Corporate Sustainability Due Diligence Directive

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Directive (EU) 2024/1760 on corporate sustainability due diligence and amending Directive (EU) 2019/1937 and Regulation (EU) 2023/2859

Directive 2025/794 as regards the dates from which Member States are to apply certain corporate sustainability reporting and due diligence requirements

Directive (EU) 2026/470 as regards certain corporate sustainability reporting requirements and certain corporate sustainability due diligence requirements

What is changing and why?

The European Union (EU) aims for (large) companies to better ensure that their products are made in a way that respects human rights and the environment. Rules have been adopted for large companies to identify, prevent, and address the adverse impacts on human rights and the environment that are most likely to occur from their operations and those of their business partners.

The rules are aimed at larger companies (EU companies with more than 5,000 employees and a worldwide turnover above €1.5 billion, and non-EU companies with a net turnover within the EU above €1.5 billion). These companies must scope areas of activity based on generally available information to identify general areas across their own operations and those of their business partners, where adverse impacts are most likely to occur and to be most severe. They must then take steps to reduce and rectify these negative impacts, prioritising those that are most severe. This could include implementing action plans, upgrading facilities, changing purchasing practices, or possibly temporarily suspending business relationships, provided this does not cause more severe negative impacts. This responsible practice is known as “due diligence”. To help with this, companies will need to develop rules for how they operate (codes of conduct), set up ways for people to complain about adverse effects, and inform the public about their due diligence policy.

Most non-EU companies that supply agri-food products to the EU market do not qualify as “larger companies”, and will not need to apply the new due diligence rules. But operators that supply large companies might be indirectly affected by these rules, as they might be expected to provide information and data to help these companies demonstrate due diligence. However, large companies can only request information from business partners when that information is necessary. If the business partner has fewer than 5,000 employees, information can be requested only when it cannot reasonably be obtained by other means. Large companies must prioritise requesting information directly from the business partner or partners where the adverse impacts are most likely to occur.

In February 2026, the scope of companies that must comply with these rules has been reduced by about 70%, limiting the number of companies that must comply with these requirements and the potential negative economic impacts these rules might have on companies.

Actions

Sectors in non-EU countries supplying to the EU will likely need to:

- engage with larger EU companies to ensure that each human right and labour/ environmental standard has a clearly defined and agreed action plan
- update private voluntary sustainability standards to align with the new requirements
- set up systems to monitor whether companies are respecting environmental and human rights rules – useful resources are the Organisation for Economic Co-operation and Development's (OECD) Due Diligence Guidance for Responsible Business Conduct and Guidelines for Multinational Enterprises on Responsible Business Conduct.

Timeline

The due diligence obligations will apply from **26 July 2029**.

For more information see the full record on the AGRINFO website – where you can also view the latest AGRINFO Update newsletters and search the database.

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