



Key developments in business and human rights law

The EU Council approved the Omnibus I Directive on 24 February 2026, following the European Parliament's approval on 16 December 2025. Omnibus I will make significant amendments to the Corporate Sustainability Due Diligence Directive (CSDDD) and the Corporate Sustainability Reporting Directive (CSRD).

At a glance:



Omnibus I approved, reshaping EU sustainability law

The EU has approved Omnibus I, significantly amending the CSDDD and CSRD and fundamentally narrowing their scope.



Higher thresholds and reduced obligations under the CSDDD

The CSDDD will apply only to very large EU and non-EU organisations, with scaled-back due diligence requirements, capped fines, and no obligation to adopt climate transition plans.



CSRD reporting scope substantially reduced

Many organisations will fall out of scope from financial years starting on or after 1 January 2027, with new exemptions and strengthened rights to withhold commercially sensitive information.



EU focus on forced labour and deforestation continues

Guidance on the EU Forced Labour Regulation is expected in 2026, while revisions to the Deforestation Regulation aim to simplify due diligence and delay application until December 2026.



Diverging approaches in the UK and Jersey

Although calls for stronger UK forced labour legislation have intensified, reform appears unlikely in the near term; meanwhile, Jersey has announced plans to introduce new modern slavery legislation.

What are the key changes to the CSDDD?

- The scope of the CSDDD has reduced. Broadly, the CSDDD will now only apply to 1) EU organisations that have 5,000 employees and EUR1.5 billion net turnover, 2) non-EU organisations that have EUR1.5 billion net turnover in the EU, and 3) EU and non-EU organisations that have franchising or licensing arrangements in the EU, have more than EUR275 million net global turnover and the royalties are more than EUR75 million. The Directive will also apply to ultimate parent companies where the group meets the above thresholds.
- The due diligence obligations have been reduced. However, organisations are still required to take a risk-based approach.
- The EU harmonised liability regime has been removed, and a cap has been imposed on fines, so that they cannot exceed 3% of an organisations net global turnover.
- Organisations will no longer be required to adopt a climate change mitigation transition plan.
- The deadline to transpose the Directive has been delayed until 26 July 2028, and the requirements will not apply until 26 July 2029.

What are the key changes to the CSRD?

- The scope of the CSRD has been reduced. Essentially, the CSRD will only apply to EU organisations and non-EU issuers that have 1,000 employees and EUR450 million net turnover, and non-EU parent organisations that have EUR450 million net turnover in the EU and an EU subsidiary or a branch in the EU with more than EUR200 million net turnover. Organisations that are not captured by the new thresholds will not be required to report for financial years starting on or after 1 January 2027.
- An exemption has been introduced for financial holding undertakings, and the existing subsidiary reporting exemption has been extended. In addition, protected undertakings (which are undertakings with less than 1,000 employees) will be allowed to refuse to provide information that exceeds the voluntary SME standard.
- Sector-specific standards have been removed, and the rights of organisations to withhold information have been strengthened (e.g., organisations can withhold information if it would be seriously prejudicial to the undertaking's commercial position to disclose it).

EU: Call for Evidence EU Forced Labour Regulation

The European Commission is due to publish guidelines on the EU Forced Labour Regulation by 14 June 2026. In accordance with the requirements of the EU Forced Labour Regulation, the Commission issued a consultation to help inform the guidelines and was taking feedback until 6 March 2026. The consultation sought feedback on several issues that included the types of evidence that should be considered during investigations and the types of resources that would be helpful in understanding the EU Forced Labour Regulation.

EU: Revision of Deforestation Regulation

The Deforestation Regulation regulates the supply of certain products such as cocoa beans, coffee, and types of rubber. It primarily concerns environmental issues. However, it also captures human rights as it prohibits products being made available on the EU market or exported where they have not been made in accordance with the local laws in terms of land use rights, environmental protection, forest-related rules, third parties' rights, labour rights, human rights protected under

international law, the principle of free, prior and informed consent, tax, anti-corruption, trade and customs regulations and where they are directly related to wood harvesting. As with the EU Forced Labour Regulation, there is an expectation that companies making available or exporting products will conduct appropriate due diligence and, therefore, the Deforestation Regulation will essentially bring forward the obligation to conduct appropriate due diligence for certain types of products.

On 4 December 2025, an agreement was reached to revise the Deforestation Regulation. The agreement still needs to be formally adopted. However, provided that it is, the revision will simplify the due diligence process. In particular, it will limit the requirement to submit a due diligence statement to "operators who first place the product on the market", and it will limit the requirement to hold the initial due diligence statement reference number to the "first downstream operator". The revision will also clarify that micro and small operators only need to submit a "one-time simplified declaration", and it will extend the date of application for all operators until 30 December 2026 (noting that the application will be delayed for a further six months for micro and small operators).

UK: Report by the Independent Anti-Slavery Commissioner

On 16 December 2025, the Independent Anti-Slavery Commissioner (the "IASC") published a new report on [Strengthening the UK's Forced Labour and Human Rights Legislative Framework](#) (the "Report"). The Report suggests that the UK has failed to keep up with global change since the introduction of the Modern Slavery Act 2015 (the "MSA") and that the current legislative environment in the UK is fragmented. The Report asserts that new legislation is required in respect of forced labour and human rights and proposes 'Model Legislative Drafting' for the Government to adopt in the next King's Speech. The proposed legislation would apply to organisations that carry on business, or part of a business, in the UK and have a total turnover of GBP36 million (which the Report highlights is comparable to the MSA threshold), as well as certain public undertakings. The legislation would introduce a ban on products made with forced labour and civil and criminal sanctions where organisations are responsible for serious human rights harm.

The key legislation in the UK on forced labour is currently the MSA, which imposes a requirement on in-scope organisations to produce an annual slavery and human trafficking statement. The legislation proposed by the IASC would significantly strengthen the law on forced labour and human rights in the UK because the MSA does not require organisations to take steps

to prevent modern slavery. However, in our view, it is unlikely that the legislation will be brought into law. Baroness Young proposed a Commercial Organisations and Public Authorities Duty (Human Rights and Environment) Bill in late 2023 that also sought to strengthen human rights law. However, the Bill did not make it past the second reading in the House of Lords. Whilst the Bill proposed by Baroness Young was put forward during the last Conservative government, modern slavery reform does not appear to be a main point of focus for the current Labour government, and given the other reforms proposed by Labour, there may be limited parliamentary time to bring new modern slavery law into effect. Further, such legislative reform is likely to be unpopular with businesses, and therefore, could face further hurdles in that respect.

Jersey: New modern slavery law to be brought in, in Jersey

On 9 February 2026, the Government of Jersey announced that it intends to introduce modern slavery law to provide authorities with accountability and powers "to tackle modern slavery effectively", as well as to help prevent exploitation and improve support for victims. The legislation has not yet been developed, and the Jersey Government has explained that they will run consultations with stakeholders, including charities and employers, as part of the development process.

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