

Companies Bill - the final Act

Due to the success of campaigning groups, including Traidcraft, changes designed to make business more responsible made it into the final Companies Bill, which became law as the Companies Act on 8 November.

10 November 2006

During the final debates in the House of Lords, Traidcraft again played a key role by briefing several bishops and peers. They included the Bishop of Winchester, who acknowledged our contribution as he made a vital speech defending the propositions.

As a result of our successful lobbying, company directors will now be legally obliged to consider the effects of their businesses on people (both suppliers and customers) and the environment, and not exclusively to focus on maximising profits.

UK businesses will also have to report on their social and environmental impacts here and abroad, as well as employee and supply chain issues.

These are really important first steps in reforming the way UK companies operate, and the only place in the world that these issues have been incorporated into law together. They take consideration of environmental and community concerns right to the heart of the Boardroom.

A big improvement

While the Act is not as progressive as we might like it to be, we did make huge progress in raising awareness that companies' impacts on other parties are central to the way they do business.

The new laws also make it easier to monitor the impact of UK businesses at home and in developing countries, and to hold them accountable. They will encourage UK businesses to be more open and responsible in the way they act, which should have positive knock-on effects for workers, communities and consumers.

Dave Tucker, Traidcraft Campaigns Co-ordinator, said: "Thanks to the commitment of our campaigners over the last year, the UK government has recognised that companies have an crucial role to play in making trade work for the poor. The Companies Act is a milestone in making this vision a reality."

But more can be done

The campaign is not over yet. There is room for improvement, particularly in the fact that the new clauses only apply to 1,300 publicly-listed companies, leaving out influential and privately-controlled companies such as ASDA and Virgin. More still needs to be done to ensure that corporate abuses become a thing of the past.

Huge pressure from development charities, environmental and human rights organisations, trade unions and faith groups acting together has won some important concessions and established precedents which have been acknowledged by the Minister in charge of the Bill, Margaret Hodge, as the thin end of the wedge.

Traidcraft will continue to monitor how the Act is put into practice, leading up to a review in 2 years' time. We will also be looking at creating effective international mechanisms to hold companies that behave irresponsibly to account.

Find out more

- [Read the CORE and Trade Justice Movement press release.](#)

The Corporate Responsibility (CORE) Coalition and the Trade Justice Movement have welcomed the Companies Act, given royal assent this week, as a step forward towards greater corporate responsibility, but warn the new legislation has not gone far enough to ensure that British business will work for people and planet as well as profit.

- [Find out what the Right Corporate Wrong campaign has achieved \(PDF\). \(49kb\)](#)

- [Find out what happened in the House of Commons.](#)

The Companies Bill entered the House of Commons for its third reading on 17 October, when MPs finally got to vote on the amendments put forward by the Corporate Responsibility (CORE) coalition.