

JUST VALUES

PROMOTING HUMAN RIGHTS
THROUGH BRITAIN'S VALUE CHAINS
AT HOME AND ABROAD

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October 2026

Acknowledgements

The author would like to thank the Corporate Justice Coalition and Unison for supporting this research.

The author would also like to thank all those who shared their expertise during the development of this research, whether discussing its case studies, international regulation, or data accessibility.

The author thanks colleagues Luke Raikes and Iggy Wood for their support on this research and final report.

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SUMMARY

In an increasingly volatile world, Britain must be willing to lead. The British people expect it, as do our international partners, and I am determined my government will continue to act in defence of our values.

ANDY BURNHAM, PRIME MINISTER¹

Economic consumption, distribution, and production in Britain shape economies – and lives – around the world. Andy Burnham’s government has acknowledged our responsibility to promote democracy, the rule of law, and protection for rights and freedoms globally within its vision for a strong, fair domestic economy.

Yet too often Britain’s ‘value chains’ – the complex commercial connections bringing goods and services together globally – contribute to environmental damage and human rights violations at home and abroad, including poisoned rivers, stolen wages, and forced labour. The extent of this harm is poorly understood, as are the wider costs, including declining public trust in democratic institutions.

Regulation to prevent human rights violations and environmental harms is full of gaps. Businesses can fully comply with UK law while continuing to have serious harm in their value chain. There is no cross-cutting duty to prevent such harm; only a patchwork of ineffective laws – chiefly the Modern Slavery Act – and weak voluntary measures. Enforcement is weak: laws often rely on disclosure, and regulator activity was cut back during austerity.

Meanwhile, public procurement – worth £461bn a year – pays scant attention to value chain impacts. This means the state can find itself funding harms it later pays to remedy, whether illegal waste sites and dirty rivers at home or communities exposed to toxic chemicals and union busting abroad.

The cost of inaction is high. We conservatively estimate the monetary value of the harm from labour exploitation and environmental damage in the UK

at £4.4bn every year,ⁱ of which only around a third directly identifiable in official data. Our cost estimate includes:

- £3bn of harm from labour exploitation, of which only around £808m is directly identifiable in official counts.
- £1.5bn of harm from direct environmental damage from pollution incidents, sewage spills above the regulator's investigation threshold, illegal waste and PFAS, excluding lawful industrial emissions and permitted sewage spills.
- Costs falling on taxpayers and consumers, including 79 per cent of the cost of illegal waste sites borne by the public purse, alongside direct harms to health outcomes.

These are conservative estimates of harm in the UK alone. They exclude harm in UK value chains abroad, though we import £1tn of goods and services a year, including 42 per cent of our food, and our financial services reach across the world. Wider evidence suggests the true value is far higher: damage to health and the environment from air pollutants and greenhouse gases emitted by large industrial facilities in the EU is valued at around 2 per cent of GDP. The same share of UK GDP would be around £58bn, though much of this comes from lawful emissions. Meanwhile, climate damage is estimated to cost £3,000 per household. Wider estimates of the damage caused by UK modern slavery exceed £52bn a year, while the cost of workplace conflict, which could be reduced through greater freedom for trade unions to organise, sits at around £27bn annually.

Three case studies show what this harm looks like in practice.

- **Water**, where, despite high visibility, environmental harms proliferate, including unsustainable levels of water use and pollution. Duties which require action only after harm has happened do not avert these harms, unlike preventative action.
- **Public procurement of fruit**, where the severe human rights and environmental abuses involved in banana production are often funded by public money, buying fruit for school children. This

ⁱ The cost of harm is our estimate of the monetary value of the harm made up of the losses borne by workers, the public and the environment, expressed in pounds. See methodological appendix. Labour figures cover the UK, except employment tribunal awards, which cover Great Britain. Environmental figures cover England only, because they rely on Environment Agency data on pollution incidents, storm overflow spills and illegal waste sites; the exception is the PFAS clean-up cost, which is a UK estimate. Environmental harm in Scotland, Wales and Northern Ireland is therefore only partially counted.

shows a lack of awareness and commitment to values in our international procurement.

- **Clothing**, where manufacturing often involves labour exploitation and environmental harms. Purchasing practices often overlook or incentivise harm, at home and abroad.

The cost of action to prevent such harms is manageable. We estimate annual compliance costs for businesses and the revenue requirement funding for operating an independent regulator at around £0.4bn following a Business, Human Rights, and Environment Act-style law. Such a law would require human rights and environmental due diligence across value chains and preventative action where harm or a risk of harm is found. This cost is roughly one-tenth of our conservative estimate of the monetary value of the relevant harms, and a far smaller share of their likely true extent. Because due diligence costs are low, and since similar regulation internationally has not damaged businesses, it is unsurprising that companies like Tesco, Sainsbury's, and Aviva support calls for stronger regulation.

Alongside the more obvious positive impacts,ⁱⁱ value chains free from harm would be more resilient and strengthen British national security. There is a compelling case, then, for regulation to prevent harms in UK value chains which offers clear, proportionate, robust, transparent, and independently enforced duties alongside practical reforms to promote flourishing human rights, environmental rights, and labour rights.

ⁱⁱ This report has focused on producing estimated costs of harms in the UK and explores, but has not produced a figure for, the scale or value of harms internationally that are caused by UK economic activity.

1. INTRODUCTION

The UK is the fifth largest economy in the world.² We import £1tn of goods and services per year and export £0.9tn.³ Our financial services extend around the world, and we have the largest net surplus in financial services trade of all nations.⁴ Our economic influence is significant.

This influence is conveyed through value chains – long, complex commercial connections bringing goods and services together. The UK plays a major part in these expansive, globe-spanning webs of commercial activity, but the prevalence of corporate harm in these chains is insufficiently understood by UK policymakers.

Corporate harm is when activity within value chains associated with its economic activity causes injury or damage to the rights of people, their communities, or the environment. Principally, the harms that take place can be understood as infringements of human rights. This research focuses on two elements of the human rights framework: labour rights and environmental rights. Labour rights provide safety, dignity, and underpin living standards. Environmental rights guarantee the conditions for human existence and other basic rights. Environmental damage infringes the rights to health, water, and a clean and sustainable environment.ⁱⁱⁱ (Other areas of corporate human rights abuses are beyond the scope of this research, including infringements of the right to self-determination and violence against human rights defenders).

The UK government is increasingly recognising the challenge of these harms. The UN Guiding Principles on Business and Human Rights are a set of 31 guidelines designed to prevent, address, and remedy human rights contraventions in business operations with a state duty to protect rights, business responsibility to respect rights, and the need for access to remedy rights abuses.⁵ In March 2026, the Foreign Office (FCDO) completed an assessment of how it implements these principles, while the Department for

ⁱⁱⁱ The UK voted in favour of a UN General Assembly Resolution recognising this right, but has not adopted it directly in domestic law. Such a right is generally supported by UK legislation including the Environment Act 2021, Climate Change Act 2008, and Environmental Protection Acts. The expressed UK position on this right is that it derives from existing economic and social rights law, within rights to an adequate standard of living or enjoyment of the highest attainable standard of physical and mental health.

Business, Innovation, Science, and Trade (DBIST) has just completed a ‘responsible business conduct review’. The UN has already recommended that the UK introduce mandatory human rights and environmental due diligence (MHREDD), and a new law has been recommended to governments repeatedly, including by the Joint Committee on Human Rights, parliamentarians, and a range of both businesses and charitable organisations.⁶

This report demonstrates that our current regulatory framework fails to prevent systemic human rights abuses, including labour rights violations and environmental harm in the UK and UK value chains. The scale and severity of these harms is extensive, unsustainable, and highly costly for communities, workers, and the environment here in the UK and across the planet.

First, we show how our current regulatory model fails to prevent harms in our value chains. We then explore the cost of those harms. Finally, we explore the cost of potential action to prevent such harms, using proposals for a Business, Human Rights, and Environment Act (BHREA) as an anchor. A BHREA-style law would place legal duties on UK companies and public bodies to prevent human rights and environmental harms in their value chains through due diligence, civil and criminal liability, mechanisms for victim remedy, and an independent regulator with investigatory and penalty powers. We note that a similar proposal, which reached its second reading before the 2024 dissolution of parliament, is an example of what effective MHREDD could look like in the UK.

Throughout our history, the labour movement has sought to deliver social and economic progress for a fair and prosperous Britain in a fair and prosperous world. Promoting and defending human rights, including labour rights and ensuring a thriving environment, is a core part of this mission.

Our method

This research has sought to develop an approach which assigns a monetary value to corporate harm to workers and the environment across the UK. A scoping exercise and expert interviews shaped our method: reviewing official and administrative data sources and then estimating the harms missing from these records. For each harm, we report what enforcement and administrative data records, alongside a scaled estimate that allows for harm regulators do not see, based on survey evidence and regulators’ own estimates of under-detection. Where the evidence offered a range of estimates, we used the lower bounds to ensure that our figures are defensibly a minimum estimate of the scale and cost of corporate harms.

We quantify harm in the UK only. Harm in UK value chains abroad is, by all indications, extensive, but limited data availability and quality restrict our ability to quantify it. We recommend the establishment of better sources of information.

The methodological appendix sets out our sources, assumptions, and approach in more detail.

2. REGULATORY GAPS

This chapter explores the gaps in the UK's regulatory framework and enforcement practices that allow harms to persist in the UK and in our value chains.

Regulation is fragmented and focused on disclosure, not prevention

An effective regulatory regime would ensure that no company operating in the UK contributes to significant harm, either directly or through its value chain. However, there are significant deficiencies in the UK's regulatory regime, which means that a company can comply fully with UK law while serious harm continues in its value chain because our regulation is fragmented, narrow in scope and built around disclosure rather than prevention.

UK regulation lacks coherence. The Joint Committee on Human Rights concludes that the UK relies on 'a patchwork of domestic legislation' and a voluntary approach to supply-chain due diligence that is failing to deliver.⁷ The UN Committee on Economic, Social and Cultural Rights has criticised the absence of a comprehensive framework for human rights due diligence and the limited remedy available to people harmed abroad by UK-domiciled businesses, recommending mandatory due diligence as a priority.⁸ There is also concern that the government's corporate reporting consultation, which proposes cutting 'unnecessary or duplicative requirements' – including in non-financial reporting – could weaken progress to date.⁹

The Modern Slavery Act 2015 requires large companies to publish annual statements but sets no minimum standard of reporting or preventative action. The Financial Reporting Council found only a quarter of reports disclose meaningful indicators, and just 12 per cent confirm those indicators inform decisions.¹⁰

The Environment Act 2021's due diligence duty is even narrower, excluding financial value chains entirely. It is also only partly in force.¹¹ Five years on, it lacks the secondary legislation to implement its requirements on forest-

risk commodities, including palm oil, beef, soy, and leather, meaning, for example, that luxury leather goods linked to illegal Amazon cattle ranching and seizures of Indigenous land are still sold to UK consumers.¹²

Even where there is overwhelming evidence of harm, UK regulations are not having an effect. One problem is that a parent company's duty of care for overseas harm arises only in very limited circumstances, and firms can structure their oversight to minimise exposure.¹³ But even closer to home, the system is inadequate: Leicester garment workers making clothes for Boohoo, found by Labour Behind the Label in 2020 to be paid well below the minimum wage, were still out of pocket two years later.¹⁴ Meanwhile, the Grenfell Tower Inquiry found that the manufacturer of the block's cladding had been aware of safety concerns since 2007; rather than address them, it sought to exploit weak regulation. Civil claims were settled, but nine years on, no criminal case has reached court, leaving taxpayers funding remediation instead of those at fault.¹⁵

Some businesses plug gaps in regulation voluntarily. This is not something policymakers can rely on. Research prior to the EU's Corporate Sustainability Due Diligence Directive (CSDDD, discussed below) found that only 37 per cent of EU businesses conduct *any* due diligence, and only 6 per cent assessed their full value chain. Another study of 856 US firms found that firms with weaker good-will culture increased toxic emissions as soon as deregulation reduced oversight.¹⁶

Similarly, audits, certifications and multi-stakeholder initiatives vary in rigour and are insufficient by themselves to prevent serious abuses occurring or re-occurring. For example:

- Malaysian timber certified by the Malaysian Timber Certification Scheme has been reported to fail basic international standards, including by disregarding local and Indigenous communities' territory. Yet UK importers use the scheme as evidence of compliance with UK timber regulations.¹⁷
- Timber enforcement regimes, including in Europe, often accept the purchase of certified wood as sufficient evidence of due diligence, despite investigations finding harms.¹⁸ One government review found around a third of businesses skip the due diligence UK timber regulations require. Earthsight has traced illegally logged Russian timber into Ikea furniture.¹⁹
- Tanneries certified by the Leather Working Group have been linked to cattle from illegally deforested land.²⁰
- Rainforest Alliance-certified plantations reportedly exposed workers to pesticides banned in Europe (see below).

- Across five iterations of the Corporate Human Rights Benchmark, large companies met only a quarter of due-diligence expectations on average. Firms in the highest-risk sectors met just 15 per cent.²¹
- Social audits, which comprise an industry worth an estimated \$300m annually, apply varying standards and function to manage corporate risk rather than improve workers' rights, as the clothing case study shows.²² Binding agreements with trade unions do better. The International Accord, formed after Bangladesh's Rana Plaza collapse, sharply reduced safety violations in participating factories and trained over 1.7 million workers.²³

The UK has an existing model that works

The UK has already developed a mechanism to shift from disclosure to conduct. The 'failure to prevent' model used in the Bribery Act 2010 and extended by the Economic Crime and Corporate Transparency Act 2023 makes a company liable for specified harms unless it can show it took reasonable steps to prevent them. Comparative research finds such models work when backed by state enforcement, which a disclosure regime lacks.²⁴ The model has more recently been extended to tackle fraud and sexual harassment of workers, with promising results.²⁵

Our regulation is often under-enforced

The deterrent effect of existing laws is weak. Penalties and case numbers fell across financial, environmental, safety, healthcare and labour regulation in 2025:²⁶

- Environmental enforcement fell, with regulators concluding 174 cases worth £11m in 2025, £14m less than the year before.
- Labour market enforcement fell from £61m to £41m.

Regulator capacity is still rebuilding after austerity, limiting its preventative effect. For example, as discussed below, the Environment Agency's budget roughly halved over a decade, and the Equality and Human Rights Commission has brought just 55 cases since 2010 against 1,768 brought by its US counterpart.²⁷

This government is strengthening public control and regulator activity. The Fair Work Agency, the new regulator protecting workers' rights and ensuring labour law compliance, is larger than its predecessor agencies and has a robust core remit. However, tribunal backlogs remain large, delaying access to remedy for workers in the UK.

The regulatory gap costs responsible business

The regulatory gap costs responsible business in two distinct ways. First, responsible firms, including those already carrying out due diligence voluntarily, risk being undercut by those that ignore their obligations. Legal uncertainty, ambiguity, weak enforcement, and imports with lower standards make it harder for responsible firms to compete. As noted below, this is a threat to both overall UK economic prosperity and specific industries.

Second, legal uncertainty is itself a cost, because it represents unbounded risk which firms must mitigate, often with costly legal advice. Over 75 per cent of surveyed businesses say UK law lacks clarity on human rights and over 68 per cent report a lack of legal certainty.²⁸ Potential exposure to legal risk is already prompting some consideration of due diligence, but in an unclear and inconsistent way. For example, a recent legal case involving the National Crime Agency has concluded that goods, in this case cotton from the Xinjiang region in China, linked to Uyghur forced labour remain criminal property and should be investigated, with supply-chain distance not an adequate defence.²⁹

Public money is buying harm

Consumer purchasing is not the only problem: the public sector is often perpetuating harms in its value chains, too. The state is the UK's largest single purchaser, yet there is no unified legal duty on public authorities to know of, investigate, or prevent labour and environmental harms in their international supply chains.^{iv} Gross public procurement was £461bn in 2025/26,³⁰ much of it outside international value-chain scrutiny. Documented cases where the public sector has procured goods with harm in their value chains include:

- The NHS purchasing Malaysian-made gloves despite allegations of forced labour and union-busting in the course of their manufacture.³¹
- The Ministry of Defence procuring beef from Brazilian suppliers linked to illegal Amazon deforestation.³²
- Public-sector electronics traced to factories accused of union-busting.³³

^{iv} Though the immigration and asylum bill will, if passed, apply reporting duties under the Modern Slavery Act to qualifying public authorities.

- Public procurement of bananas for schools and hospitals, discussed below. Buyers rarely investigated even basic questions like the country of origin, let alone supply chain quality.

Reforms towards the end of the Conservative government did not improve this situation. The 2023 Procurement Act introduced mandatory exclusion of certain providers from public sector contracts, a centralised debarment list and some discretionary exclusion powers for public bodies, but it relies on a high evidentiary bar. The debarment list remains blank.³⁴ Enforcement backlogs and ‘self-cleaning’ loopholes allow firms to avoid consequences. In our interviews, the system introduced by the act was likened to ‘state-sanctioned non-compliance’ for labour violations because investigating violations like wage theft can take years while non-compliant firms keep winning public contracts.

We estimate that public bodies^v spend around £13bn a year importing high risk products, including computers and other electronics, textiles, clothing, timber commodities, and fish. Around £2.8bn of this, roughly one in five pounds spent, is sent to source countries where forced labour in these products has been documented.^{vi}

Case study 1: Water

High salience, low prevention

Water is one of Britain’s most salient environmental issues: sewage in our rivers and on our beaches draws sustained media coverage and public anger. This salience led to the creation of the government’s Independent Water Commission, Ofwat’s abolition, and plans for a new, tougher regulator under greater public control.³⁵

^v These figures are estimated from the spending of the public administration, education, health and social care sectors, scaled to the share of each sector that government funds. They therefore include publicly funded purchases made by private and third-sector providers, such as care homes or private hospitals treating NHS patients.

^{vi} See methodology

Attention is not prevention

Scrutiny and visibility are not sufficient. Regulation in the UK is reactive, punishing pollution after discharges occur but failing to prevent them. Fining and reporting are not having the desired effect. In 2024, water company shareholders in England and Wales received £1.2bn in consumer-funded dividends, while sewage entered UK waters for 4.7m hours³⁶.

Meanwhile, the regulatory gap of preventing water harms in the UK is mirrored by a regulatory gap in water use in UK value chains, including excessive 'abstraction'^{vii} and water pollution.

Britain's water pollution has worsened

Much of Britain's water is unclean, and there is some evidence that pollution incidents are increasing. According to estimates by Surfers Against Sewage, in 2024, water companies discharged sewage into UK waters nearly 1m times (994,499) – roughly one discharge every 30 seconds.³⁷ Serious pollution incidents rose by 60 per cent in 2024, with three companies – Thames, Southern, and Yorkshire Water – responsible for 81 per cent of the most serious. Total pollution incidents from water companies reached their highest level in a decade, climbing 29 per cent to 2,801.³⁸

Water pollution directly harms people, infringing on their rights to health and a healthy environment. The public reported 1,853 incidents of illness after entering Britain's waters in 2024, of which 331 sought medical advice; most were told sewage was the likely cause.³⁹ Pollution carries wider costs too, from repairing the sewer network, paid for through our bills, to lost tourism in coastal towns.⁴⁰

The information that the public relies on is unreliable, harming trust and transparency. Nearly four in five bathing sites affected by dry-weather spills^{viii} in 2025 were rated 'good' or 'excellent' for bathing quality, and most monitored sites are failing minimum standards.⁴¹

Agricultural pollution, including livestock slurry and nutrient run-off, is also a major and growing harm. The collapse of Lough Neagh's ecosystem, the UK's largest freshwater lake, into repeated toxic algal blooms is emblematic.⁴² This pollution represents a threat to public health, the UK

vii Abstraction is defined as water extraction from sources like rivers, streams, canals, lakes, reservoirs, springs, and groundwater aquifers for consumption

viii ie when storm overflows release untreated sewage into rivers or the sea when there has been no or little rain

environment, and Northern Ireland's economy. It provides 40 per cent of the nation's drinking water.⁴³

Over-abstraction, taking more water than is sustainable, is also poorly monitored, and growing demand from data centres will add to the pressure. The Environment Agency inspects only around 15 per cent of water abstraction licences, yet over 1,000 breaches have been found.⁴⁴

Enforcement was suppressed under Conservative governments as the Environment Agency was cut. Its budget roughly halved in the decade before Labour took office and prosecutions fell from an average of 711 a year in the decade to 2010 to 168 a year in the decade to 2021.⁴⁵ The government is now rebuilding capacity and strengthening public control: the agency's budget has increased by £188m, allowing it to more than double water company inspections to over 10,000 a year and increase the water enforcement workforce from 41 to 195.⁴⁶ In 2025 it concluded 174 enforcement cases, securing £11m in fines through enforcement cases.⁴⁷

This progress is welcome, but these modest gains fall far short of the scale of pollution, with serious incidents up 60 per cent in 2024. Penalties also arrive long after the harm: Southern Water was fined in 2026 for discharges dating back to 2019.⁴⁸ Enforcement after the event cannot do the work of prevention.

Similar regulatory gaps drive harm overseas

From food and cotton to critical minerals, water harms are widespread in the value chains of the goods we consume. Much of the food on British plates is imported, and a large share comes from places where the water used to grow it is not sustainably managed.⁴⁹ The 'virtual water'^{ix} of an avocado, for instance, is roughly 600 litres.⁵⁰

Water use and water harms differ from good to good. Irrigated produce can exhaust aquifers: in Peru's Ica region, an export boom in avocados, blueberries and table grapes, driven in large part by European and UK supermarket demand, has coincided with a local water emergency and worsening access to clean water for local communities.⁵¹ Water and labour harms are often interlinked. For instance, in 2025, workers at Hortifrut, a leading berry exporter, reportedly took strike action over alleged harassment, excessive workloads and discrimination against union members.⁵² Rain-fed crops harm water access differently; for example, the

^{ix} Also known as embodied water which is all the water embodied in the production and distribution process of a good.

communities growing cocoa, tea and coffee for consumption in the UK face severe water poverty.⁵³ These commodities are purchased by both consumers and the public sector. British procurement rules contain nothing on water. By contrast, the EU's due-diligence directive prohibits products linked to pollution or excessive water use.⁵⁴

For communities experiencing them, harms can be catastrophic. In Malawi, research by Water Witness concluded that severe flooding after Storm Ana in 2022 was worsened by the embankments around a sugar plantation operated by a wholly owned subsidiary of Associated British Foods, with homes destroyed and lives lost; the claim is now before the high court.⁵⁵ (The allegations are denied; defences include that the matter is beyond jurisdiction for British courts and is a matter for a subsidiary not the parent company.⁵⁶)

Mining and drinks companies abstract large volumes of water in direct conflict with local needs and are associated with polluting water supplies. One London Stock Exchange-listed mining company won a water concession in Chile's Antofagasta region, among the driest places on earth, after which the regional capital found itself short of water for domestic use, leading to legal sanctions in Chile.⁵⁷ The region is now transitioning to desalination of seawater because of this historic depletion of its freshwater supply.⁵⁸

Stronger regulation can reduce water harms here in the UK and internationally

In the UK, problem is not too little attention, but that penalties come too late to deter bad behaviour. Even record fines have not driven up preventative work such as maintaining the network, building storm overflow capacity, managing farm nutrients, or managing abstraction. Notably, Ofwat has been one of the best-resourced water regulators in the world, yet harm remains widespread: regulator capacity is necessary, but not sufficient.⁵⁹ Its remit has been primarily economic, safeguarding the market rather than water quality.

Ownership matters, too. Privatisation has allowed money to be extracted from the system even while investment has lagged; regulation alone cannot correct the incentives it has created.⁶⁰ The government is abolishing Ofwat in favour of a more powerful regulator and moving towards greater public control of essential services, including public ownership where privatisation is failing. Yet as we have seen, public bodies are not immune from causing harm, especially if they lack the duties, knowledge, and capacity to prevent it.

Preventative duties for all actors in the value chain would encourage reasonable steps to prevent harm. The EU's recast urban wastewater treatment directive shows how: it makes producers of the most polluting products fund the bulk of the clean-up, shifting cost upstream to those causing the problem rather than downstream to communities and consumers.⁶¹

From British riverbanks to Peruvian aquifers and Malawian villages, water harms proliferate. A BHREA-style law would span the whole value chain, provide independent regulation, treat environmental and human-rights harm together and promote better transparency over water harms.

3. THE COST OF INACTION

This chapter estimates the scale of labour exploitation and environmental harm permitted by this regulatory gap, and what it costs workers, communities, the environment, and the UK economy.

Environmental harm in the UK is costly

We estimate that the monetary value of the harm from severe pollution^x is in the order of £1.5bn annually in England, of which only around £768m is directly identified in official administrative data.^{xi}

This is a conservative estimate, and wider evidence suggests the value of the harm is greater:

- Damage to health and the environment from air pollutants and greenhouse gases emitted by around 10,000 large industrial facilities in the EU27, such as power plants, refineries and steelworks, was valued at €268-428bn a year from 2012 to 2021, around 2 per cent of GDP. Greenhouse gases made up 43-69 per cent of this total in 2021, and much of it comes from lawful, permitted emissions.⁶² The same share of UK GDP would be approximately £58bn.⁶³
- UK climate damage is projected to climb from 1.1 to 7.4 per cent of GDP by 2100, assuming current policies are maintained. It is estimated at £3,000 per household this year.⁶⁴
- PFAS clean-up alone could reach £9.9bn a year if pollution continues. Around 10,000 sites are estimated to have PFAS contamination in the UK.⁶⁵

x Which we define as serious pollution incidents recorded by the Environment Agency, minor pollution incidents caused by water companies, storm overflow spills above the Environment Agency's investigation threshold, illegal waste sites, and PFAS (forever chemicals).

xi See methodology

- 110 offences were recorded on Sites of Special Scientific Interest – sites designated for their value for wildlife, plants, or geology – in 2023/24.⁶⁶

An estimated fifth of all waste in England is illegally managed, but only 27 per cent of waste crime is ever reported to the Environment Agency. This is estimated to cost legitimate industry some £1bn a year.⁶⁷

In some cases, costly environmental damage is legally permitted. Spills above the Environment Agency's investigation threshold, which we treat as likely non-compliance, cause harm with a monetary value of around £68m a year. Permitted spills cause harm valued at a further £248m a year.

These harms are not just costly to clean up, but actively damaging to population health, our environment, and our biodiversity. An estimated 25,000 tonnes of illegally dumped toxic waste on a former scrapyard in Bickershaw, Wigan, is one example. It has been shown to contain hazardous chemicals, has experienced major fires, and has caused foul odours affecting residents in the prime minister's Macclesfield constituency nearby.

The cost of labour market exploitation is high

We estimate the monetary value of the harm from labour market exploitation in the UK at around £3bn. Only around £808m of labour-market exploitation is recorded in UK enforcement data each year^{xii}. This broadly corresponds with the Fair Work Agency's finding that around 14 per cent of the UK workforce, at least 5.4 to 5.8 million workers, experienced a clear legal violation of their employment rights in the past two years.⁶⁸

Exploitation is a common feature of the UK labour market rather than the work of a criminal fringe. HMRC's final naming round in March 2026 ordered 389 employers, including Amey, Bupa, Costa and Hays Travel, to repay £7.3m to some 60,000 workers.⁶⁹

Harms range from underpayment to denial of the right to organise. Freedom of association and collective bargaining are the enabling rights through which all other labour rights are defended, so suppressing them is a systemic harm. The 2026 ITUC Global Rights Index found the right to strike was violated in 87 per cent of countries surveyed, access to justice denied in 72 per cent and the right to join a union restricted in 80 per cent, with a record number of countries arresting or detaining workers.⁷⁰ As the banana

^{xii} See methodology

case study below makes clear, conditions are markedly better where independent unions are recognised and allowed to work.

Constraining worker representation and the activity of trade unions limits workers' ability to prevent and remedy harm and drives up workplace conflict. In analysis prepared for the Employment Rights Act, the TUC concluded that the annual cost of workplace conflict^{xiii} in the UK economy was around £27.1bn.⁷¹

Estimated costs of forced labour vary significantly in scale but point to it being a significant problem in the global economy,⁷² and in turn, the UK's value chains. The Home Office estimated that modern slavery, of which forced labour is one form, costs the UK between £3.3bn and £4.3bn a year in 2016/17 prices including lost economic earnings, costs of victim support, and costs of law enforcement action in each case.⁷³ Further independent assessments suggest this significantly undercounts the number of victims; broader damage could exceed £52bn, around 2 per cent of UK GDP.⁷⁴ National Referral Mechanism referrals reached a record 23,411 in 2025, up 22 per cent on the previous year, even as wider labour enforcement fell.⁷⁵ One estimate puts the value of UK imports at risk of forced labour at 26.1bn USD a year (around £19bn)^{xiv 76}.

The cost is not equally shared

Corporate harm falls hardest on women and girls, minority ethnic and Indigenous communities, with many affected because of their roles as human rights defenders.⁷⁷

In the UK, there is stark evidence of different labour market outcomes for different groups, with women and ethnic minority communities, in particular, disadvantaged. Labour market exploitation has been found to play a role in these outcomes.⁷⁸

Women and girls are disproportionately affected, particularly in the global south, making up 71 per cent of people in modern slavery. They typically make up most of the workforce in the low-paid sectors where employers are most hostile to unions, so both exploitation and the suppression of organising fall disproportionately on them. This is doubly impactful because sound industrial relations and social dialogue are considered crucial in promoting gender equality in work.⁷⁹ Notably, the global gig economy compounds this precarity for women workers, including in domestic and

xiii Excluding strike action

xiv See methodology

care work and beauty services.⁸⁰ The garment case study illustrates how a majority-female workforce can suffer both exploitation and retaliation for attempting to organise, with long-term ramifications affecting pension earnings and financial security. Pollution affects women differently, too; it is often they who must walk further for clean water.⁸¹

Internationally, Indigenous and minority ethnic communities are disproportionately affected. The production of many products, from Malaysian timber to leather, involves seizing local and Indigenous community land with little or no consultation.⁸² Attacks on human rights defenders resisting business-linked land and resource projects recur across the evidence base.⁸³

In some value chains, certain groups are directly targeted. Polysilicon and rare-earth minerals are crucial to renewable energy generation and the transition to a net-zero economy. These materials are linked to forced labour in China's Xinjiang Uyghur Autonomous Region, where state-imposed forced labour has been directed at a specific ethnic and religious minority, the Uyghur people, and other Turkic and Muslim peoples.⁸⁴

Economic growth and security depend on harm-free value chains

Harm to workers, including to their ability to organise, and harm to the environment both carry an economic as well as a moral cost, undermining growth and national security, exposing business to disruption and loss, and leaving taxpayers to pick up the bill. Such harm also erodes trust in democracy, as we discuss below.

- Harmful imports undercut UK industry and growth. This government's ambition to reindustrialise is central to its case for growth in every part of the country.⁸⁵ Its success needs UK manufacturers to compete fairly, which they cannot do against importers that win on price by exploiting workers or degrading the environment in ways UK regulation prohibits at home.
- Supply chain security is national security. The UK imports around 42 per cent of the food we eat and 43 per cent of the energy we use, and depends heavily on imported medicines, fertiliser and critical minerals.⁸⁶ The Department for Business, Innovation, Science and Trade calls resilience 'no longer a choice but a necessity', citing the 2026 Strait of Hormuz disruption and emergency action on UK CO₂ supplies.⁸⁷ The banana industry case study that follows shows how climate change, nature loss, and water insecurity already threaten worldwide food exports and so British food supplies. The

government's trade strategy rightly recognises that resilient supply chains are 'crucial to the UK's economic and more general security.'⁸⁸

- Harm makes supply chains less durable. A workforce that is exploited, underpaid or denied the right to organise tends to bring more grievances and see higher rates of sickness, accidents and turnover, eroding skills, morale and productivity. Workers with a collective voice can help firms solve problems, including during downturns and climate shocks.⁸⁹ Exploitation also risks reputational fallout, enforcement action, strikes, or public unrest. Environmentally, a supply chain built on depleted soil, poisoned water, or a collapsing ecosystem cannot keep supplying, even if cheap today. The UK's own intelligence assessment warns that biodiversity loss can trigger mass migration, food shortages and global disorder.⁹⁰ Good employment practices and environmental stewardship make supply chains more durable and less prone to shocks and produce better corporate performance.⁹¹
- Harm in supply chains costs businesses directly, damaging both reputations and bottom lines. According to Somo, an Amsterdam-based research organisation, protests at Foxconn's Zhengzhou plant cost Apple an estimated \$1bn in sales in a single week in 2022 after production was relocated without due diligence around the consequences for workers.⁹² The clean-energy supply chains the UK is building carry particular risks of disruption, reputational damage, and stranded investment. Most solar modules produced globally remain exposed to state-imposed forced labour of Uyghurs. Similar risk is found in battery and mineral supply chains relevant to GB Energy's procurement. Here, monitoring is only now emerging,⁹³ including in the Indonesian nickel industry, where an explosion killed 21 workers in 2023 and unions are pressing for safer conditions.⁹⁴
- Taxpayers bear much of the cost of UK harms. Corporate harm often results in public expenditure, including victim support, health costs, clean-up, and enforcement. The current regulatory model leaves the state the insurer of last resort. For example, 79 per cent of the cost of illegal waste sites is borne by the public.⁹⁵ UK taxpayers and consumers often pay twice for the same harm. For example, we pay through our water bills for spills while future clean-up costs draw on the public purse.

Case study 2: Bananas

Public money is buying harm the UK would not tolerate at home

Bananas are Britain's most popular fruit. Every one is imported, travelling through a long supply chain before reaching our hospitals or our children's school trays. Most come from a few Latin American countries. In 2023, Colombia, Costa Rica, Ecuador, the Dominican Republic and Nicaragua supplied 77 per cent of imports.⁹⁶

Public procurement is funding harm abroad

Harm to workers and the environment is prevalent in these supply chains. Across the regions known to supply our public sector, workers are paid poverty wages, work long hours in extreme heat, are exposed to hazardous pesticides, and are blacklisted when they try to join a trade union.⁹⁷ Only in countries with strong, independent trade unions who are recognised as partners in determining pay and conditions do we tend to see better conditions, including Colombia, Ghana, Côte d'Ivoire and Cameroon.

The UK public sector spends around £2.4bn a year on food, and buys millions of bananas for schools, hospitals, care homes, the military and prisons.⁹⁸ In 2023, the UK's largest public framework for banana supply, valued at £32.9m, was shared between just seven fruit companies, including Del Monte and Dole, and only one winner was an SME.⁹⁹ The single largest banana contract, which supplies the School Fruit and Vegetable Scheme with 83m bananas a year, is worth almost £7m.¹⁰⁰

Freedom of information requests found that public procurers are typically not told the country of origin, let alone the farm or who owns it.¹⁰¹ Most know only that the fruit comes from one of three to five countries and meets a voluntary standard such as Rainforest Alliance, which NGOs have linked to serious labour and safety violations. No public body surveyed reported buying Fairtrade fruit. Public buyers therefore cannot see the impact of their spending on workers, communities, and ecosystems.¹⁰²

Food procurement is a diffuse responsibility, split across Defra, the Department of Health and Social Care, the Food Standards Agency and the Cabinet Office, while councils and NHS trusts apply their own frameworks. Procurement often runs through arm's-length bodies, consortia, and regional wholesalers, who rarely have expertise in tropical fruit or direct links to overseas farmers and unions, buying instead through multinationals and other intermediaries without detailed visibility.¹⁰³

Without visibility, progressive procurement ideals like social value, support for SMEs, and recommendations that bananas are fairly traded cannot apply robustly to goods like bananas.¹⁰⁴

Exploitation and pollution are rife

The countries supplying bananas have some of the worst conditions in the world for workers:

- Costa Rica, the origin most cited by public buyers, is rated by the International Trade Union Confederation as a country of systematic rights violations.¹⁰⁵
- Ecuador, the leading exporter globally, ranks in the 10 worst countries for workers, with documented state surveillance, detention, union interference, and state violence during strikes.¹⁰⁶
- Guatemala hosts Chiquita-owned plantations where an investigation by Public Eye found workers on 12-hour shifts in extreme heat, facing demanding targets, and inadequately protected from hazardous pesticides banned in Europe – like Mancozeb, a fungicide which is known to be toxic to reproductive and hormonal systems. They were found working on precarious contracts and risked dismissal or blacklisting should they join a union to improve their conditions.¹⁰⁷

Environmental harms and labour harms exist in tandem, often in the same places. The intensive model that suppresses wages and unions relies on heavy pesticide and fungicide use, including aerial spraying that harms workers and the surrounding communities, water, and soils.¹⁰⁸

Voluntary actions and existing UK law are not preventing harm

The banana trade exemplifies the limits of voluntary approaches. Certification schemes vary in robustness and cannot, on their own, guarantee labour rights or environmental protection. Many businesses use them in good faith, but voluntary schemes cannot deliver the harm reduction a binding duty can. The Guatemalan plantations referenced above were certified by Rainforest Alliance at the time. The growth of ESG metrics with a focus on company self-reporting often excludes workers' voices and neglects independent monitoring, ostensibly offering oversight while obscuring abuses.¹⁰⁹

UK law is inadequate. The Modern Slavery Act imposes only weak reporting requirements rather than remediation and the Environment Act

2021 is narrow with respect to public procurement, which faces fragmented regulation and guidance.¹¹⁰ Social value is mandated in public procurement but largely fails to extend to communities in our international supply chains, despite the often greater human rights risks for workers in countries where goods like bananas are grown. The new central government social value approach is narrower still, explicitly limiting social value to domestic considerations and overlooking international ones.¹¹¹ Public buyers describe being under-resourced and not empowered to demand full disclosure from suppliers while UK-only retailers face weaker rules than EU-headquartered retailers, such as Aldi, who already navigate mandatory due diligence law with positive results.¹¹²

Preventative legal duties have helped to improve behaviour in other countries. One of the first complaints under Germany's Supply Chain Act, filed by Oxfam Germany and trade unions from Ecuador and Costa Rica, documented:

- Inadequate pesticide protection.
- Exploitation by third-party contractors.
- Unpaid overtime.
- Gender-based harassment.
- Union suppression.

Following the complaint, the supermarket Aldi engaged its supplier and the workforce through their union, holding on-site investigations with union participation. Workers received back-payments and soon afterwards the Costa Rican government convened a national banana dialogue forum.¹¹³ Germany is Europe's largest banana importer and used that weight as leverage where certification had not delivered. The UK is a comparable market with the same latent leverage which could help shape the banana value chain for the better.¹¹⁴

The public sector needs to understand harm in its value chains

The lesson from banana procurement is that the British state, the country's largest single buyer, is spending public money on goods produced in conditions prohibited here without any obligation to find out how they were produced. Public procurement is a significant lever to improve value chains. The German experience shows that worker-led engagement and remedy can meaningfully reduce harm in supply chains.

The banana industry also demonstrates the importance of freedom of association and collective bargaining. These enabling rights let workers, farmers and their unions investigate, expose, and secure remedy for harm.

Where they are respected, the industry has its best pay and conditions, and public procurement can help defend them when buying from abroad.

Bananas also demonstrate how preventing harm in supply chains is in the national interest. UK government intelligence predicts food shortages in the next five years if ecosystems in supplier countries are not better protected.¹¹⁵ Climate change, nature loss, and water insecurity threaten global production, leaving the future of export bananas uncertain, while the industry's own practices accelerate the damage.¹¹⁶ Investing in decent work and resilient ecosystems in those supply chains is essential to future-proof UK food security. Our buying power can be an underwriter of improvement rather than one of harm.

4. THE COST OF ACTION

The costs of inaction are clear, but action has costs too. This chapter analyses the costs of a new legal duty to prevent the harms outlined above.

A clearer duty to prevent harms would not mean excessive demands on business

Due diligence is not costly for business. The EU CSDDD sets mandatory due diligence requirements for large firms^{xv} to identify and mitigate human rights and environmental harms in their global value chains, with civil liability for compensation of damages and national supervisory authorities in member states able to levy fines of up to 3 per cent of net worldwide turnover for non-compliance.¹¹⁷

In these regimes, due diligence costs a fraction of 1 per cent of revenue. Studies have estimated recurrent costs for the EU initiative at 0.14 per cent of turnover for smaller firms and 0.009 per cent for large ones, with limited transition costs.¹¹⁸ Across 918 companies in scope of the EU directive, average 2023 net profit was €695m, 69 per cent of it paid to shareholders; the highest compliance-cost estimate for the largest firms, €643,000 a year, equates to just 0.13 per cent of those payouts.¹¹⁹

Studies of similar laws find similar low costs. Complying with the EU Deforestation Regulation is estimated to cost firms around 0.1 per cent of revenue on average, against expected benefits of around €7bn a year.¹²⁰

The fear that compliance requirements would damage businesses is not borne out where laws to prevent corporate harms exist. A study of 11,504 French firms found no evidence that the Duty of Vigilance affected the likelihood of profit or any of its drivers.¹²¹

xv EU firms with over 5,000 employees and over €1.5bn turnover or non-EU firms with over €1.5bn turnover in the EU.

Many UK businesses will fall within the scope of the EU CSDDD because the EU is our largest trading partner. When it applies from 2029, 69 UK-headquartered corporate groups will fall within the EU directive,¹²² and a consistent UK duty would prevent a two-tier system in which UK-only competitors face weaker rules. This kind of inconsistency has already proved challenging in Northern Ireland, where, since Brexit, overlapping environmental regulations between the UK and EU apply.

A single clear duty would let responsible firms compete on a level footing instead of being undercut and could set clear expectations around access to public funding. In the EU, procurement reforms will give public buyers more scope to reward responsible conduct and to exclude firms for offences such as deforestation.¹²³

The government aims to cut the administrative burden of regulation on business by 25 per cent by the end of this parliament.¹²⁴ A BHREA-style law would not run counter to that. As noted above, a ‘duty to prevent’ mechanism is not new to UK law or businesses. A clearer responsibility and expectations for businesses on what responsible business looks like, including in their value chains, would rationalise today’s patchwork of requirements and help businesses know how best to take action to prevent harm.

An independent regulator is affordable

We use the BHREA-style law to estimate the costs of compliance and regulation. That proposal sets a reporting threshold of £36m of worldwide turnover (in line with the Modern Slavery Act), would extend civil liability to UK courts regardless of where harm occurred, and would create an independent regulator able to fine up to 10 per cent of global turnover.¹²⁵

We estimate that a BHREA-style regulator would cost in the order of £60m a year to run on top of compliance costs of around £363m a year for in-scope businesses. This represents a total cost of action of roughly £0.42bn a year, derived as set out in the methodological appendix. The monetary value of the harm identified above is around ten times the cost of prevention.^{xvi}

Enforcement can often fund itself. For instance, for every £1 HMRC spends on its workforce it recovers £18 through a ‘compliance yield’, while the Financial Conduct Authority calculates its own benefit-cost ratio to be £7.20 of economic value or harm prevention for each £1 spent running the regulator.¹²⁶

xvi See methodology

There is a positive case for regulation

Beyond avoiding the costs of inaction, well-designed regulation can deliver positive economic gains:

- Regulation can deliver small macroeconomic gains. Modelling for a previous version of the EU CSDDD^{xvii} put the direct effect at +0.01 to 0.02 per cent of GDP.¹²⁷
- Preventing harm avoids the costs that harm creates. Those macroeconomic gains include reduced draws on public services and relieving suppressed market demand due to underpaid minimum wages. The EU CSDDD includes avoiding roughly 57,000 forced-labour-related deaths a year in production for export markets and a possible 15 to 30 per cent cut in the associated costs.¹²⁸
- Responsible businesses support a stronger economy. There is a well identified turnover difference between B corps and the social economy on the one hand and conventional firms on the other. One estimate suggests gross value added (GVA) could be 7 per cent higher (£149bn) if all businesses embedded social and environmental considerations in core decisions in service of purpose-led governance.¹²⁹ Due diligence and preventative action requirements help reshape business decisions and corporate governance to encourage more responsible and purposeful business practices.
- Regulation protects the benefits of trade and commerce. Trade and commerce ‘done well’ can serve as an engine of development, helping expand prosperity, security, and democracy globally. Well-designed due diligence and preventative action targets remedy and continuous improvement, rather than advocating for divestment, even from countries or places where risks are high.¹³⁰ Well-directed investment in higher-risk places, including in better manufacturing practices, safer working conditions or access to clean water, can reduce risk and provide benefits.
- Responsible business conduct and purchasing practices are closely linked. Purchasing practices (how a buyer sets prices, lead times, terms of trade etc) shape conditions throughout value chains, including economic growth and sustainability in the developing countries they traverse. Whether harm occurs depends partly on how fairly a chain shares its value with those who produce for it, including through prices that support living wages and incomes. For instance, a review of studies finds that Fairtrade has measurably improved conditions by channelling a larger, more predictable share of value back to producers which they can then reinvest

xvii Prior to the Omnibus amendments

productively.¹³¹ The garment case study shows the reverse: last-minute orders, unilateral discounts and long payment terms pushing suppliers towards exploitation, whether in Leicester or overseas cotton production.

Design choices determine impact

Policy design is important. One key lesson from the experience of countries overseas is that legislating to enforce due diligence, with effective reporting standards, works. Companies based in countries with such legislation already score nearly 60 per cent higher on due diligence when benchmarked.¹³²

A second lesson is that clarity, a reversed burden of proof and an independent, well-resourced regulator help a regulation regime function well.

There are other lessons that can be gleaned from international experience:

- France shows that without a reversed burden of proof, even well-drafted regulation can fail to prevent or remedy harm. After eight years, only one case has been decided on its merits.¹³³
- Norway shows that breadth is achievable: its risk-based duty reaches over 9,000 companies, including many SMEs. A third of these report better conditions in their own business, though as a consumer-protection law, it offers limited remedy to those harmed abroad.¹³⁴
- Worker-driven monitoring generally delivers better value for money and better outcomes than top-down auditing models.¹³⁵
- Germany shows why independence matters: its state-funded regulator has increased access to justice, but is has also been weakened by corporate lobbying, political pushback, and inadequate resources.¹³⁶

Good regulation can win the support of the regulated

One prevailing political assumption is that businesses dislike regulation. However, businesses desire fair markets where they can operate securely and predictably. They want a level playing field, legal certainty and alignment with the direction of travel elsewhere. Four in five UK adults support regulation of value chains, too.¹³⁷

In September 2022, retailers including John Lewis, Sainsbury's, Tesco, Twinings, Aviva, Asos and Primark, with the British Retail Consortium, called for an MHREDD, mirrored by investors representing over £4.5tn in

assets under management. In April 2024, 167 businesses and investors called for international alignment, access to remedy, accountability, and good governance to be part of policy design.¹³⁸

Britain can show democratic leadership

The case for action is not only economic. Corporate harms pose a democratic threat that good regulation can counter. Unchecked corporate conduct has eroded trust in businesses, in institutions, and in the idea that the economy works fairly. Around the world, corporate capture threatens democratic government, frays the social contract and undermines trust in the state; this drives support for the populist right, which in turn accelerates the same dynamic.¹³⁹ Suppressing workers' freedom to organise compounds this vicious cycle because trade unions are a pillar of democratic participation.¹⁴⁰ Meanwhile, properly enforced regulations, including duties to prevent harm, can demonstrate that the economy can work fairly and that the state is able to protect people and deliver on its promises.

Domestic leadership can also become international leadership. Regulating our value chains is an opportunity for the UK to leverage its international relationships to improve global standards and create a level playing field internationally. There is momentum to build on. OECD member countries with some due diligence-related requirements (including on modern slavery) represent approximately 55 per cent of global GDP. Governments are promoting responsible business conduct in their role as economic actors, including through procurement, commercial activities, and regulation.¹⁴¹ The UK can capture such momentum to play a leading role in shaping a more responsible global economy. In an increasingly volatile world, this is how Britain can lead in defence of its values.

Benefits outweigh the costs

The cost of action estimated in this chapter is much smaller than the monetary value of the harm identified in the previous chapter. Beyond this straightforward calculus, new policies to tackle value chain harm would bring a range of economic, moral, and democratic benefits outlined. We conclude that the costs of a BHREA-style regulatory regime, with duties to prevent and an independent regulator, are reasonable, and likely net beneficial for the UK.

Case study 3: Clothing

Labour and environmental abuses supply garments for UK consumers

The UK is Europe's largest consumer of clothing per person, much of it 'fast fashion' characterised by low prices, high volumes, rapid turnover, and low recycling.¹⁴² The global garment industry is a trillion-dollar business employing close to 100 million people, the majority women.¹⁴³ Its business model is driven by low-cost, labour-intensive production, and prioritising price over conditions – 'chasing the cheap needle around the planet'.¹⁴⁴ Brands and retailers largely contract out production, and with it reduce responsibility for the workers who make their clothes.¹⁴⁵ Cotton is a major input, and a crop tied to some of the most egregious forced labour and environmental damages.

Harms happen at home and abroad

Clothing sold in the UK carries labour violations both at home and in overseas production.

Labour and environmental harms run through the same chains and the same firms. Academic research describes a system of reverse subsidies, in which global brands use their buying power to purchase both gendered labour and natural resources, including freshwater and land for cotton, below the cost of producing them, taking the profit while the costs fall on workers and ecosystems out of sight.¹⁴⁶

Meanwhile, responsible British firms that pay properly, exhibit good long-term purchasing practices, and manage their impact are undercut by competitors that externalise costs. This is a threat to the fashion and textile industry's almost £70bn^{xviii} contribution to the UK economy.¹⁴⁷

Regulation has not protected UK workers in fast fashion supply chains

During the pandemic in Leicester, where some 10,000 workers are employed in 700 factories, Labour Behind the Label investigated Boohoo, concluding that the city's garment workers were paid, on average, £5 to £7 an hour, well below the minimum wage. They concluded that orders were costed as

xviii £67.5bn total GVA contribution

though they had been made in Bangladesh and suppliers told to accept the price or lose the work.¹⁴⁸

Years on, workers in Leicester were still owed unpaid wages.¹⁴⁹ Some brands have left the city. Largely, this is not to find more ethical sources, but because UK media scrutiny over UK harm discouraged investment.¹⁵⁰ It may be, however, that departing trade has fragmented rather than vanished: researchers observe a growing tail of small, little-known brands, some selling through social-media shops, still producing clothing for wages below the minimum wage.¹⁵¹

Labour rights violations in clothing supply chains persist here for the same reason as abroad: price pressure in a fast-fashion environment left unchecked by weak regulation, minimal inspection, and thin enforcement. Many workers are afraid to approach the authorities while labour enforcement remains entangled with immigration enforcement, as a parliamentary inquiry concluded.¹⁵²

Meanwhile, buyers' purchasing practices, including last-minute orders, unilateral discounts and long payment terms, help drive harm by creating the market pressures that encourage suppliers to exploit labour and overlook environmental damages.¹⁵³ The same model generates waste at home: 300,000 tonnes of textiles reach landfill or incineration each year, with less than 1 per cent recycled.¹⁵⁴ Some is exported to the global south, where UK clothing discards have been found polluting protected habitats.¹⁵⁵

Overproduction, overconsumption, and indifference to workers and their communities

The overseas footprint is vast, and encompasses widespread labour violations, including systemic union busting and severe environmental and ecological damage. Clothing is one of the top 10 goods imported into the UK, valued at £17.3bn. China, Bangladesh, and Turkey are particularly important sources, with imports from Bangladesh accelerating.¹⁵⁶ Walk Free estimates that garments and cotton are some of the most prominent imports among those products at risk of forced labour.¹⁵⁷ Meanwhile, one study calculated that producing clothing and footwear for the UK and EU in a single year drew on more than 5m years of human labour and land the size of Great Britain and Belgium combined.¹⁵⁸

Human rights violations, including both labour and environmental harms, are endemic in the global industry. KnowTheChain assessed 65 major apparel and footwear companies on their efforts to prevent and remedy forced labour and other abuses in supply chains. The average company scored 21 out of 100, and only three companies scored above 50.¹⁵⁹ The true

scale is obscured: over 90 per cent of major brands keep their production volumes secret.¹⁶⁰

Cotton exemplifies this. Around 22 per cent of global cotton is produced in China's Xinjiang Uyghur Autonomous Region, where 70 per cent is picked by hand. It has been extensively linked to forced labour of Uyghur people, including children.¹⁶¹ In Brazil, Earthsight report that cotton supplying H&M and Zara is linked to illegal clearance of the Cerrado and land grabbing from traditional communities, much of it certified by Better Cotton.¹⁶²

The same crop is environmentally ruinous, and wider harms from garments include polluting water supplies with dyes and toxic chemicals. Cotton's thirst is an important example of over-abstraction: the draining of the Aral Sea for cotton irrigation remains one of the 20th century's worst environmental disasters.¹⁶³ Cotton lint cultivation demands around 6,000 litres of water per kilogram; then, as that cotton becomes fabric, wet processing (ie dyeing, washing, and finishing) requires a further 250-300 litres per kilogram of fabric produced.¹⁶⁴ By 2050, it is expected that nearly one quarter of all garment and textile facility locations will be in places with above-medium water scarcity risk.¹⁶⁵

The harm is systemic in clothing supply chains leading back to the UK, and some links to UK brands are direct. According to Labour Behind the Label, when workers at a Sri Lankan supplier owned by the retailer Next won a collectively bargained pay rise, the factory was closed, supposedly on cost grounds.¹⁶⁶ The Clean Clothes Campaign documents the same pattern in the EU, where in 2025 contract workers making luxury goods in Italy were dismissed after unionising.¹⁶⁷ These are systemic violations of freedom of association and collective bargaining, the enabling rights through which unions tackle wider harms, yet only 22 per cent of major brands disclose engaging with unions to protect them.¹⁶⁸

While voluntary accreditations and social audits seek to show promotion of human rights in supply chains, research has found such efforts serve mainly to manage corporate risk rather than to secure workers' rights.¹⁶⁹ Investigations describe a global industry that thrives on exploitation of a mainly female workforce and profiting from the denial of the right to unionise with underpaid, overworked and disenfranchised workers.¹⁷⁰

Current UK rules do not prevent these harms

While there has been some progress, voluntary schemes, audits, and self-reporting statements, including for modern slavery, have not reshaped practices, business models, and due diligence in the ways required.

In 2024, the Court of Appeal held that it was unlawful for the National Crime Agency to decline to investigate cotton imports allegedly produced with forced labour in the Xinjiang Uyghur Autonomous Region, rejecting the argument that paying market value cleansed goods of their origins.¹⁷¹ This opens the door to growing pressure on the industry, and other industries, to implement effective due diligence in their supply chains.

Exploiting labour and damaging the environment for the same products around the world

The garment industry demonstrates how the worst labour and environmental abuses run through the same supply chains, often driven by the same firms, at home and abroad. The market dynamics that depress wages in the UK also drive labour exploitation and environmental damage overseas, whether water pollution or excessive abstraction. Absent regulation that reshapes the market and drives prevention and remedy, the reverse subsidy evident throughout the cotton supply chain will persist.

5. CONCLUSION

Corporate harms inflict significant damage on workers, communities, and the environment both at home and abroad, and undermine public trust in institutions, government and democracy. Currently, economic incentives, ineffective enforcement, and opaque value chains, trading and purchasing practices enable – and can even incentivise – harms in supply chains. The three case studies outlined here exemplify this dynamic and show that voluntary standards and certification cannot fully close the gap. They demonstrate instead that strong state regulation can be effective in preventing and remedying harms.¹⁷²

It will cost more not to act than to act. A BHREA-style duty with independent regulation would cost around £0.42bn per year in compliance and regulator costs, around one-tenth of the monetary value of the serious labour and environmental harms in the UK, estimated at £4.44bn a year. Action would also provide supply chain security, a level playing field for British manufacturers, and reduced costs repairing the damage.

The government should bring forward legislation for a duty on business and public bodies to prevent human rights and environmental harm in their value chains. It should aim to:

- Require regular due diligence and demand reasonable preventative action where risks or potential harms are identified.
- Cover whole value chains with expectations proportionate to a company's size and risk.
- Strengthen transparency in where goods come from and in findings of harm, providing workers, businesses, public actors, and consumers with more knowledge to make informed choices and hold businesses to account.
- Enforce regulations through an independent, well-resourced regulator, with an effective remit to enforce the duty and prevent harms, and penalties strong enough to deter it rather than be priced in.
- Reverse the burden of proof so that it falls on businesses – who would need to show compliance and reasonable action to prevent harm – rather than on the victims of harms.
- Provide genuine access to remedy for those harmed.
- Use income from fines and penalties to fund investigation, remediation, and access to justice for victims.

- Require meaningful engagement with workers and their trade unions, and with women's rights and other civil society organisations, in the design, monitoring, investigation, and remedy of due diligence.
- Provide clarity, so that it is easier for businesses to comply with responsible business duties than today's complex frameworks.
- Create a level playing field so that responsible firms are not undercut by those operating to lower standards, and co-operate internationally, including with the EU, to improve standards globally.

Beyond regulation itself, there are wider measures that could improve responsible business conduct and shape better markets in the UK and in the UK's value chains, including:

- Improving data-sharing across government, including public procurement and customs information, and data on who is affected. This should include gender and other protected characteristics. This would allow an understanding of UK value chains and exposure to harm within them, to design and target enforcement and remedy.
- Extending social value considerations to international supply chains where relevant.
- Improving transparency over public procurement from abroad.

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METHODOLOGICAL APPENDIX

METHODOLOGY FOR QUANTIFYING HARMS AND COSTS

This appendix explains how we estimated the scale and monetary value of corporate harm to workers and the environment as well as the cost of stronger regulation.

By monetary value of harm, we mean the losses borne by workers, the public and the environment, expressed in pounds: wages unlawfully withheld, the human and social cost of modern slavery, the cost of cleaning up illegal waste and chemical contamination, and the value of damage to rivers and seas. We set out in this appendix how we have derived our estimates.

We began with a wide-ranging scoping exercise to source available evidence and identify gaps, including a series of expert interviews to supplement our desk-based research.

For each harm, we judged whether the evidence supported a monetised figure or only indicated scale. Throughout, our figures are conservative, opting for lower bounds where evidence provided ranges. Given what enforcement data alone shows, the true value of the harm is almost certainly higher.

Data availability was a significant constraint, as the government does not systematically measure public or private corporate harms and enforcement data is limited to what regulators catch or prosecute. International data and the ability to causally link this back to UK economic activity restricts robust quantification of the prevalence of harm in UK value chains.

Eight valued inputs generate our £4.4bn estimate:

- Underpayment of the minimum wage.

- Unfair dismissal awards.
- Modern slavery.
- Waste crime.
- PFAS.
- Serious pollution incidents affecting water.
- Minor water-company pollution incidents.
- Sewage spills above the regulator's investigation threshold.

A range of additional inputs (or harms) are discussed in the report which were considered but could not be included due to limited data either on scale or on value:

- 276 land and air pollution incidents.
- 1,047 abstraction licence breaches.
- 110 offences on protected wildlife sites.
- Union-busting.
- Exploitation of agency and migrant workers.
- The £248m of permitted spills (which cannot be included because they are permitted).

Labour harms

We prioritised evidence on six forms of labour harm:

- Underpayment and wage theft.
- Denial of the right to organise.
- Modern slavery and forced labour.
- Exploitation of agency, seasonal, and migrant workers.
- Unlawful treatment at work.
- Child labour.

With the available evidence, not all of these could be costed. There is limited evidence of the prevalence of child labour in the UK. For denial of the right to organise, and exploitation of agency, seasonal and migrant workers, we show evidence as counts to indicate scale due to a lack of robust cost estimates per case or harm. Only underpayment, unfair dismissal and modern slavery had sufficient data on both volume and cost.

For underpayment, we used the value of arrears HMRC identified through minimum-wage enforcement.¹⁷³ For unfair dismissal, we multiplied tribunal awards by their median value, using Ministry of Justice data.¹⁷⁴ For modern slavery, government does not publish victims by type or location, so we built an estimate from National Referral Mechanism tables, isolating UK exploitation by referrals' age group.¹⁷⁵ We also considered international evidence on freedom of association, via the ITUC Global Rights Index.¹⁷⁶

To estimate the full monetary value of this harm, we then compared directly recorded harms with estimates for uncounted harms. Directly recorded harms are minimum-wage arrears, tribunal awards, and modern slavery victims multiplied by the Home Office's published cost per victim, covering both direct exploitation costs and wider social cost.¹⁷⁷ As enforcement captures only a fraction of true non-compliance, we used the Working Lives survey¹⁷⁸ estimate that around 6 per cent of employees were underpaid at some point over two years, losing around £1,200 a year each. Applied across the workforce, this gives a much larger, scaled estimate.¹⁷⁹ Enforcement sees only a fraction of this: the Resolution Foundation estimates just 13 per cent of underpayment is ever detected.¹⁸⁰

Environmental harm

We investigate direct environmental damage in the UK, drawing on four main inputs:

- All serious pollution incidents recorded by the Environment Agency in a single year (622 in 2024, covering water, land and air).
- Storm overflow spills and minor pollution incidents caused by water and sewerage companies.
- Illegal waste sites and independently published costs of waste crime.
- A published estimate of the UK clean-up cost of PFAS (persistent chemical pollutants).

Environment Agency data covers England only and is enforcement-led, only recording what is reported, inspected or prosecuted rather than the true scale of unlawful pollution. Some harms, such as breaches of water abstraction licences, have a published count but no published cost estimates.

We counted all 622 serious pollution incidents recorded in 2024.¹⁸¹ For those affecting water, we valued each using the agency's natural capital calculator.¹⁸² We applied the same calculator, with smaller assumed impacts, to minor (category 3) incidents caused by water and sewerage companies.¹⁸³ For waste crime, we took a published cost estimate, adjusted to the Agency's recent count of new illegal sites.¹⁸⁴¹⁸⁵ For PFAS, we used already published clean-up estimates.¹⁸⁶

There is no official value per storm overflow spill (450,398 in 2024).¹⁸⁷ We derived one from the government's appraisal of its plan to reduce spills: the plan's annual benefits divided by the number of spills it is expected to prevent, around £700 per spill in 2025/26 prices.¹⁸⁸ This is a floor, as the appraisal does not value benefits to coastal and bathing waters.

Within it, we treat spills above 60 a year at a single overflow, the highest of the agency's thresholds for investigation, as likely non-compliance and include them in our main estimate; the remaining spills form the separate figure.¹⁸⁹ This is a conservative estimate, and campaigner analysis suggests up to 90 per cent of untreated discharges breach Environment Agency standards¹⁹⁰.

To estimate the monetary value of the harm, we considered the scale of reported incidence: the sum of the PFAS, water pollution, storm overflow and waste crime figures. We then constructed a larger scaled estimate where evidence allowed to account for harms not captured by regulators. Waste crime is scaled up using Environment Agency estimates that three quarters of waste crime is unreported.¹⁹¹ A smaller adjustment applies to pollution incidents, reflecting missed audits of companies' self-reported data as a proxy.¹⁹² PFAS and spills are left unscaled: PFAS is already a full estimate, and spills are measured directly.

International findings

All currencies are converted to pounds using OECD purchasing power comparisons.¹⁹³ Shares of trade are the exception: there we use market exchange rates, so that both sides of the share are measured on the same basis.¹⁹⁴

Data did not allow us to cost harm in UK value chains abroad directly.

We estimated how much public money is spent on imported goods from sources where forced labour is documented. No official breakdown of public procurement by product exists, so we used the ONS input-output tables, which show what each part of the economy buys by product and how much of it is imported.¹⁹⁵ We took the imported goods bought by public administration and defence, education, health and social care, weighted by the share of each sector that government pays for, together with goods government supplies directly to the public. We then used trade data to apply the share of UK imports of each product that comes from countries where forced labour in that product is documented.¹⁹⁶ This uses Walk Free's estimates of the UK's five most valuable at-risk imports: electronics, garments, textiles, timber and fish.¹⁹⁷ Results are uprated to 2025/26 prices using the HM Treasury GDP deflator.¹⁹⁸

Our estimate is a floor. It counts only goods bought directly in five product groups. It leaves out components inside UK-made goods, capital spending such as construction materials, and other at-risk goods such as rubber gloves and solar panels. It measures public money exposed to risk, not harm caused. UK imports at risk use published estimates.¹⁹⁹

Costings

We estimate compliance costs at 0.009 per cent of in-scope turnover, the European Commission's estimate for large companies.²⁰⁰ Scaling the German government's per-firm estimate for its supply chain law gives a similar result.²⁰¹

We considered three approaches to the cost of a regulator. Scaling the cost of Germany's regulator, BAFA, to UK firms in scope suggests around £30m a year.²⁰² UK regulators range from £19m for the Equality and Human Rights Commission, which cannot fine, to £85m for the Serious Fraud Office, which enforces the Bribery Act's failure-to-prevent offence. We adopt the Fair Work Agency's £60m budget, a Treasury-approved cost for a new UK enforcement body, as our central estimate:²⁰³ around £4,100 per in-scope company a year.

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