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A Tougher Standard: The United Kingdom's New Human Rights Due Diligence Regime

Client Alerts

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On 4 November 2026, the Department for Business, Innovation, Science and Trade confirmed in a written ministerial statement (the "Statement") that the Government will legislate for a mandatory human rights due diligence regime—the most significant shift in UK supply chain law since the Modern Slavery Act 2015[1] . Whereas the Modern Slavery Act requires companies to disclose their processes to address modern slavery risk, the new regime will require them to actively identify, assess, and address that risk in the first place.

Who is in scope

The regime will apply to UK businesses with global turnover above £350 million, and to non-UK businesses with United Kingdom-generated turnover above the same figure. The Statement does not make clear whether the £350 million threshold is to be measured on a group-consolidated or individual entity basis.

What in-scope businesses must do

In-scope businesses will be required to identify, assess, and address risks of human rights abuses and labour exploitation across their own operations and supply chains. The Statement does not provide much by way of further detail save that the Government has indicated that it will align with long-established soft law standards for corporate responsibility in the OECD Guidelines for Responsible Business Conduct ("OECD Guidelines") and the UN Guiding Principles on Business and Human Rights ("UN Guiding Principles"). Broadly, these standards call for businesses to make a policy commitment to respect human rights, identify adverse human rights impacts, act to prevent or mitigate them, track whether that action is working, communicate how impacts are addressed and provide for remediation where harm has occurred.

Ramifications of non-compliance

The Statement does not indicate whether a company will face financial penalties for non-compliance. Instead it notes that a regulator may investigate businesses suspected of placing forced-labour-tainted goods on the Great Britain market, and may require their removal only where due diligence has fallen short and forced labour is identified.

The Statement does not name a government agency with responsibility for enforcement. Possible candidates include the Fair Work Agency or the Office for Responsible Business Conduct. The Fair Work Agency, launched in April 2026 under what was then the Department for Business and Trade (renamed the Department for Business, Innovation, Science and Trade in July 2026, and the same department responsible for the Statement), already investigates forced labour and modern slavery domestically and holds powers under the Modern Slavery Act 2015, making it a natural fit on remit and sponsorship. Alternatively, the Office for Responsible Business Conduct has responsibility for forced labour in supply chains and administering the OECD Guidelines complaints mechanism, though it currently has no investigatory or enforcement powers of the kind this regime would require. It is also possible that an entirely new body is established to enforce the new regime.

The absence of financial penalties would stand in contrast to the parallel reforms to Modern Slavery Act reporting progressing through the Immigration and Asylum Bill, which include financial penalties of up to the greater of £1 million or 1% of global turnover for businesses that fail to meet mandatory reporting requirements. This creates an unusual asymmetry—the obligation to conduct due diligence and prevent forced labour would carry a less developed sanction than the obligation on companies to report on their efforts.

That being said, the risks of getting due diligence wrong go beyond regulatory enforcement. A due diligence statement is itself a record and can expose a company to litigation and media scrutiny. Recent case law shows that statements describing extensive supply chain oversight can support a duty of care claim against the parent company, even where that oversight was not in fact exercised. Businesses with operations on both sides of the Atlantic face a further, genuine tension in how they frame their compliance disclosures: due diligence statements will need to be carefully crafted to satisfy UK regulators, withstand scrutiny in UK courts and avoid controversy in the current US political environment.

Timing

Although the Statement simply states that the legislation will be enacted "as soon as parliamentary time allows," a separate written statement made on the same day[2] confirms the Government's stated aim for the new regime to take effect alongside the European Union's own Forced Labour Regulation, which applies from 14 December 2027[3] . No bill has yet been published and it remains too soon to tell how ambitious the Government's desired timetable will be.

International comparisons

The United Kingdom's approach can usefully be set against two different models already in place elsewhere—the European Union's due diligence directive and separate forced-labour product bans in the European Union and the United States.

CSDDD

The European Union's Corporate Sustainability Due Diligence Directive (CSDDD) is a due diligence duty, in the same vein as the United Kingdom's proposal, requiring companies to identify, prevent, mitigate and account for adverse impacts across their own operations, subsidiaries, and business partners. Unlike the proposed new UK duty, it applies to environmental impacts as well as human rights. Following the Omnibus reforms, the CSDDD now applies only to EU companies with global turnover above €1.5 billion and more than 5,000 employees, and to non-EU companies with European Union-generated turnover above €1.5 billion. The United Kingdom's £350 million threshold sits at roughly a quarter to a third of that figure at current exchange rates, meaning businesses that fell outside CSDDD's scope following the European Union's retrenchment should not assume they will fall outside the United Kingdom's regime too. Whether the United Kingdom's lower threshold reflects a deliberate decision to position itself as the stricter jurisdiction, or is simply an incidental consequence of the European Union's own retreat, is not addressed anywhere in the Government's Statement.

Product Bans: The European Union's Forced Labour Regulation and the UFLPA

The European Union's Forced Labour Regulation and the United States' Uyghur Forced Labor Prevention Act (UFLPA) both differ from the due diligence duties in that they ban all forced-labour made products from their respective markets and apply to all companies regardless of size or turnover. Under the US regime, goods linked to certain regions or entities are presumed to involve forced labour and are automatically barred at the border, unless the importer rebuts that presumption with "clear and convincing evidence."

It appears from the Statement that the removal power under the UK regime will operate differently to the product bans in the European Union and the United States. First, it appears to attach to a breach of the due diligence duty, which would suggest it only applies to businesses that meet the £350 million turnover threshold. Secondly, it is not clear how a finding of forced labour would be made. The UFLPA sets out who bears the burden of proof and to what standard; the EU regulation requires a completed investigation before a product is barred. The Statement says only that the regulator may act "where due diligence obligations have not been met and forced labour is identified," without saying who must establish that, or to what standard.

How should businesses prepare now

Potentially in-scope businesses should not wait for draft legislation before beginning a gap assessment against the OECD Guidelines and UN Guiding Principles, to the extent they are not doing so already. The Government's Statement frames the new duty by reference to these standards as reflecting how "responsible businesses already manage risk," making them a reasonable proxy for what the eventual legislative requirements are likely to track. Against that background, in-house counsel and compliance teams can consider taking the following steps now:

1. **Test whether the business is potentially in scope**: UK businesses should measure their global turnover against the £350 million threshold, whereas non-UK businesses should measure only

their UK-generated turnover. As the Statement does not say whether the threshold applies on a group consolidated or an individual entity basis, both should be tested.

2. **Map where the risk sits**: If not done already, potentially in scope businesses should carry out a risk or impact assessment across their own operations and supply chains, prioritising the areas where harm is most likely to occur and would be most severe.

3. **Conduct a high-level gap assessment against the OECD Guidelines and UN Guiding Principles**: Businesses in scope of the CSDDD, EU Forced Labour Regulation and UFLPA should not assume they automatically meet the standards in the OECD Guidelines and UN Guiding Principles. The CSDDD's post-Omnibus scope is narrower on value chain reach and the EU and US product bans are narrower on subject matter, in that they relate only to forced labour (and the UFLPA is narrower still as it is tied to a particular region).

4. **Consider US exposure**: Businesses operating on both sides of the Atlantic should involve colleagues in legal and public affairs teams in the US to ensure messaging in the UK does not cut across political and regulatory sensitivities in the US.

5. **Keep watching**: Monitor the publication of the draft legislation and the identification of a regulator. The Statement also notes that the Government will establish a centralised responsible business conduct guidance hub on GOV.UK, bringing together guidance, tools, and templates in a single location.

Footnotes

[1] https://questions-statements.parliament.uk/written-statements/detail/2026-11-04/hcws454

[2] https://questions-statements.parliament.uk/written-statements/detail/2026-11-04/hcws455

[3] https://eur-lex.europa.eu/eli/reg/2024/3015/oj at Article 39

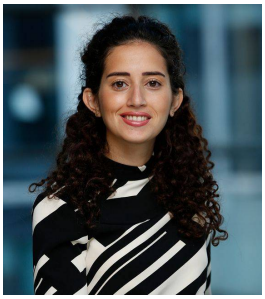
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