‘Modernising Corporate Reporting’ Consultation: how its proposals weaken accountability and disempower rightholders

The UK Government’s proposals in the ‘Modernising Corporate Reporting’ consultation raise serious human, labour, employee, environmental and anti-corruption concerns. [1] The Government not only proposes to remove existing corporate reporting that provides essential information to workers, trade unions, civil society organisations and the broader public, but to further exacerbate a corporate culture in which only profit counts irrespective of the cost to society, the environment, and a sustainable economy.

Businesses do not operate in a vacuum. Their activities impact workers, communities and the environment. Too often, these activities result in abuse or exploitation: from the Grenfell Tower collapse[2] and Boohoo relying on workers being paid poverty wages in Leicester[3] to the ongoing court case where claimants from Nigeria have brought a case against Shell for the oil pollution in the Niger delta[4], to more than 332 attacks against human rights defenders

[1] Department for Business, Innovation, Science and Trade, ‘Modernising Corporate Reporting to support long-term economic growth’ (7 September 2026) https://www.gov.uk/government/consultations/modernising-corporate-reporting.
[2] Leela Jadhav, ‘Unpunished and Undeterred: Corporate Accountability After Grenfell’ (Common Wealth, 19 August 2026) https://www.common-wealth.org/publications/unpunished-and-undeterred-corporate-accountability-after-grenfell.
[3] Corporate Justice Coalition, ‘Leicester’s Sweat Shops: Abuses in Boohoo’s Value Chains (UK)’ (30 May 2023) https://corporatejusticecoalition.org/wp-content/uploads/2023/11/CJC_CaseStudy_BooHoo.pdf. Also :Alison Levitt, Independent Review into the boohoo Group PLC’s Leicester supply chain (September 2020) final-report-open-version-24.9.2020.pdf
[4] Corporate Justice Coalition, ‘Shell’s impunity for destruction in the Niger Delta (Nigeria)’ (30 May 2023) https://corporatejusticecoalition.org/wp-content/uploads/2023/11/CJC_CaseStudy_Shell.pdf. Also: Leigh Day, High Court gives permission for trial of claims Shell’s witnesses knowingly sought to mislead court in Nigeria oil pollution case (September 2026) Trial of claims Shell’s witnesses mislead court in .

connected to UK companies between 2015 and 2026[5]. There is an urgent need to hold businesses – and their leadership – accountable for these impacts.

A) The Role of non-financial reporting and accountability to investors

Non-financial reporting and accountability to investors in and of themselves cannot ensure that businesses adequately address human rights abuses, labour rights abuses and environmental harm in their operations and value chains. However, they are an important element in the wider regulatory framework for the following reasons:

1) Non-financial reporting is relevant for many stakeholders, not only investors

Non-financial reporting provides valuable information to many more actors than just investors, including workers, trade unions, civil society organisations and the wider public. For example, the proposed removal of the CEO-employee pay ratio that some companies are required to statutorily report attempts to take away valuable information from workers and unions in negotiating better pay and working conditions.[6] The proposed removal of sex data breakdown of directors, senior managers and the wider workforce removes an important metric to measure equality and diversity in the workplace that is not fully replicated by other existing reporting requirements.[7]

2) Investors may wish to make decisions based on concerns about human rights, workers, the environment and anti-corruption

Directors are accountable to investors, and many investors do not only consider financially material information in their decision-making. [8] Many of them, including pension funds investing money for workers, do care that profits are not drawn from exploiting other workers, the environment or corrupt practices and so on. The planned removal of mandatory reporting on human rights, employees, the environment and anti-corruption [9] in combination with enabling online-only Annual General Meetings (AGMs)[10] will weaken accountability significantly. The former because it makes information less accessible, the latter because it enables criticism to be silenced more easily. This is especially relevant for human rights defenders and indigenous leaders who have been harmed by businesses and for whom AGMs are often the only existing opportunity to raise complaints with directors directly about their duty to consider employees, communities, and the environment in their decision making.

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[5] Christina Challis, Adam Lunn, Charmain Mohamed, 'Overdue Diligence: Why Human Rights Defenders still Need a UK Law on Mandatory Due Diligence' (Peace Brigades International UK, October 2026) https://peacebrigades.org.uk/news/overdue-diligence

[6] Department for Business, Innovation, Science and Trade, 'Modernising Corporate Reporting to support long-term economic growth' (7 September 2026) para 137 https://www.gov.uk/government/consultations/modernising-corporate-reporting.

[7] ibid para 212.

[8] For example, London Pensions Fund Authority, Member Survey Report 2025, 260 and Interfaith Center on Corporate Responsibility, Resources - Interfaith Center on Corporate Responsibility

[9] ibid paras 132-134.

[10] ibid para 225-226.

3) They set clear expectations for corporate culture

Reporting on human rights, employees, the environment and anti-corruption every year brings these matters into the boardroom rather than leaving them in underfunded compliance departments. Despite directors having a duty to consider employees, communities and the environment in the pursuit of profit under section 172, this duty has considerable gaps [11] and is very difficult to enforce in court.[12] Investor pressure, for example in AGMs, is the only other mechanism to do so. The proposed weakening of accountability to investors combined with reframing the entire purpose of corporate reporting to be for financial material and "decision-useful information" for investors and creditors only[13] sends a clear signal to directors to prioritise profit – irrespective of the cost to society. This will ultimately trickle down to every department, including compliance departments, to minimise expenditure and focus on cost-effective tick-boxing rather than effective action. It threatens the implementation of any law protecting society and the environment, including the newly announced mandatory human rights due diligence framework.

B) The interlinkage with mandatory human rights and environmental due diligence in the UK

The Corporate Justice Coalition welcomes the Government's announcement to introduce mandatory human rights due diligence (mHRDD).[14] It is crucial that businesses are required to act to identify, prevent and address how they cause, contribute and are linked to harm in their operations, subsidiaries and value chains. It is not enough to rely on investors to hold businesses to a high standard. The state needs to hold businesses accountable, and victims need to have access to remedy for the harm they experience.

The Government's announcement on mandatory due diligence contains significant omissions of concern to the Coalition which are exacerbated by the current proposals on corporate reporting which strip away reporting on human rights, employees, the environment and anti-corruption [15]. The Government's announcement does not cover environmental due diligence even though international standards on responsible business conduct now expect companies to conduct human rights and environmental due diligence (HREDD),[16] as these areas are fundamentally interlinked. It is also still unclear whether the plans will ensure that businesses take genuine preventative action rather than relying on tick-box compliance.

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[11] For example, the duty does not explicitly include human rights or anti-corruption.

[12] Compare, for example, the derivative claim *ClientEarth v. Shell's Board of Directors* [2023] EWHC 1897) for which the Court refused permission to proceed. Further resources: Lord Robert Carnwath, 'ClientEarth v Shell: what future for derivative claims?' (Grantham Research Institute on Climate Change and the Environment, London School of Economics and Political Science, 2024); Lord Sales, 'Directors' duties and climate change: navigating the shifting landscape of corporate environmental responsibility' (The Durham Law School Institute of Commercial and Corporate Law, Annual Lecture, 7 February 2025).

[13] Modernising Corporate Reporting (n 5) para 8.

[14] Joint Statement by 25 civil society organisation, 'The Corporate Justice Coalition welcomes Government Announcement of mandatory Human Rights Due Diligence Law' (10 November 2026) https://corporatejusticecoalition.org/news/the-corporate-justice-coalition-welcomes-government-announcement-of-mandatory-human-rights-due-diligence-law/.

[15] ibid paras 132-134.

[16] See, for example, the *OECD Guidelines for Multinational Enterprises on Responsible Business Conduct* and the 'Information Note on Climate Change and the Guiding Principles on Business and Human Rights. Legislative developments in the EU's Corporate Sustainability Due Diligence Directive (CSDDD) as well as national laws in France, Germany, South Korea, and Switzerland all require human rights and environmental due diligence (mHREDD).

There needs to be strong enforcement, and victims must have access to remedy. The public sector could also play a fundamental role in driving a race to the top but has so far been omitted. Finally, the Coalition is also concerned that the high turnover threshold of £350 million would exclude many businesses. This is particularly concerning from a gender perspective, as women often depend on precarious, informalised employment, including within small to medium sized subsidiaries.

The proposed reform of corporate reporting may push corporate culture towards profit above all else. This risks negatively impacting compliance with any regulation protecting workers, communities and the environment, in addition to the planned mHRDD regime. Taking away valuable information also has a significant disempowering effect for workers, trade unions and communities - key stakeholders ensuring rights are realised and protected. More transparency aimed at rightsholders enforcing their rights is required, rather than less. This is why broader civil society also calls for transparency over the supply chain as part of due diligence legislation,[17] as the easiest way for businesses to hide abuse is to make supply chains less transparent. This has happened, for example, in the solar industry since its forced labour links came to light.[18]

The government should not believe there is a binary choice between regulation and reporting when it has an opportunity to create a regulatory framework that puts society and the environment at the heart of the economy. The EU has already paved the way by not only strengthening its non-financial disclosure regime since it was first introduced,[19] and introducing mandatory human rights *and* environmental due diligence legislation in the form of the Corporate Sustainability Due Diligence Directive.

Responsible businesses creating valuable jobs using sustainable resources should not be outcompeted by unscrupulous businesses which risk non-compliance or minimal tick-boxing as an occasional cost of doing business. Serious labour exploitation and environmental harm in the UK already costs around £4.4 bn a year, according to conservative estimates.[20]

C) The way forward

An effective regulatory framework includes ensuring accountability of directors as well as businesses to create a corporate culture in which human rights, employees, the environment and anti-corruption measures are part of decision-making. It also requires that relevant rightsholders, including workers, trade unions, communities, women and civil society organisations have access to the information they need to push for progress and hold businesses accountable. Finally, it requires that victims of corporate human rights abuses, labour rights abuses and environmental destruction have access to remedy and justice.

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[17] See Corporate Justice Coalition, 'A Model Business, Human Rights and Environment Act' (18 June 2026) https://corporatejusticecoalition.org/resources/a-model-business-human-rights-and-environment-act/ and Corporate Justice Coalition, 'Closing the Enforcement Gap: Making Business Conduct Responsible' (4 March 2026) https://corporatejusticecoalition.org/resources/closingtheenforcementgap/

[18] Alan Crawford, Laura Murphy, et al, 'Over-exposed: Uyghur Region Exposure Assessment for Solar Industry Sourcing' (July 2023, updated November 2023) https://www.shu.ac.uk/helena-kennedy-centre-international-justice/research-and-projects/all-projects/forced-labour-reports.

[19] See the Corporate Sustainability Reporting Directive (CSRD).

[20] Marcus Johns, 'Just Values: Promoting Human Rights Through Britain's Value Chains at Home and Abroad' (Fabian Society, November 2026) https://fabians.org.uk/publication/just-values/.

In light of the above, we call on the Government to urgently adopt the following recommendations:

- Ensure that the announced mHRDD law includes coverage of the environment and effective access to justice mechanisms for victims in line with demands[21] made by broader civil society
- Strengthen accountability for directors to address human rights, environmental, employee and anti-corruption impacts including as part of the planned mHRDD regime and in corporate governance reform.
- Ensure that the corporate reporting reform:
    - Has workers, trade unions, communities, women and broader civil society organisations as key audiences for non-financial reporting and include any relevant information for them (e.g. CEO-employee remuneration ration, sex breakdown, supply chain transparency)
    - Does not abandon the principle that businesses not only report on financial risks to them, but also how they impact human rights, employees, the environment and anti-corruption matters (sometimes referred to as the "double materiality principle")
- Conduct meaningful public consultations for the mHRDD measures and the corporate reporting reform. At present, the consultation currently open on "modernising corporate reporting" only provides a very narrow set of options unaligned with the interests of wider society.

Signed by:

- ABColombia
- Action Aid UK
- Amnesty International
- Corporate Justice Coalition
- Freedom United
- Friends of the Earth, England, Wales & Northern Ireland
- Human Rights Watch
- Labour Behind the Label
- London Mining Network
- Peace Brigades International UK
- Spotlight on Corruption
- Share Action
- The Circle
- THIRST
- Transform Trade
- Water Witness International

[21] See joint statement (n 12).