Corporate Sustainability Due Diligence Directive

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Directive (EU) 2024/1760 on corporate sustainability due diligence

What is changing and why?

The EU believes that companies are not doing enough to ensure their products are made in a way that respects human rights and the environment. The efforts companies are currently making are not sufficient, so new rules have been adopted.

The new rules are aimed at larger companies (EU companies with more than 1,000 employees and worldwide a turnover above €450 million, and non-EU companies with a net turnover within the EU above €450 million). These companies will have to identify any business activities that have an adverse effect on the environment or human rights. They must then take steps to lessen and rectify these negative impacts, prioritising those that are most severe. This could include implementing action plans, upgrading facilities, changing purchasing practices, or possibly suspending or terminating 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 larger companies will need their suppliers to provide information showing how they meet the due diligence obligations. For example, importers may include requirements about respecting people's rights and the environment in their agreements with suppliers. The new rules will therefore impact businesses throughout the supply chain. Private voluntary sustainability standards (e.g. social and environmental certification schemes) can potentially be used to show compliance with due diligence.

Actions

Sectors in non-EU countries supplying to the EU will 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 measurement systems to monitor if companies are respecting environmental and human rights rules – useful resources are OECD's Due Diligence Guidance for Responsible Business Conduct and Guidelines for Multinational Enterprises on Responsible Business Conduct.

Timeline

EU Member States must adopt national laws to implement the Directive within 2 years (by mid-2026).

The date that the due diligence obligations will apply depends on the size of the company (see Table 1 for details).

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.

Tables & Figures

Table 1
Estimated application date of due diligence obligations

EU companies		Non-EU companies	Due diligence obligations apply from:
Number of employees	AND net turnover worldwide (€)	Net turnover within EU (€)	
>5,000	>1,500 million	>1,500 million	26 July 2027
>3,000	>900 million	>900 million	26 July 2028
>1,000	>450 million	>450 million	26 July 2029

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Source: Directive (EU) 2024/1760

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