



Companies Act a move forward to right corporate wrongs

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.

10 November 2006

In response to massive public pressure, the Companies Act requires listed companies to report on their environmental and social impacts and on employee and supplier issues. In addition, company directors will have a clear duty, not only to maximise profit, but also to consider the impacts of their business on people and the environment.

In spite of calls from both business and civil society, the Government failed to introduce a statutory standard for reporting and it will continue to fall to groups like CORE and the Trade Justice Movement to scrutinise the transparency of business. The Government did, however, agree to review the situation in 2 years' time and to introduce stricter legal standards if the reporting of social and environmental matters is not working.

The changes in company law follow one of the biggest public campaigns in the UK this year led by Britain's leading development, environment and human right organisations as well as trade unions, Fairtrade and faith groups. Over 100,000 UK voters contacted their MP to support the proposals of the Trade Justice Movement and CORE with more than 750, 000 people calling directly on the UK Government to 'make laws that stop big business profiting at the expense of people and the environment'.

Fiona Gooch, Private Sector Policy Advisor at Traidcraft, said:

Traidcraft welcomes the introduction of enhanced directors' duties and environmental and social reporting that will go some way in helping to protect people and planet, but we will be holding the Government to account to ensure that the commitments made on reviewing how the Companies Act is being implemented are upheld.

Glen Tarman, Coordinator of the Trade Justice Movement, said:

The Trade Justice Movement welcomes the Government's recognition that regulation is needed to empower communities and protect the environment, yet the Companies Act needed to be stronger and go much further. Our campaigning to ensure that British businesses are responsible and accountable, no matter where in the world they trade, will continue until the Government introduces all the rules necessary to right corporate wrongs and make poverty history.

The campaign groups are already gearing up for future campaigning in 2007 and beyond so the right measures are put in place that will ensure companies are made accountable for their impact on people and planet. This will include how the Companies Act 2006 works in practice and pushing for rights of redress for communities negatively impacted by UK companies operating overseas, especially in poor countries. The unprecedented UK alliance to right corporate wrongs will also be working with allies across the world for international regulation of corporations at a European and global level.