



HL Bill 17 of 2023–24

Commercial Organisations and Public Authorities Duty (Human Rights and Environment) Bill [HL]

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The [Commercial Organisations and Public Authorities Duty \(Human Rights and Environment\) Bill \[HL\]](#) is a private member's bill introduced by Baroness Young of Hornsey (Crossbench). It would place due diligence obligations concerning human rights and the environment on businesses and public sector bodies. Baroness Young has produced her own [explanatory notes](#) for the bill, which describe the purpose of the bill as follows:

In recent years, several countries introduced legislation to incorporate human rights and environmental due diligence into their legal frameworks. For example, in 2017, the French Parliament passed the French Corporate Duty of Vigilance Law, which requires the largest French companies to undertake due diligence to assess and address the adverse impacts of their activities on people and the planet by having them publish annual public vigilance plans. In Germany, the Act on Corporate Due Diligence Obligations in Supply Chains entered into force on 1 January 2023, requiring many German companies to undertake human rights and environmental due diligence in their own business areas and supply chains. Similarly, the European Commission proposed the Corporate Sustainability Due Diligence Directive in 2022, and the legislative process of the directive is still underway. This bill seeks to ensure that the UK keeps pace with other countries in implementing human rights and environmental due diligence standards in line with the UNGPs [UN Guiding Principles on Business and Human Rights].

I. Legal background

UK companies already have some environmental and social reporting requirements imposed on them by existing law. The [Companies Act 2006](#) obliges some companies to include non-financial and sustainability information in their annual strategic report. Section 141 of the





2006 act requires large, listed and certain other types of company to produce a 'non-financial and sustainability information statement', which must include information on:

[...] the company's development, performance and position and the impact of its activity, relating to, as a minimum—

- (a) environmental matters (including the impact of the company's business on the environment),
- (b) the company's employees,
- (c) social matters,
- (d) respect for human rights, and
- (e) anti-corruption and anti-bribery matters.

The Companies Act 2006 also requires listed and large companies to include in their annual directors' report disclosures on energy and carbon usage and efficiency.

Commercial organisations that supply goods or services and have a turnover of £36mn or higher are also required by the [Modern Slavery Act 2015](#) to produce a slavery and human trafficking statement. A slavery and human trafficking statement is defined in the legislation as:

- (a) a statement of the steps the organisation has taken during the financial year to ensure that slavery and human trafficking is not taking place—
 - (i) in any of its supply chains, and
 - (ii) in any part of its own business, or
- (b) a statement that the organisation has taken no such steps.

The government has also said, in its 2021 paper '[Greening finance: A roadmap to sustainable investing](#)', that it will introduce sustainability disclosure requirements. These will cover, among other things, greenhouse gas emissions, nature-related financial risks and impacts, and physical climate risks.¹

¹ Lexology, '[In brief: Human rights compliance for businesses in United Kingdom](#)', 9 April 2024.



2. Calls for human rights and environmental due diligence legislation

2.1 Businesses

Businesses, trade bodies and trading initiatives have called for legislation to require companies to undertake and publish due diligence on human rights and the environment.

In October 2021 a group of 36 businesses and other organisations, including Microsoft, Tesco, Jupiter Asset Management, the Ethical Trading Initiative and the Local Authority Pension Fund Forum, published a statement calling for legislation on human rights and environmental due diligence. It said the government should “urgently bring forward ambitious primary legislation to mandate companies to carry out human rights and environmental due diligence”.² It said this would enable the government to “play a positive role in building a more resilient and sustainable post-pandemic economy that works for all”. The statement emphasised that legislation would:

[...] contribute to a 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.

In July 2023 this was updated to include 50 organisations. New signatories included Aldi, Triodos Bank and Fashion Roundtable, a think tank.³

In August 2022 a group of 39 investors “representing over £4.5tn in assets under management and advice support” signed a statement calling for “ambitious UK primary legislation to mandate companies to carry out human rights and environmental due diligence across their own operations and value chains”.⁴ It said comprehensive human rights and

² Business and Human Rights Resource Centre, [‘Calling for a new UK law mandating human rights and environmental due diligence for companies and investors’](#), 22 October 2021.

³ As above.

⁴ Business and Human Rights Resource Centre, [‘Investor letter for UK human rights due diligence’](#), 31 August 2022.



environmental due diligence enables investors to:

- identify the greatest risks to people and the planet linked to portfolios and to fulfil their responsibility to respect human rights
- make more informed and sustainable investment decisions and demonstrate to beneficiaries that their money is being managed in line with international standards and expectations

It said due diligence legislation would “support investors’ sustainability assessments, enhance risk analysis and processes for impact mitigation, and provide greater understanding of company operations, throughout the value chain”.

2.2 Charities and non-governmental organisations

Conservation charity WWF (World Wide Fund for Nature) and human rights charity Anti-Slavery International are among the non-governmental organisations that have called for human rights and environmental due diligence legislation. In 2020 WWF published the report ‘[A blueprint for responsible global business](#)’. In it, it said there was “evidence that current approaches are failing in addressing problems such as deforestation and climate change” and that environmental and human rights due diligence would “not only benefit society more widely by addressing market failures, but can also benefit businesses themselves”.⁵

In January 2022 Anti-Slavery International, a charity of which Baroness Young is a patron, published ‘[A call for a UK business, human rights and environment act](#)’. In this paper it argued that “voluntary corporate social responsibility initiatives have failed to protect people from modern slavery, as slavery tainted goods and services still find their way into our every-day purchases”.⁶ While it welcomed the passing of the [Modern Slavery Act 2015](#), it said there was “an urgent need for new binding standards which benefit all workers and their communities” without which “companies and the public sector may continue to be profiting from, or linked to, forced labour, trafficking, or other severe labour abuses”.

⁵ WWF, ‘[A blueprint for responsible global business](#)’, September 2020, p 3.

⁶ Anti-Slavery International, ‘[A call for a UK business, human rights and environment act](#)’, January 2022, p 1.



2.3 Joint Committee on Human Rights

In 2017 the Joint Committee on Human Rights published a report into human rights and business.⁷ It commended the UK's leadership in implementing the [UN Guiding Principles on Business and Human Rights](#) through its implementation action plan.⁸ However, it criticised the “modest scope and lack of new commitments” in the plan.⁹ As well as recommending improvements to the plan, the committee recommended the government address shortcomings in existing legislation by facilitating the passage of Baroness Young of Hornsey's [Modern Slavery \(Transparency in Supply Chains\) Bill](#), which was at that time before Parliament.¹⁰ In addition, it recommended that the government “bring forward legislative proposals to make reporting on due diligence for all other relevant human rights, not just the prohibition of modern slavery, compulsory for large businesses, with a monitoring mechanism and an enforcement procedure”.

In its response to the committee's report, the government said it did not believe primary legislation was necessary to implement the measures Baroness Young's 2017 bill sought to introduce.¹¹ It emphasised initiatives already underway to strengthen due diligence requirements for businesses, and said it was “concerned that overlaying further requirements may not be proportionate at this stage”.¹²

3. Measures in the bill

Clause 1 provides definitions for key terms used throughout the bill, including ‘value chain’, ‘commercial organisation’. The bill states that ‘value chain’ “includes all activities undertaken by any entity during the lifecycle of a good or service upstream and downstream of the

⁷ Joint Committee on Human Rights, [‘Human rights and business 2017: Promoting responsibility and ensuring accountability’](#), 5 April 2017, HL Paper 153 of session 2016–17.

⁸ HM Government, [‘Good business: Implementing the UN Guiding Principles on Business and Human Rights’](#), May 2016, Cm 9255. First published on 4 September 2013.

⁹ Joint Committee on Human Rights, [‘Human rights and business 2017: Promoting responsibility and ensuring accountability’](#), 5 April 2017, HL Paper 153 of session 2016–17, p 71.

¹⁰ As above, p 72.

¹¹ Joint Committee on Human Rights, [‘Human rights and business 2017: Promoting responsibility and ensuring accountability—government response to the committee's sixth report of session 2016–17’](#), 12 January 2018, HC 686 of session 2016–17, p 8.

¹² As above, p 9.



commercial organisation”. ‘Commercial organisation’ would have the same meaning as in sub-section 7(5) of the [Bribery Act 2010](#):

- (a) a body which is incorporated under the law of any part of the United Kingdom and which carries on a business (whether there or elsewhere),
- (b) any other body corporate (wherever incorporated) which carries on a business, or part of a business, in any part of the United Kingdom,
- (c) a partnership which is formed under the law of any part of the United Kingdom and which carries on a business (whether there or elsewhere), or
- (d) any other partnership (wherever formed) which carries on a business, or part of a business, in any part of the United Kingdom,

and, for the purposes of this section, a trade or profession is [defined as] a business.

Clause 2 would establish a duty for commercial organisations and public authorities to prevent human rights and environmental harms “so far as is reasonably practicable” both in their own operations and throughout their value chains. This would include an obligation to conduct environmental and human rights due diligence.

Clause 3 sets out a minimum of what would constitute reasonable human rights and environmental due diligence, including integration into policies and management systems and identifying and addressing actual and potential harms. It states that due diligence would be required to include engagement with stakeholders. Whether the due diligence was reasonable would be determined by, among other things, the size of the organisation and the severity of the harms.

Clause 4 would establish principles of “responsible disengagement”. This would apply when an organisation falling under the scope of the bill decided to suspend or terminate a business relationship as a result of their due diligence assessment. It states that a ‘disengagement decision’ should reflect the due diligence, consider any harms that would result from the disengagement and take into account remediation of prior harms. It should also be based on engagement with stakeholders and taken in a timely manner. However, the bill states that disengagement should be a last resort, after failed attempts at mitigation.

Clause 5 would require companies with an annual turnover above a certain amount (set out in regulations) to submit a due diligence report covering the effectiveness of measures taken



in the previous year and plans for the forthcoming year. Public departments, agencies and bodies would also be required to submit a report. Commercial organisations would be subject to a civil penalty for non-compliance. It would be an offence for a commercial organisation to provide false or misleading information.

Clause 6 would establish a duty for public authorities to require their suppliers to comply with the bill throughout the tender process and contract management. It would also require public authorities to provide the relevant regulator with a list of current suppliers and those who have been excluded, debarred or terminated from procurement.

Clause 7 would set up a regulator to oversee compliance with the bill. It would be able to investigate potential breaches, issue civil sanctions and refer criminal offences to the Crown Prosecution Service.

Clause 8 states that a commercial organisation could be liable for damages if it failed to prevent human rights or environmental harms “in its own operations, products, and services, those of its subsidiaries, and throughout its value chains”. This would apply even if the harm did not take place in the UK and the organisation was not located or registered in the UK. It would be a defence for the organisation to prove it took all reasonable steps to prevent the harm from occurring.

Clause 9 would establish collective responsibility for the board of directors for a commercial organisation’s compliance with the bill. This would include criminal liability.

Clause 10 sets out penalties and notices for companies breaching clauses 2 or 5. These could include a fine of up to 10% of global turnover.

Clause 11 would create a criminal offence of carrying out certain other offences, such as kidnap, slavery or grievous bodily harm, in order to create advantage for a business. A person would be liable for imprisonment for a maximum of 12 months or a fine in England and Wales and Scotland, and imprisonment for a maximum of six months or a fine in Northern Ireland.

Clause 12 establishes the procedure for statutory instruments made under the act. Clause 13 states that the bill would extend to England and Wales, Scotland and Northern Ireland. It also sets out the bill’s commencement and short title.



4. Read more

4.1 UN Guiding Principles on Business and Human Rights

- United Nations Human Rights, '[Guiding principles on business and human rights: Implementing the United Nations “protect, respect and remedy” framework](#)', 2011
- Harvard Kennedy School Corporate Responsibility Initiative '[Beyond CSR: The story of the UN guiding principles on business and human rights](#)', March 2020

4.2 Legislation in other countries

- Shift, '[Frequently asked questions about the EU corporate sustainability due diligence directive](#)', April 2024
- Norton Rose Fulbright, '[The German supply chain act](#)', March 2024
- Ropes and Gray, '[Is mandatory due diligence coming to Asia?](#)', 5 December 2023
- Almut Schilling-Vacaflor, '[Putting the French duty of vigilance law in context: Towards corporate accountability for human rights violations in the global south?](#)', Human Rights Review, 24 October 2020, vol 22, pp 109–27

4.3 Commentary on the bill

- Dr Marisa McVey, '[Jumping on the bandwagon? Mandatory human rights due diligence comes to the UK](#)', 16 January 2024
- Herbert Smith Freehills, '[Is mandatory environmental and human rights due diligence coming to the UK?](#)', 30 November 2023

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