights and Environment Act at every opportunity, including by joining debates, asking questions, and signing motions/pledges in support.

## The case for a new law

- There is a global consensus that businesses have a responsibility to respect human rights and environmental standards within their own operations and throughout their value chains, and that due diligence is an essential tool for doing so. This is illustrated by the unanimous adoption of the [UN Guiding Principles](#) on Business and Human Rights, which extend to [climate change](#), and the [OECD Guidelines](#) for Multinational Enterprises on Responsible Business Conduct. In [2022](#) and [2023](#), the G7 committed to sustainable supply chains, net zero alignment and climate resilience, including via mandatory rules.
- Human rights refer to all internationally recognised human rights, including the [Right to a Clean, Healthy and Sustainable Environment](#), and all internationally or locally recognised labour rights including those recognised in the [ILO Declaration](#) on Fundamental Principles and Rights at Work.
- Because of their narrow respective focus, neither the UK Modern Slavery Act [Section 54](#), which still excludes the public sector, nor the Environment Act's [Schedule 17](#), reach the internationally accepted standards on addressing human rights and environmental harms in global value chains – nor do they introduce sufficient requirements to adequately address [forced labour](#) or [deforestation](#) respectively. Notably, the Government-convened multi-stakeholder taskforce, the Global Resource Initiative, [recommended](#) the introduction of mandatory human rights and environmental due diligence.
- Baroness Young of Hornsey introduced a Private Member's [Bill](#), the “Commercial Organisations and Public Authorities Duty (Human Rights and Environment) Bill”, to Parliament in November 2023. It would address many of the key asks in this briefing.
- A new law would help the UK to keep pace with similar legal developments [internationally](#) and in the [EU](#), including [France](#), [Germany](#) and [Norway](#), and remain competitive as a centre for excellence in regulation and corporate governance, which is key to its attractiveness as an investment destination.
- It would not only help prevent environmental and associated human rights impacts, but it would also help protect the economy from the impacts of environmental harms. The World Economic Forum [estimates](#) that over half of the world's economic output is moderately or highly dependent on nature, and six of the identified top 10 risks to the global economy over the next 10 years fall within the environmental category, including climate change, ecosystem collapse, and large-scale environmental damage incidents.
- [Businesses](#) including the British Retail Consortium, Primark and Tesco, among many others, call for a new UK law to 'level the playing field'. [Investors including Legal&General, CCLA and BMO Asset Management call for a Business, Human Rights and Environment Act, inclusive of liability](#).
- YouGov [polling](#) shows that almost three quarters of Britons want the social and environmental impacts of their investments to be given equal, more or some weight compared with financial returns. [Research](#) by Unchecked shows strong voter support across all segments for the 'polluter pays' principle and creating effective deterrents to keep companies from polluting.
- Human Rights and the environment are [indivisibly](#) linked. As further elaborated below, a Business, Human Rights and Environment Act would oblige businesses and the public sector to prevent environmental harm, including ceasing contributions to climate change, to recognise the key role of Indigenous Peoples, to meaningfully and safely consult all rights-holders, including women and historically marginalised groups, and to make a just transition away from fossil fuels.
- A Business, Human Rights and Environment Act would form a key element in the [holistic](#) approach needed to realise UK commitments on human rights, the environment and the climate, while also creating an overarching framework to prevent irresponsible business conduct and financial activity that would impede them. The UK is among the biggest [historic](#) polluters in the world and has a [responsibility](#) to act; it should become a global leader on human rights and the environment.

## Preventing environmental harm

- Human rights and the environment are indivisibly linked and should be addressed in an [integrated](#) manner. The Human Right to a Clean, Healthy and Sustainable Environment became an internationally [recognised](#) right during the 2022 UN General Assembly. The environment also holds intrinsic value worthy of effective protection beyond its connection to human rights.
- Businesses, including [financial institutions](#), and public sector activity can directly lead to widespread environmental destruction with consequences for the ability of people to enjoy the right to a clean, healthy and sustainable environment. Examples include Shell's oil [pollution](#) in the Niger Delta, UK banks' [links](#) to deforestation, land seizure, and land conversion in the Amazon, and Anglo-American's links to lead [contamination](#) in Kabwe, Zambia. UN reports [estimate](#) that the clean-up of the Niger delta will take up to 30 years and [described](#) Kabwe as one of the "most polluted places on Earth".
- Environmental harm, including climate change, often has [differentiated](#) effects on vulnerable and historically marginalised groups due to intersecting forms of discrimination based on [age](#), [gender](#), caste, class, ethnicity, religion, language, sexual orientation, disability, geographical location, migratory status among others.
- Local populations often struggle to get [access to remedy](#) due to, e.g., corruption, necessary evidence being in the hands of business, trade union busting and complex corporate group structures with separate legal personalities between entities making it very difficult to hold parent companies accountable.
- In *Okpabi v Shell*, the UK Supreme Court [ruled](#) that UK parent companies can have responsibility for harms committed by overseas subsidiaries under certain conditions – irresponsible businesses may now seek to evade common law liability by loosening their control and oversight over their subsidiaries. A new law mandating rigorous due diligence would level the playing field between responsible businesses, which continue to exercise control over their subsidiaries to prevent human rights and environmental harm, and irresponsible businesses.
- Climate change is a major threat to a wide range of human rights. It leads to [extreme weather](#) events and slow on-set environmental changes which often affect food and water security, disrupt livelihoods, and cause forced displacement, migration and immobility – heightening people's vulnerability to debt bondage, exploitation and [forced labour](#). 3.3 to 3.6 billion people live in highly vulnerable situations, [according to](#) the Intergovernmental Panel on Climate Change (IPCC). The IPCC [estimates](#) that currently implemented policies will lead to global warming of 3.2°C. Under resourced public sector workers and their trade unions are at the frontline of dealing with the direct or indirect impacts of climate change and environmental destruction.
- It is widely recognised that business responsibilities under the UNGPs [include](#) addressing climate change impacts. The energy industry, transport, building, agriculture and forestry sectors are the main [drivers](#) of global greenhouse gas emissions. However, research from the World Benchmark Alliance shows that, e.g., only 22% of assessed companies in the building [sector](#) have net zero emission targets for their [scope 1, 2 and 3 emissions](#).<sup>1</sup> Only [one-third](#) of the world's largest listed businesses have a commitment to net zero, and, of those, most still lack a net zero corporate strategy. Voluntary action is insufficient.
- It is vital that businesses, including the [finance sector](#), and the public sector reduce their climate change impacts. The [legal framework](#) for transition planning to emission-free operations and value chains must be [strengthened](#). It must be mandatory for businesses to set, plan for and meet science-based short, medium and long-term greenhouse gas reduction targets aligned with the [Paris Agreement](#) goal to limit global warming to 1.5°C above pre-industrial levels with no or limited overshoot. These

1 Scope 1 emissions are direct emissions from a business; scope 2 are indirect emissions caused by a business' energy usage; scope 3 emissions refer to all other emissions in the business' value chain, upstream and downstream.

targets must include scope 1, 2 and 3 emissions and any removals, carbon credits, avoided emissions or other offsets must not count towards meeting them. Effective enforcement mechanisms must be introduced. Reducing climate change impacts is an integral part of preventing human rights and environmental harm and must be part of a business' due diligence.

- Financial institutions, including [development banks](#), must address their “financed emissions” and develop policies with meaningful ‘red lines’ around clients. They must cease funding fossil fuel expansions, and any other activity known to be incompatible with the Paris Agreement goals. Their financing can be in [violation](#) of international human rights law and standards. The UN expressed concerns to this effect to [Saudi Aramco](#), its financiers (including [UK banks](#)) and the [UK Government](#).
- Environmental harm should be defined broadly within a new law as: adverse impacts on the environment and/or ecosystems including but not limited to impacts on the climate, e.g., through greenhouse gas emissions and the destruction or degradation of sinks; biodiversity loss; degradation of land, marine and freshwater ecosystems; deforestation; air, water and soil pollution; on the transition to the circular economy, including through damage to reusability and recyclability, such as contamination of waste streams with hazardous substances. This includes harm resulting from cumulative impacts.
- Adverse environmental impacts shall be interpreted on the basis of the best available science and in line with relevant internationally recognised environmental principles and conventions, locally applicable environmental laws, regulations and administrative practices. Key principles include the prevention, precautionary, rectification at source, and polluter pays principles. International conventions include, in particular, the [Paris Agreement](#) and the [Kunming-Montreal Global Biodiversity Framework](#).
- The law must also cover the public sector given its large [spending](#) power and ability to function as a [role model](#) for the private sector. Businesses should be excluded from public procurement if they fail to prevent harm in their value chains. Where public procurement falls within devolved powers, the respective devolved government should adopt similar legislation.
- Subject to further regulation, businesses should be held criminally liable for environmental crimes committed to their advantage. EU institutions recently [agreed](#) on a political deal on environmental crimes, and sanctions to strengthen ecosystem protection, that could serve as a model.

## Respecting Indigenous Peoples, local communities and human rights defenders

- Protecting Indigenous Peoples' rights and local communities is essential to restoring ecosystems, reversing biodiversity loss and combatting climate change, as well as ensuring the survival of cultures, languages and knowledge systems key for nature-based solutions. The [UN](#) estimates that there are approximately 370 million Indigenous Peoples occupying and managing at least 20% of global land area. [80%](#) of remaining global biodiversity and 40% of all protected areas with ecologically intact landscapes are safeguarded by Indigenous Peoples.
- Indigenous Peoples' customary rights, including to their land, territories and resources, and to [free, prior and informed consent](#) (FPIC) are articulated under international human rights law and treaty body jurisprudence, but are often not adequately [recognised or protected](#) in national-level laws. Their human rights are [routinely](#) violated and ancestral lands are often leased out by states for numerous reasons, including logging, agriculture, gas and mining operations without their consent. Indigenous Peoples suffer harassment, intimidation, forced displacement and violence, too often leading to their death. Women are particularly [impacted](#) due to existing gender hierarchies, gendered divisions of labour and dominant gender norms.

- Human and environmental rights defenders live and work at the forefront of protecting communities and the environment against corporate abuses of rights. Between 2012 and 2022, almost [2,000](#) land and environmental defenders were killed worldwide. Some businesses try to silence them with strategic [lawsuits](#) against public participation.
- A new law would require businesses to meaningfully and safely consult with all rights-holders – including, among others, [whistle blowers](#), workers, Indigenous Peoples, human and environmental rights defenders, women, and any vulnerable or historically marginalised groups. Business failure to do so should lead to enforceable legal action. Businesses must address the [gender dimensions](#) of human rights and environmental due diligence.

## Achieving a just transition to a green economy

- [Just Transition](#) is defined by the International Labour Organization as: “Greening the economy in a way that is as fair and inclusive as possible to everyone concerned, creating decent work opportunities and leaving no one behind.” This includes strengthening the role of social dialogue and collective bargaining agreements. [Violations](#) of trade union rights are at a 10-year high.
- Businesses and the public sector should be obliged to consult with all relevant rights-holders – including workers in their supply chains – to retain and retrain them, and commit to responsible disengagement from business partners if it is not possible to reduce emissions in line with climate targets. The UK recognised in the COP26 International Just Transition [statement](#) that climate mitigation and adaptation strategies must protect the rights of workers, Indigenous Peoples, women, and vulnerable or marginalised groups.
- A Just Transition away from fossil fuels should not lead to more precarious working conditions. Yet, the private and public sector is directly connected to labour rights abuses in renewable energy supply chains. There have been [reports](#) of dangerous health & safety conditions and pay below minimum wage for renewables workers in the UK. There is a risk of Uyghur forced labour in some green technology, including the [solar](#) and [electric vehicle](#) industries. A 2021 [media investigation](#) claimed that up to 40% of UK solar farms used panels produced by implicated Chinese firms, as does those used by the [British Army](#). A recent [report](#) from the Helena Kennedy Centre for International Justice at Sheffield Hallam University stated that the solar industry is becoming less transparent despite increased global scrutiny.
- Any transition towards a greener economy cannot come at the expense of human rights, including labour and environmental rights, at any production step. Renewable energy sources require rare transition minerals including cobalt, copper, lithium, manganese, nickel and zinc. [Mining](#) often leads to far-reaching environmental damage, such as deforestation and soil, air and water pollution, and human rights abuses spanning, among others, labour rights, land rights, the right to water and Indigenous Peoples’ rights. Mining is also connected to widespread violence and [accounts](#) for 30% of attacks against human rights defenders, with some UK mining companies directly [linked](#) to abuses.
- In meeting the challenges of transitioning away from fossil fuels, businesses must consult all relevant rights-holders, be transparent and protect jobs by investing domestically in the existing workforce, training and re-training them rather than offshoring. The Committee on Climate Change has found that in the UK, with the right policies and investments, the transition to net zero could create up to [725,000](#) net new jobs.
- Investors play a key role in the transition from fossil fuels. Global annual energy investment is expected to rise to [\\$5 trillion](#) by 2030. Coverage of investors in a new law will help ensure a truly just transition while avoiding direct or indirect financing of corporate abuses of rights and the environment.