# ►B DIRECTIVE (EU) 2024/1760 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

## of 13 June 2024

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

**(Text with EEA relevance)**

(OJ L 1760, 5.7.2024, p. 1)

Amended by:

| | | Official Journal | | |
|---|---|---|---|---|
| | | No | page | date |
| ►M1 | Directive (EU) 2025/794 of the European Parliament and of the Council of 14 April 2025 | L 794 | 1 | 16.4.2025 |

Corrected by:

►C1 Corrigendum, OJ L 90894, 10.11.2025, p. 1 (2024/1760)

▼B

# DIRECTIVE (EU) 2024/1760 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

**of 13 June 2024**

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

**(Text with EEA relevance)**

*Article 1*

**Subject matter**

1. This Directive lays down rules on:

(a) obligations for companies regarding actual and potential human rights adverse impacts and environmental adverse impacts, with respect to their own operations, the operations of their subsidiaries, and the operations carried out by their business partners in the chains of activities of those companies;

(b) liability for violations of the obligations as referred to in point (a); and

(c) the obligation for companies to adopt and put into effect a transition plan for climate change mitigation which aims to ensure, through best efforts, compatibility of the business model and of the strategy of the company with the transition to a sustainable economy and with the limiting of global warming to 1,5 °C in line with the Paris Agreement.

2. This Directive shall not constitute grounds for reducing the level of protection of human, employment and social rights, or of protection of the environment or of protection of the climate provided for by the national law of the Member States or by the collective agreements applicable at the time of the adoption of this Directive.

3. This Directive shall be without prejudice to obligations in the areas of human, employment and social rights, and of protection of the environment and climate change under other Union legislative acts. If a provision of this Directive conflicts with a provision of another Union legislative act pursuing the same objectives and providing for more extensive or more specific obligations, the provision of that other Union legislative act shall prevail to the extent of the conflict and shall apply as regards those specific obligations.

*Article 2*

**Scope**

1. This Directive shall apply to companies which are formed in accordance with the legislation of a Member State and which fulfil one of the following conditions:

▼B

(a) the company had more than 1 000 employees on average and had a net worldwide turnover of more than EUR 450 000 000 in the last financial year for which annual financial statements have been or should have been adopted;

(b) the company did not reach the thresholds as referred to in point (a) but is the ultimate parent company of a group that reached those thresholds in the last financial year for which consolidated annual financial statements have been or should have been adopted;

(c) the company entered into or is the ultimate parent company of a group that entered into franchising or licensing agreements in the Union in return for royalties with independent third-party companies, where those agreements ensure a common identity, a common business concept and the application of uniform business methods, and where those royalties amounted to more than EUR 22 500 000 in the last financial year for which annual financial statements have been or should have been adopted, and provided that the company had or is the ultimate parent company of a group that had a net worldwide turnover of more than EUR 80 000 000 in the last financial year for which annual financial statements have been or should have been adopted.

2. This Directive shall also apply to companies which are formed in accordance with the legislation of a third country and fulfil one of the following conditions:

(a) the company generated a net turnover of more than EUR 450 000 000 in the Union in the financial year preceding the last financial year;

(b) the company did not reach the threshold as referred to in point (a) but is the ultimate parent company of a group that on a consolidated basis reached that threshold in the financial year preceding the last financial year;

(c) the company entered into or is the ultimate parent company of a group that entered into franchising or licensing agreements in the Union in return for royalties with independent third-party companies, where those agreements ensure a common identity, a common business concept and the application of uniform business methods, and where those royalties amounted to more than EUR 22 500 000 in the Union in the financial year preceding the last financial year; and provided that the company generated, or is the ultimate parent company of a group that generated, a net turnover of more than EUR 80 000 000 in the Union in the financial year preceding the last financial year.

▼B

3. Where the ultimate parent company has as its main activity the holding of shares in operational subsidiaries and does not engage in taking management, operational or financial decisions affecting the group or one or more of its subsidiaries, it may be exempted from carrying out the obligations under this Directive. That exemption is subject to the condition that one of the ultimate parent company's subsidiaries established in the Union is designated to fulfil the obligations set out in Articles 6 to 16 and Article 22 on behalf of the ultimate parent company, including the obligations of the ultimate parent company with respect to the activities of its subsidiaries. In such a case, the designated subsidiary is given all the necessary means and legal authority to fulfil those obligations in an effective manner, in particular to ensure that the designated subsidiary obtains from the companies of the group the relevant information and documents to fulfil the obligations of the ultimate parent company under this Directive.

The ultimate parent company shall apply for the exemption referred to in the first subparagraph of this paragraph to the competent supervisory authority, in accordance with Article 24, to assess whether the conditions referred to in the first subparagraph of this paragraph are met. Where the conditions are met, the competent supervisory authority shall grant the exemption. Where applicable, such authority shall duly inform the competent supervisory authority of the Member State where the designated subsidiary is established of the application and then of its decision.

The ultimate parent company shall remain jointly liable with the designated subsidiary for a failure of the latter to comply with its obligations in accordance with the first subparagraph of this paragraph.

4. For the purposes of paragraph 1, the number of part-time employees shall be calculated on a full-time equivalent basis. Temporary agency workers and other workers in non-standard forms of employment, provided that they fulfil the criteria for determining the status of worker as established by the Court of Justice of the European Union, shall be included in the calculation of the number of employees in the same way as if they were workers employed directly for the same period of time by the company.

5. Where a company meets the conditions laid down in paragraph 1 or 2, this Directive shall only apply if those conditions are met in two consecutive financial years. This Directive shall no longer apply to a company referred to in paragraph 1 or 2 where the conditions laid down in paragraph 1 or 2 cease to be met for each of the last two relevant financial years.

6. As regards the companies referred to in paragraph 1, the Member State competent to regulate matters covered by this Directive shall be the Member State in which the company has its registered office.

▼B

7. As regards a company as referred to in paragraph 2, the Member State competent to regulate matters covered by this Directive shall be the Member State in which that company has a branch. If a company does not have a branch in any Member State, or has branches located in different Member States, the Member State competent to regulate matters covered by this Directive shall be that in which that company generated the highest net turnover in the Union in the financial year preceding the last financial year.

8. This Directive shall not apply to AIFs, as defined in Article 4(1), point (a), of Directive 2011/61/EU of the European Parliament and of the Council ([1]) or to undertakings for collective investment in transferable securities (UCITS) within the meaning of Article 1(2) of Directive 2009/65/EC of the European Parliament and of the Council ([2]).

*Article 3*

**Definitions**

1. For the purpose of this Directive, the following definitions shall apply:

(a) ‘company’ means any of the following:

(i) a legal person constituted as one of the legal forms listed in Annexes I and II to Directive 2013/34/EU;

(ii) a legal person constituted in accordance with the law of a third country in a form comparable to those listed in Annexes I and II to Directive 2013/34/EU;

(iii) a regulated financial undertaking, regardless of its legal form, which is:

— a credit institution, as defined in Article 4(1), point (1), of Regulation (EU) No 575/2013 the European Parliament and of the Council ([3]);

([1]) Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 (OJ L 174, 1.7.2011, p. 1).

([2]) Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (OJ L 302, 17.11.2009, p. 32).

([3]) ►C1 Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1). ◄

▼B

— an investment firm, as defined in Article 4(1), point (1), of Directive 2014/65/EU the European Parliament and of the Council ([4]);

— an alternative investment fund manager (AIFM), as defined in Article 4(1), point (b), of Directive 2011/61/EU, including a manager of European venture capital funds (EuVECA), as referred to in Regulation (EU) No 345/2013 of the European Parliament and of the Council ([5]), a manager of European social entrepreneurship funds (EuSEF), as referred to in Regulation (EU) No 346/2013 of the European Parliament and of the Council ([6]), and a manager of European long-term investment funds (ELTIF), as referred to in Regulation (EU) 2015/760 of the European Parliament and of the Council ([7]);

— a management company, as defined in Article 2(1), point (b), of Directive 2009/65/EC;

— an insurance undertaking, as defined in Article 13, point (1), of Directive 2009/138/EC of the European Parliament and of the Council ([8]);

— a reinsurance undertaking, as defined in Article 13, point (4), of Directive 2009/138/EC;

— an institution for occupational retirement provision within the scope of Directive (EU) 2016/2341 in accordance with Article 2 thereof, unless a Member State has chosen not to apply that Directive in whole or in part to those institutions for occupational retirement provision in accordance with Article 5 of that Directive;

— a central counterparty, as defined in Article 2, point (1), of Regulation (EU) No 648/2012 of the European Parliament and of the Council ([9]);

([4]) Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (OJ L 173, 12.6.2014, p. 349).

([5]) Regulation (EU) No 345/2013 of the European Parliament and of the Council of 17 April 2013 on European venture capital funds (OJ L 115, 25.4.2013, p. 1).

([6]) Regulation (EU) No 346/2013 of the European Parliament and of the Council of 17 April 2013 on European social entrepreneurship funds (OJ L 115, 25.4.2013, p. 18).

([7]) Regulation (EU) 2015/760 of the European Parliament and of the Council of 29 April 2015 on European long-term investment funds (OJ L 123, 19.5.2015, p. 98).

([8]) Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) (OJ L 335, 17.12.2009, p. 1).

([9]) Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (OJ L 201, 27.7.2012, p. 1).

▼B

— a central securities depository, as defined in Article 2(1), point (1), of Regulation (EU) No 909/2014 of the European Parliament and of the Council ([10]);

— an insurance or reinsurance special purpose vehicle authorised in accordance with Article 211 of Directive 2009/138/EC;

— a securitisation special purpose entity, as defined in Article 2, point (2), of Regulation (EU) 2017/2402 of the European Parliament and of the Council ([11]);

— a financial holding company, as defined in Article 4(1), point (20), of Regulation (EU) No 575/2013, an insurance holding company, as defined in Article 212(1), point (f), of Directive 2009/138/EC, or a mixed financial holding company, as defined in Article 212(1), point (h), of Directive 2009/138/EC, which is part of an insurance group that is subject to supervision at the level of the group pursuant to Article 213 of that Directive and which is not exempted from group supervision pursuant to Article 214(2) of Directive 2009/138/EC;

— a payment institution, as referred to in Article 1(1), point (d), of Directive (EU) 2015/2366 of the European Parliament and of the Council ([12]);

— an electronic money institution, as defined in Article 2, point (1), of Directive 2009/110/EC of the European Parliament and of the Council ([13]);

([10]) Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012 (OJ L 257, 28.8.2014, p. 1).

([11]) Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012 (OJ L 347, 28.12.2017, p. 35).

([12]) Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market, amending Directives 2002/65/EC, 2009/110/EC and 2013/36/EU and Regulation (EU) No 1093/2010, and repealing Directive 2007/64/EC (OJ L 337, 23.12.2015, p. 35).

([13]) Directive 2009/110/EC of the European Parliament and of the Council of 16 September 2009 on the taking up, pursuit and prudential supervision of the business of electronic money institutions amending Directives 2005/60/EC and 2006/48/EC and repealing Directive 2000/46/EC (OJ L 267, 10.10.2009, p. 7).

▼B

— a crowdfunding service provider, as defined in Article 2(1), point (e), of Regulation (EU) 2020/1503 of the European Parliament and of the Council ([14]);

— a crypto-asset service provider, as defined in Article 3(1), point (15), of Regulation (EU) 2023/1114 of the European Parliament and of the Council ([15]), where performing one or more crypto-asset services, as defined in Article 3(1), point (16), of that Regulation;

(b) ‘adverse environmental impact’ means an adverse impact on the environment resulting from the breach of the prohibitions and obligations listed in Part I, Section 1, points 15 and 16, and Part II of the Annex to this Directive, taking into account national legislation linked to the provisions of the instruments listed therein;

(c) ‘adverse human rights impact’ means an impact on persons resulting from:

(i) an abuse of one of the human rights listed in Part I, Section 1, of the Annex to this Directive, as those human rights are enshrined in the international instruments listed in Part I, Section 2, of the Annex to this Directive;

(ii) an abuse of a human right not listed in Part I, Section 1, of the Annex to this Directive, but enshrined in the human rights instruments listed in Part I, Section 2, of the Annex to this Directive, provided that:

— the human right can be abused by a company or legal entity;

— the human right abuse directly impairs a legal interest protected in the human rights instruments listed in Part I, Section 2, of the Annex to this Directive; and

— the company could have reasonably foreseen the risk that such human right may be affected, taking into account the circumstances of the specific case, including the nature and extent of the company’s business operations and its chain of activities, the characteristics of the economic sector and the geographical and operational context;

([14]) Regulation (EU) 2020/1503 of the European Parliament and of the Council of 7 October 2020 on European crowdfunding service providers for business, and amending Regulation (EU) 2017/1129 and Directive (EU) 2019/1937 (OJ L 347, 20.10.2020, p. 1).

([15]) Regulation (EU) 2023/1114 of the European Parliament and of the Council of 31 May 2023 on markets in crypto-assets, and amending Regulations (EU) No 1093/2010 and (EU) No 1095/2010 and Directives 2013/36/EU and (EU) 2019/1937 (OJ L 150, 9.6.2023, p. 40).

▼B

(d) ‘adverse impact’ means an adverse environmental impact or adverse human rights impact;

(e) ‘subsidiary’ means a legal person, as defined in Article 2, point (10), of Directive 2013/34/EU, and a legal person through which the activity of a controlled undertaking, as defined in Article 2(1), point (f), of Directive 2004/109/EC of the European Parliament and of the Council ([16]), is exercised;

(f) ‘business partner’ means an entity:

(i) with which the company has a commercial agreement related to the operations, products or services of the company or to which the company provides services pursuant to point (g) (‘direct business partner’); or

(ii) which is not a direct business partner but which performs business operations related to the operations, products or services of the company (‘indirect business partner’);

(g) ‘chain of activities’ means:

(i) activities of a company’s upstream business partners related to the production of goods or the provision of services by that company, including the design, extraction, sourcing, manufacture, transport, storage and supply of raw materials, products or parts of products and the development of the product or the service; and

(ii) activities of a company’s downstream business partners related to the distribution, transport and storage of a product of that company, where the business partners carry out those activities for the company or on behalf of the company, and excluding the distribution, transport and storage of a product that is subject to export controls under Regulation (EU) 2021/821 or to the export controls relating to weapons, munitions or war materials, once the export of the product is authorised;

(h) ‘independent third-party verification’ means verification of the compliance by a company, or parts of its chain of activities, with human rights and environmental requirements resulting from this Directive by an expert that is objective, completely independent from the company, free from any conflicts of interest and from external influence, has experience and competence in environmental or human rights matters, according to the nature of the adverse impact, and is accountable for the quality and reliability of the verification;

([16]) Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC (OJ L 390, 31.12.2004, p. 38).

▼B

(i) ‘SME’ means a micro, small or a medium-sized undertaking, irrespective of its legal form, that is not part of a large group, as those terms are defined according to Article 3(1), (2), (3) and (7) of Directive 2013/34/EU;

(j) ‘industry or multi-stakeholder initiative’ means a combination of voluntary due diligence procedures, tools and mechanisms, developed and overseen by governments, industry associations, interested organisations, including civil society organisations, or groupings or combinations thereof, that companies may participate in in order to support the implementation of due diligence obligations;

(k) ‘authorised representative’ means a natural or legal person resident or established in the Union that has a mandate from a company within the meaning of point (a)(ii) to act on its behalf in relation to compliance with that company’s obligations pursuant to this Directive;

(l) ‘severe adverse impact’ means an adverse impact that is especially significant on account of its nature, such as an impact that entails harm to human life, health or liberty, or on account of its scale, scope or irremediable character, taking into account its gravity, including the number of individuals that are or may be affected, the extent to which the environment is or may be damaged or otherwise affected, its irreversibility and the limits on the ability to restore affected individuals or the environment to a situation equivalent to their situation prior to the impact within a reasonable period of time;

(m) ‘net turnover’ means:

(i) the ‘net turnover’, as defined in Article 2, point (5), of Directive 2013/34/EU; or

(ii) where the company applies international accounting standards adopted on the basis of Regulation (EC) No 1606/2002 of the European Parliament and of the Council [17] or is a company within the meaning of point (a)(ii), the revenue as defined by or within the meaning of the financial reporting framework on the basis of which the financial statements of the company are prepared;

(n) ‘stakeholders’ means the company’s employees, the employees of its subsidiaries, trade unions and workers’ representatives, consumers and other individuals, groupings, communities or entities whose rights or interests are or could be affected by the products, services and operations of the company, its subsidiaries and its business partners, including the employees of the company’s business partners and their trade unions and workers’ representatives, national human rights and environmental institutions, civil society organisations whose purposes include the protection of the environment, and the legitimate representatives of those individuals, groupings, communities or entities;

[17] Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards (OJ L 243, 11.9.2002, p. 1).

▼B

(o) ‘appropriate measures’ means measures that are capable of achieving the objectives of due diligence by effectively addressing adverse impacts in a manner commensurate to the degree of severity and the likelihood of the adverse impact, and reasonably available to the company, taking into account the circumstances of the specific case, including the nature and extent of the adverse impact and relevant risk factors;

(p) ‘business relationship’ means the relationship of a company with a business partner;

(q) ‘parent company’ means a company that controls one or more subsidiaries;

(r) ‘ultimate parent company’ means a parent company that controls, either directly or indirectly in accordance with the criteria set out in Article 22(1) to (5) of Directive 2013/34/EU, one or more subsidiaries and is not controlled by another company;

(s) ‘group of companies’ or ‘group’ means a parent company and all its subsidiaries;

(t) ‘remediation’ means restoration of the affected person or persons, communities or environment to a situation equivalent or as close as possible to the situation they would have been in had an actual adverse impact not occurred, in proportion to the company’s implication in the adverse impact, including by financial or non-financial compensation provided by the company to a person or persons affected by the actual adverse impact and, where applicable, reimbursement of the costs incurred by public authorities for any necessary remedial measures;

(u) ‘risk factors’ means facts, situations or circumstances that relate to the severity and likelihood of an adverse impact, including company-level, business operations, geographic and contextual, product and service, and sectoral facts, situations or circumstances;

(v) ‘severity of an adverse impact’ means the scale, scope or irremediable character of the adverse impact, taking into account the gravity of an adverse impact, including the number of individuals that are or may be affected, the extent to which the environment is or may be damaged or otherwise affected, its irreversibility and the limits on the ability to restore affected individuals or the environment to a situation equivalent to their situation prior to the impact within a reasonable period of time.

2. The Commission is empowered to adopt delegated acts in accordance with Article 34 in order to amend the Annex to this Directive by:

(a) adding references to articles of international instruments ratified by all Member States and falling within the scope of a specific right, prohibition or obligation related to the protection of human rights, fundamental freedoms and of the environment listed in the Annex to this Directive;

▼B

(b) modifying, where appropriate, the references to international instruments referred to in the Annex to this Directive, in view of the modification, supersession or abrogation of such instruments;

(c) in accordance with developments within the relevant international fora concerning the instruments listed in Part 1, Section 2, of the Annex to this Directive:

(i) replacing the references to the listed instruments with references to new instruments covering the same subject matter and ratified by all Member States; or

(ii) adding references to new instruments covering the same subject matter as the listed instruments and ratified by all Member States.

*Article 4*

**Level of harmonisation**

1. Without prejudice to Article 1(2) and (3), Member States shall not introduce, in their national law, provisions within the field covered by this Directive laying down human rights and environmental due diligence obligations diverging from those laid down in Article 8(1) and (2), Article 10(1) and Article 11(1).

2. Notwithstanding paragraph 1, this Directive shall not preclude Member States from introducing, in their national law, more stringent provisions diverging from those laid down in provisions other than Article 8(1) and (2), Article 10(1) and Article 11(1), or provisions that are more specific in terms of the objective or the field covered, in order to achieve a different level of protection of human, employment and social rights, the environment or the climate.

*Article 5*

**Due diligence**

1. Member States shall ensure that companies conduct risk-based human rights and environmental due diligence as laid down in Articles 7 to 16 (‘due diligence’) by carrying out the following actions:

(a) integrating due diligence into their policies and risk management systems in accordance with Article 7;

(b) identifying and assessing actual or potential adverse impacts in accordance with Article 8 and, where necessary, prioritising actual and potential adverse impacts in accordance with Article 9;

(c) preventing and mitigating potential adverse impacts, and bringing actual adverse impacts to an end and minimising their extent in accordance with Articles 10 and 11;

(d) providing remediation for actual adverse impacts in accordance with Article 12;

▼B

(e) carrying out meaningful engagement with stakeholders in accordance with Article 13;

(f) establishing and maintaining a notification mechanism and a complaints procedure in accordance with Article 14;

(g) monitoring the effectiveness of their due diligence policy and measures in accordance with Article 15;

(h) publicly communicating on due diligence in accordance with Article 16.

2. Member States shall ensure that, for the purposes of due diligence, companies are entitled to share resources and information within their respective groups of companies and with other legal entities.

3. Member States shall ensure that a business partner is not obliged to disclose to a company that is complying with the obligations resulting from this Directive information that is a trade secret, as defined in Article 2, point (1), of Directive (EU) 2016/943, without prejudice to the disclosure of the identity of direct and indirect business partners, or essential information needed to identify actual or potential adverse impacts, where necessary and duly justified for the company's compliance with due diligence obligations. This shall be without prejudice to the possibility for the business partners to protect their trade secrets through the mechanisms established in Directive (EU) 2016/943. Business partners shall never be obliged to disclose classified information or other information the disclosure of which would cause a risk to the essential interests of a state's security.

4. Member States shall require companies to retain documentation regarding the actions carried out to fulfil their due diligence obligations for the purpose of demonstrating compliance, including supporting evidence, for at least 5 years from the moment when such documentation was produced or obtained.

Where, upon expiry of the retention period provided for in the first subparagraph, there are ongoing judicial or administrative proceedings under this Directive, the retention period shall be extended until the conclusion of the matter.

*Article 6*

**Due diligence support at a group level**

1. ►C1 Member States shall ensure that parent companies falling under the scope of this Directive are allowed to fulfil the obligations set out in Articles 7 to 16 and Article 22 ◄ on behalf of companies which are subsidiaries of those parent companies and fall under the scope of this Directive, if this ensures effective compliance. This is without prejudice to such subsidiaries being subject to the exercise of the supervisory authority's powers in accordance with Article 25 and to their civil liability in accordance with Article 29.

▼B

2. The fulfilment of the due diligence obligations set out in Articles 7 to 16 by a parent company in accordance with paragraph 1 of this Article shall be subject to all of the following conditions:

(a) the subsidiary and parent company provide each other with all the necessary information and cooperate to fulfil the obligations resulting from this Directive;

(b) the subsidiary abides by its parent company's due diligence policy accordingly adapted to ensure that the obligations laid down in Article 7(1) are fulfilled with respect to the subsidiary;

(c) the subsidiary integrates due diligence into all its policies and risk management systems in accordance with Article 7, clearly describing which obligations are to be fulfilled by the parent company, and, where necessary, so informs the relevant stakeholders;

(d) where necessary, the subsidiary continues to take appropriate measures in accordance with Articles 10 and 11 and to fulfil its obligations under Articles 12 and 13;

(e) where relevant, the subsidiary seeks contractual assurances from a direct business partner in accordance with Article 10(2), point (b), or Article 11(3), point (c), seeks contractual assurances from an indirect business partner in accordance with Article 10(4) or Article 11(5) and temporarily suspends or terminates the business relationship in accordance with Article 10(6) or Article 11(7).

3. Where the parent company fulfils the obligation set out in Article 22 on behalf of the subsidiary in accordance with paragraph 1 of this Article, the subsidiary shall comply with the obligations laid down in Article 22 in accordance with the parent company's transition plan for climate change mitigation accordingly adapted to its business model and strategy.

*Article 7*

**Integrating due diligence into company policies and risk management systems**

1. Member States shall ensure that companies integrate due diligence into all their relevant policies and risk management systems and have in place a due diligence policy that ensures risk-based due diligence.

2. The due diligence policy referred to in paragraph 1 shall be developed in prior consultation with the company's employees and their representatives, and contain all of the following:

(a) a description of the company's approach, including in the long term, to due diligence;

▼B

(b) a code of conduct describing rules and principles to be followed throughout the company and its subsidiaries, and the company's direct or indirect business partners in accordance with Article 10(2), point (b), Article 10(4), Article 11(3), point (c), or Article 11(5); and

(c) a description of the processes put in place to integrate due diligence into the company's relevant policies and to implement due diligence, including the measures taken to verify compliance with the code of conduct referred to in point (b) and to extend that code's application to business partners.

3. Member States shall ensure that companies update their due diligence policies without undue delay after a significant change occurs, and review and, where necessary, update such policies at least every 24 months.

For the purposes referred to in the first subparagraph, companies shall take into account the adverse impacts already identified in accordance with Article 8, as well as the appropriate measures taken to address such adverse impacts in accordance with Articles 10 and 11 and the outcome of the assessments carried out in accordance with Article 15.

*Article 8*

**Identifying and assessing actual and potential adverse impacts**

1. Member States shall ensure that companies take appropriate measures to identify and assess actual and potential adverse impacts arising from their own operations or those of their subsidiaries and, where related to their chains of activities, those of their business partners, in accordance with this Article.

2. As part of the obligation set out in paragraph 1, taking into account relevant risk factors, companies shall take appropriate measures to:

(a) map their own operations, those of their subsidiaries and, where related to their chains of activities, those of their business partners, in order to identify general areas where adverse impacts are most likely to occur and to be most severe;

(b) based on the results of the mapping as referred to in point (a), carry out an in-depth assessment of their own operations, those of their subsidiaries and, where related to their chains of activities, those of their business partners, in the areas where adverse impacts were identified to be most likely to occur and most severe.

▼B

3. Member States shall ensure that, for the purposes of identifying and assessing the adverse impacts referred to in paragraph 1 based on, where appropriate, quantitative and qualitative information, companies are entitled to make use of appropriate resources, including independent reports and information gathered through the notification mechanism and the complaints procedure provided for in Article 14.

4. Where information necessary for the in-depth assessment provided for in paragraph 2, point (b), can be obtained from business partners at different levels of the chain of activities, the company shall prioritise requesting such information, where reasonable, directly from business partners where the adverse impacts are most likely to occur.

*Article 9*

**Prioritisation of identified actual and potential adverse impacts**

1. Member States shall ensure that, where it is not feasible to prevent, mitigate, bring to an end or minimise all identified adverse impacts at the same time and to their full extent, companies prioritise adverse impacts identified pursuant to Article 8 in order to fulfil the obligations laid down in Article 10 or 11.

2. The prioritisation referred to in paragraph 1 shall be based on the severity and likelihood of the adverse impacts.

3. Once the most severe and most likely adverse impacts are addressed in accordance with Article 10 or 11 within a reasonable time, the company shall address less severe and less likely adverse impacts.

*Article 10*

**Preventing potential adverse impacts**

1. Member States shall ensure that companies take appropriate measures to prevent, or where prevention is not possible or not immediately possible, adequately mitigate, potential adverse impacts that have been, or should have been, identified pursuant to Article 8, in accordance with Article 9 and with this Article.

To determine the appropriate measures referred to in the first subparagraph, due account shall be taken of:

(a) whether the potential adverse impact may be caused only by the company; whether it may be caused jointly by the company and a subsidiary or business partner, through acts or omissions; or whether it may be caused only by a company's business partner in the chain of activities;

▼B

(b) whether the potential adverse impact may occur in the operations of a subsidiary, direct business partner or indirect business partner; and

(c) the ability of the company to influence the business partner that may cause or jointly cause the potential adverse impact.

2. Companies shall be required to take the following appropriate measures, where relevant:

(a) where necessary due to the nature or complexity of the measures required for prevention, without undue delay develop and implement a prevention action plan, with reasonable and clearly defined timelines for the implementation of appropriate measures and qualitative and quantitative indicators for measuring improvement; companies may develop their action plans in cooperation with industry or multi-stakeholder initiatives; the prevention action plan shall be adapted to companies' operations and chains of activities;

(b) seek contractual assurances from a direct business partner that it will ensure compliance with the company's code of conduct and, as necessary, a prevention action plan, including by establishing corresponding contractual assurances from its partners, to the extent that their activities are part of the company's chain of activities; when such contractual assurances are obtained, paragraph 5 shall apply;

(c) make necessary financial or non-financial investments in, adjustments or upgrades of, for example, facilities, production or other operational processes and infrastructures;

(d) make necessary modifications of, or improvements to, the company's own business plan, overall strategies and operations, including purchasing practices, design and distribution practices;

(e) provide targeted and proportionate support to an SME which is a business partner of the company, where necessary in light of the resources, knowledge and constraints of the SME, including by providing or enabling access to capacity-building, training or upgrading management systems, and, where compliance with the code of conduct or the prevention action plan would jeopardise the viability of the SME, by providing targeted and proportionate financial support, such as direct financing, low-interest loans, guarantees of continued sourcing, or assistance in securing financing;

(f) in compliance with Union law, including competition law, collaborate with other entities, including, where relevant, in order to increase the company's ability to prevent or mitigate the adverse impact, in particular where no other measure is suitable or effective.

▼B

3. Companies may take, where relevant, appropriate measures in addition to the measures listed in paragraph 2, such as engaging with a business partner about the company's expectations with regard to preventing and mitigating potential adverse impacts, or providing or enabling access to capacity-building, guidance, administrative and financial support such as loans or financing, while taking into consideration the resources, knowledge and constraints of the business partner.

4. As regards potential adverse impacts that could not be prevented or adequately mitigated by the appropriate measures listed in paragraph 2, the company may seek contractual assurances from an indirect business partner, with a view to achieving compliance with the company's code of conduct or a prevention action plan. When such contractual assurances are obtained, paragraph 5 shall apply.

5. The contractual assurances referred to in paragraph 2, point (b), and in paragraph 4, shall be accompanied by appropriate measures to verify compliance. For the purposes of verifying compliance, the company may refer to independent third-party verification, including through industry or multi-stakeholder initiatives.

When contractual assurances are obtained from, or a contract is entered into with, an SME, the terms used shall be fair, reasonable and non-discriminatory. The company shall also assess whether the contractual assurances of an SME should be accompanied by any of the appropriate measures for SMEs referred to in paragraph 2, point (e). Where measures to verify compliance are carried out in relation to SMEs, the company shall bear the cost of the independent third-party verification. Where the SME requests to pay at least a part of the cost of the independent third-party verification, or in agreement with the company, that SME may share the results of such verification with other companies.

6. As regards potential adverse impacts as referred to in paragraph 1 that could not be prevented or adequately mitigated by the measures set out in paragraphs 2, 4 and 5, the company shall, as a last resort, be required to refrain from entering into new or extending existing relations with a business partner in connection with which, or in the chain of activities of which, the impact has arisen and shall, where the law governing their relations so entitles them, take the following actions, as a last resort:

(a) adopt and implement an enhanced prevention action plan for the specific adverse impact without undue delay, by using or increasing the company's leverage through the temporary suspension of business relationships with respect to the activities concerned, provided that there is a reasonable expectation that those efforts will succeed; the action plan shall include a specific and appropriate timeline for the adoption and implementation of all actions therein, during which the company may also seek alternative business partners;

▼B

(b) if there is no reasonable expectation that those efforts would succeed, or if the implementation of the enhanced prevention action plan has failed to prevent or mitigate the adverse impact, terminate the business relationship with respect to the activities concerned if the potential adverse impact is severe.

Prior to temporarily suspending or terminating a business relationship, the company shall assess whether the adverse impacts from doing so can be reasonably expected to be manifestly more severe than the adverse impact that could not be prevented or adequately mitigated. Should that be the case, the company shall not be required to suspend or to terminate the business relationship, and shall be in a position to report to the competent supervisory authority about the duly justified reasons for such decision.

Member States shall provide for an option to temporarily suspend or terminate the business relationship in contracts governed by their laws in accordance with the first subparagraph, except for contracts where the parties are obliged by law to enter into them.

Where the company decides to temporarily suspend or to terminate the business relationship, it shall take steps to prevent, mitigate or bring to an end the impacts of the suspension or termination, shall provide reasonable notice to the business partner concerned and shall keep that decision under review.

Where the company decides not to temporarily suspend or terminate the business relationship pursuant to this Article, it shall monitor the potential adverse impact and periodically assess its decision and whether further appropriate measures are available.

*Article 11*

**Bringing actual adverse impacts to an end**

1. Member States shall ensure that companies take appropriate measures to bring actual adverse impacts that have been, or should have been, identified pursuant to Article 8 to an end, in accordance with Article 9 and with this Article.

To determine the appropriate measures referred to in the first subparagraph, due account shall be taken of:

(a) whether the actual adverse impact is caused only by the company; whether it is caused jointly by the company and a subsidiary or business partner, through acts or omissions; or whether it is caused only by a company's business partner in the chain of activities;

(b) whether the actual adverse impact occurred in the operations of a subsidiary, direct business partner or indirect business partner; and

▼B

(c) the ability of the company to influence the business partner that caused or jointly caused the actual adverse impact.

2. Where the adverse impact cannot immediately be brought to an end, Member States shall ensure that companies minimise the extent of that impact.

3. Companies shall be required to take the following appropriate measures, where relevant:

(a) neutralise the adverse impact or minimise its extent; such measures shall be proportionate to the severity of the adverse impact and to the company's implication in the adverse impact;

(b) where necessary due to the fact that the adverse impact cannot be immediately brought to an end, without undue delay develop and implement a corrective action plan with reasonable and clearly defined timelines for the implementation of appropriate measures and qualitative and quantitative indicators for measuring improvement; companies may develop their action plans in cooperation with industry or multi-stakeholder initiatives; the corrective action plan shall be adapted to companies' operations and chains of activities;

(c) seek contractual assurances from a direct business partner that it will ensure compliance with the company's code of conduct and, as necessary, a corrective action plan, including by establishing corresponding contractual assurances from its partners, to the extent that their activities are part of the company's chain of activities; when such contractual assurances are obtained, paragraph 6 shall apply;

(d) make necessary financial or non-financial investments in, adjustments or upgrades of, for example, facilities, production or other operational processes and infrastructures;

(e) make necessary modifications of, or improvements to, the company's own business plan, overall strategies and operations, including purchasing practices, design and distribution practices;

(f) provide targeted and proportionate support to an SME which is a business partner of the company, where necessary in light of the resources, knowledge and constraints of the SME, including by providing or enabling access to capacity-building, training or upgrading management systems, and, where compliance with the code of conduct or the corrective action plan would jeopardise the viability of the SME, by providing targeted and proportionate financial support, such as direct financing, low-interest loans, guarantees of continued sourcing, or assistance in securing financing;

▼B

(g) in compliance with Union law, including competition law, collaborate with other entities, including, where relevant, in order to increase the company's ability to bring the adverse impact to an end or minimise the extent of such impact, in particular where no other measure is suitable or effective;

(h) provide remediation in accordance with Article 12.

4. Companies may take, where relevant, appropriate measures in addition to the measures listed in paragraph 3, such as engaging with a business partner about the company's expectations with regard to bringing actual adverse impacts to an end or minimising the extent of such impacts, or providing or enabling access to capacity-building, guidance, administrative and financial support such as loans or financing, while taking into consideration the resources, knowledge and constraints of the business partner.

5. As regards actual adverse impacts that could not be brought to an end or the extent of which could not be adequately minimised by the appropriate measures listed in paragraph 3, the company may seek contractual assurances from an indirect business partner, with a view to achieving compliance with the company's code of conduct or a corrective action plan. When such contractual assurances are obtained, paragraph 6 shall apply.

6. The contractual assurances referred to in paragraph 3, point (c), and in paragraph 5, shall be accompanied by appropriate measures to verify compliance. For the purposes of verifying compliance, the company may refer to independent third-party verification, including through industry or multi-stakeholder initiatives.

When contractual assurances are obtained from, or a contract is entered into with, an SME, the terms used shall be fair, reasonable and non-discriminatory. The company shall also assess whether the contractual assurances of an SME should be accompanied by any of the appropriate measures for SMEs referred to in paragraph 3, point (f). Where measures to verify compliance are carried out in relation to SMEs, the company shall bear the cost of the independent third-party verification. Where the SME requests to pay at least a part of the cost of the independent third-party verification, or in agreement with the company, the SME may share the results of such verification with other companies.

7. As regards actual adverse impacts as referred to in paragraph 1 that could not be brought to an end or the extent of which could not be minimised by the measures set out in paragraphs 3, 5 and 6, the company shall, as a last resort, be required to refrain from entering into new or extending existing relations with a business partner in connection with which, or in the chain of activities of which, the impact has arisen and shall, where the law governing their relations so entitles them, take the following actions, as a last resort:

▼B

(a) adopt and implement an enhanced corrective action plan for the specific adverse impact without undue delay, including by using or increasing the company's leverage through the temporary suspension of business relationships with respect to the activities concerned, provided that there is a reasonable expectation that those efforts will succeed; the action plan shall include a specific and appropriate timeline for the adoption and implementation of all actions therein, during which the company may also seek alternative business partners;

(b) if there is no reasonable expectation that the efforts referred to in point (a) will succeed, or if the implementation of the enhanced corrective action plan fails to bring to an end or minimise the extent of the adverse impact, terminate the business relationship with respect to the activities concerned if the actual adverse impact is severe.

Prior to temporarily suspending or terminating a business relationship, the company shall assess whether the adverse impacts of doing so can be reasonably expected to be manifestly more severe than the adverse impact that could not be brought to an end or the extent of which could not be adequately minimised. Should that be the case, the company shall not be required to suspend or to terminate the business relationship, and shall be in a position to report to the competent supervisory authority about the duly justified reasons for such decision.

Member States shall provide for an option to temporarily suspend or terminate the business relationship in contracts governed by their laws in accordance with the first subparagraph, except for contracts where the parties are obliged by law to enter into them.

Where the company decides to temporarily suspend or to terminate the business relationship, the company shall take steps to prevent, mitigate or bring to an end the impacts of the suspension or termination, provide reasonable notice to the business partner and keep that decision under review.

Where the company decides not to temporarily suspend or terminate the business relationship pursuant to this Article, the company shall monitor the actual adverse impact and periodically assess its decision and whether further appropriate measures are available.

*Article 12*

**Remediation of actual adverse impacts**

1. Member States shall ensure that, where a company has caused or jointly caused an actual adverse impact, the company provides remediation.

2. Where the actual adverse impact is caused only by the company's business partner, voluntary remediation may be provided by the company. The company may also use its ability to influence the business partner that is causing the adverse impact to provide remediation.

▼B

*Article 13*

**Meaningful engagement with stakeholders**

1. Member States shall ensure that companies take appropriate measures to carry out effective engagement with stakeholders, in accordance with this Article.

2. Without prejudice to Directive (EU) 2016/943, when consulting with stakeholders, companies shall, as appropriate, provide them with relevant and comprehensive information, in order to carry out effective and transparent consultations. Without prejudice to Directive (EU) 2016/943, consulted stakeholders shall be allowed to make a reasoned request for relevant additional information, which shall be provided by the company within a reasonable period of time and in an appropriate and comprehensible format. If the company refuses a request for additional information, the consulted stakeholders shall be entitled to a written justification for that refusal.

3. Consultation of stakeholders shall take place at the following stages of the due diligence process:

(a) when gathering the necessary information on actual or potential adverse impacts, in order to identify, assess and prioritise adverse impacts pursuant to Articles 8 and 9;

(b) when developing prevention and corrective action plans pursuant to Article 10(2) and Article 11(3), and developing enhanced prevention and corrective action plans pursuant to Article 10(6) and Article 11(7);

(c) when deciding to terminate or suspend a business relationship pursuant to Article 10(6) and Article 11(7);

(d) when adopting appropriate measures to remediate adverse impacts pursuant to Article 12;

(e) as appropriate, when developing qualitative and quantitative indicators for the monitoring required under Article 15.

4. Where it is not reasonably possible to carry out effective engagement with stakeholders to the extent necessary to comply with the requirements of this Directive, companies shall consult additionally with experts who can provide credible insights into actual or potential adverse impacts.

5. In consulting stakeholders, companies shall identify and address barriers to engagement and shall ensure that participants are not the subject of retaliation or retribution, including by maintaining confidentiality or anonymity.

▼B

6. Member States shall ensure that companies are allowed to fulfil the obligations laid down in this Article through industry or multi-stakeholder initiatives, as appropriate, provided that the consultation procedures meet the requirements set out in this Article. The use of industry and multi-stakeholder initiatives shall not be sufficient to fulfil the obligation to consult the company's own employees and their representatives.

7. Engagement with employees and their representatives shall be without prejudice to relevant Union and national law in the field of employment and social rights as well as to the applicable collective agreements.

*Article 14*

**Notification mechanism and complaints procedure**

1. Member States shall ensure that companies enable persons and entities listed in paragraph 2 to submit complaints to them where those persons or entities have legitimate concerns regarding actual or potential adverse impacts with respect to the companies' own operations, the operations of their subsidiaries or the operations of their business partners in the chains of activities of the companies.

2. Member States shall ensure that complaints may be submitted by:

(a) natural or legal persons who are affected or have reasonable grounds to believe that they might be affected by an adverse impact, and the legitimate representatives of such persons on behalf of them, such as civil society organisations and human rights defenders;

(b) trade unions and other workers' representatives representing natural persons working in the chain of activities concerned; and

(c) civil society organisations that are active and experienced in related areas where an adverse environmental impact is the subject matter of the complaint.

3. Member States shall ensure that companies establish a fair, publicly available, accessible, predictable and transparent procedure for dealing with the complaints referred to in paragraph 1, including a procedure where a company considers a complaint to be unfounded, and inform the relevant workers representatives and trade unions of that procedure. Companies shall take reasonably available measures to prevent any form of retaliation by ensuring the confidentiality of the identity of the person or organisation submitting the complaint, in accordance with national law. Where information needs to be shared, it shall be in a manner that does not endanger the complainant's safety, including by not disclosing that complainant's identity.

▼B

Member States shall ensure that, where the complaint is well-founded, the adverse impact that is the subject matter of the complaint is deemed to be identified within the meaning of Article 8 and the company shall take appropriate measures in accordance with Articles 10, 11 and 12.

4. Member States shall ensure that complainants are entitled to:

(a) request appropriate follow-up on the complaint from the company with which they have filed a complaint pursuant to paragraph 1;

(b) meet with the company's representatives at an appropriate level to discuss actual or potential severe adverse impacts that are the subject matter of the complaint, and potential remediation in accordance with Article 12;

(c) be provided by the company with the reasons a complaint has been considered founded or unfounded and, where considered founded, with information on the steps and actions taken or to be taken.

5. Member States shall ensure that companies establish an accessible mechanism for the submission of notifications by persons and entities where they have information or concerns regarding actual or potential adverse impacts with respect to their own operations, the operations of their subsidiaries and the operations of their business partners in the chains of activities of the companies.

The mechanism shall ensure that notifications can be made either anonymously or confidentially in accordance with national law. Companies shall take reasonably available measures to prevent any form of retaliation by ensuring that the identity of persons or entities that submit notifications remains confidential, in accordance with national law. The company may inform persons or entities that submit notifications about steps and actions taken or to be taken, where relevant.

6. Member States shall ensure that companies are allowed to fulfil the obligations laid down in paragraph 1, the first subparagraph of paragraph 3, and paragraph 5, through participation in collaborative complaints procedures and notification mechanisms, including those established jointly by companies, through industry associations, multi-stakeholder initiatives or global framework agreements, provided that such collaborative procedures and mechanisms meet the requirements set out in this Article.

7. The submission of a notification or complaint under this Article shall not be a prerequisite for, or preclude the persons submitting them from, having access to the procedures under Article 26 and 29 or to other, non-judicial, mechanisms.

▼B

*Article 15*

**Monitoring**

Member States shall ensure that companies carry out periodic assessments of their own operations and measures, those of their subsidiaries and, where related to the chain of activities of the company, those of their business partners, to assess the implementation and to monitor the adequacy and effectiveness of the identification, prevention, mitigation, bringing to an end and minimisation of the extent of adverse impacts. Such assessments shall be based, where appropriate, on qualitative and quantitative indicators and be carried out without undue delay after a significant change occurs, but at least every 12 months and whenever there are reasonable grounds to believe that new risks of the occurrence of those adverse impacts may arise. Where appropriate, the due diligence policy, the adverse impacts identified and the appropriate measures that derived shall be updated in accordance with the outcome of such assessments and with due consideration of relevant information from stakeholders.

*Article 16*

**Communicating**

1. Without prejudice to the exemption provided for in paragraph 2 of this Article, Member States shall ensure that companies report on the matters covered by this Directive by publishing on their website an annual statement. That annual statement shall be published:

(a) in at least one of the official languages of the Union used in the Member State of the supervisory authority designated pursuant to Article 24 and, where different, in a language that is customary in the sphere of international business;

(b) within a reasonable period of time, but no later than 12 months after the balance sheet date of the financial year for which the statement is drawn up, or, for companies voluntarily reporting in accordance with Directive 2013/34/EU, by the date of publication of the annual financial statements.

In the case of a company formed in accordance with the law of a third country, the statement shall also include the information required pursuant to Article 23(2) regarding the company's authorised representative.

2. Paragraph 1 of this Article shall not apply to companies that are subject to sustainability reporting requirements in accordance with Article 19a, 29a or 40a of Directive 2013/34/EU, including those that are exempted in accordance with Article 19a(9) or Article 29a(8) of that Directive.

▼B

3. By 31 March 2027, the Commission shall adopt delegated acts in accordance with Article 34 in order to supplement this Directive by laying down the content and criteria for the reporting under paragraph 1, specifying, in particular, sufficiently detailed information on the description of due diligence, actual and potential adverse impacts identified, and appropriate measures taken with respect to those impacts. In preparing those delegated acts, the Commission shall take due account of, and align them as appropriate with, the sustainability reporting standards adopted pursuant to Articles 29b and 40b of Directive 2013/34/EU.

When adopting the delegated acts referred to in the first subparagraph, the Commission shall ensure that there is no duplication in reporting requirements for companies referred to in Article 3(1)point (a)(iii), that are subject to reporting requirements under Article 4 of Regulation (EU) 2019/2088, while maintaining in full the minimum obligations stipulated in this Directive.

*Article 17*

**Accessibility of information on the European single access point**

1. From 1 January 2029, Member States shall ensure that, when making public the annual statement referred to in Article 16(1) of this Directive, companies submit that statement at the same time to the collection body referred to in paragraph 3 of this Article for the purpose of making it accessible on the European single access point (ESAP), as established by Regulation (EU) 2023/2859.

Member States shall ensure that the information contained in the annual statement referred to in the first subparagraph complies with the following requirements:

(a) it is submitted in a data extractable format, as defined in Article 2, point (3), of Regulation (EU) 2023/2859, or, where required by Union or national law, in a machine-readable format, as defined in Article 2, point (4), of that Regulation;

(b) it is accompanied by the following metadata:

(i) all the names of the company to which the information relates;

(ii) the legal entity identifier of the company, as specified pursuant to Article 7(4), point (b), of Regulation (EU) 2023/2859;

(iii) the size of the company by category, as specified pursuant to Article 7(4), point (d), of Regulation (EU) 2023/2859;

(iv) the industry sector(s) of the economic activities of the company, as specified pursuant to Article 7(4), point (e), of Regulation (EU) 2023/2859;

▼B

(v) the type of information, as specified pursuant to Article 7(4), point (c), of Regulation (EU) 2023/2859;

(vi) an indication of whether the information includes personal data.

2. For the purposes of paragraph 1, point (b)(ii), Member States shall ensure that companies obtain a legal entity identifier.

3. By 31 December 2028, for the purposes of making the information referred to in paragraph 1 of this Article accessible on ESAP, Member States shall designate at least one collection body, as defined in Article 2, point (2), of Regulation (EU) 2023/2859, and notify the European Securities and Markets Authority thereof.

4. For the purposes of ensuring the efficient collection and management of information submitted in accordance with paragraph 1, the Commission shall be empowered to adopt implementing measures to specify:

(a) any other metadata required to accompany the information;

(b) the structuring of data in the information; and

(c) for which information a machine-readable format is required and, in such cases, which machine-readable format is to be used.

*Article 18*

**Model contractual clauses**

In order to provide support to companies to facilitate their compliance with Article 10(2), point (b), and Article 11(3), point (c), the Commission, in consultation with Member States and stakeholders, shall adopt guidance about voluntary model contractual clauses, by 26 January 2027.

*Article 19*

**Guidelines**

1. In order to provide support to companies or to Member State authorities on how companies should fulfil their due diligence obligations in a practical manner, and to provide support to stakeholders, the Commission, in consultation with Member States and stakeholders, the European Union Agency for Fundamental Rights, the European Environment Agency, the European Labour Authority, and where appropriate with international organisations and other bodies having expertise in due diligence, shall issue guidelines, including general guidelines and sector-specific guidelines or guidelines for specific adverse impacts.

2. The guidelines to be issued pursuant to paragraph 1 shall include:

▼B

(a) guidance and best practices on how to conduct due diligence in accordance with the obligations laid down in Articles 5 to 16, particularly, the identification process pursuant to Article 8, the prioritisation of impacts pursuant to Article 9, appropriate measures to adapt purchasing practices pursuant to Article 10(2) and Article 11(3), responsible disengagement pursuant to Article 10(6) and Article 11(7), appropriate measures for remediation pursuant to Article 12, and on how to identify and engage with stakeholders pursuant to Article 13, including through the notification mechanism and complaints procedure established in Article 14;

(b) practical guidance on the transition plan as referred to in Article 22;

(c) sector-specific guidance;

(d) guidance on the assessment of company-level, business operations, geographic and contextual, product and service, and sectoral risk factors, including those associated with conflict-affected and high-risk areas;

(e) references to data and information sources available for the compliance with the obligations provided for in this Directive, and to digital tools and technologies that could facilitate and support compliance;

(f) information on how to share resources and information among companies and other legal entities for the purpose of compliance with the provisions of national law adopted pursuant to this Directive, in a manner that is in accordance with the protection of trade secrets pursuant to Article 5(3) and the protection from potential retaliation and retribution as provided for in Article 13(5);

(g) information for stakeholders and their representatives on how to engage throughout the due diligence process.

3. The guidelines referred to in paragraph 2, points (a), (d), and (e), shall be made available by 26 January 2027. The guidelines in paragraph 2, points (b), (f) and (g), shall be made available by 26 July 2027.

4. The guidelines referred to in this Article shall be made available in all the official languages of the Union. The Commission shall periodically review the guidelines and adapt them where appropriate.

▼B

*Article 20*

**Accompanying measures**

1. Member States shall, in order to provide information and support to companies and their business partners and to stakeholders, set up and operate individually or jointly dedicated websites, platforms or portals. Specific consideration shall be given, in that respect, to the SMEs that are present in the chains of activities of companies. Those websites, platforms or portals shall, in particular, give access to:

(a) the content and criteria for reporting as laid down by the Commission in the delegated acts adopted pursuant to Article 16(3);

(b) the Commission's guidance about voluntary model contractual clauses as provided for in Article 18 and the guidelines it issues pursuant to Article 19;

(c) the single helpdesk provided for in Article 21; and

(d) information for stakeholders and their representatives on how to engage throughout the due diligence process.

2. Without prejudice to State aid rules, Member States may financially support SMEs. Member States may also provide support to stakeholders for the purpose of facilitating the exercise of rights laid down in this Directive.

3. The Commission may complement Member State support measures, building on existing Union action to support due diligence in the Union and in third countries, and may devise new measures, including facilitation of industry or multi-stakeholder initiatives to help companies fulfil their obligations.

4. Without prejudice to Articles 25, 26 and 29, companies may participate in industry and multi-stakeholder initiatives to support the implementation of the obligations referred to in Articles 7 to 16 to the extent that such initiatives are appropriate to support the fulfilment of those obligations. In particular, companies may, after having assessed their appropriateness, make use of or join relevant risk analysis carried out by industry or multi-stakeholder initiatives or by members of those initiatives and may take or join effective appropriate measures through such initiatives. When doing so, companies shall monitor the effectiveness of such measures and, continue to take appropriate measures where necessary to ensure the fulfilment of their obligations.

The Commission and the Member States may facilitate the dissemination of information on such initiatives and their outcome. The Commission, in collaboration with Member States, shall issue guidance setting out fitness criteria and a methodology for companies to assess the fitness of industry and multi-stakeholder initiatives.

▼B

5. Without prejudice to Articles 25, 26 and 29, companies may use independent third-party verification on and from companies in their chains of activities to support the implementation of due diligence obligations to the extent that such verification is appropriate to support the fulfilment of the relevant obligations. Independent third-party verification may be carried out by other companies or by an industry or multi-stakeholder initiative. Independent third-party verifiers shall act with objectivity and complete independence from the company, be free from any conflicts of interest, remain free from external influence, whether direct or indirect, and shall refrain from any action incompatible with their independence. Depending on the nature of the adverse impact, they shall have experience and competence in environmental or human rights matters and shall be accountable for the quality and reliability of the verification they carry out.

The Commission, in collaboration with Member States, shall issue guidance setting out fitness criteria and a methodology for companies to assess the fitness of third-party verifiers, and guidance for monitoring the accuracy, effectiveness and integrity of third-party verification.

*Article 21*

**Single helpdesk**

1. The Commission shall establish a single helpdesk through which companies may seek information, guidance and support with regard to fulfilling their obligations provided for in this Directive.

2. Relevant national authorities in each Member State shall collaborate with the single helpdesk in order to assist in tailoring the information and guidance to national contexts and in disseminating that information and guidance.

*Article 22*

**Combating climate change**

1. Member States shall ensure that companies referred to in Article 2(1), points (a), (b) and (c), and Article 2(2), points (a), (b) and (c), adopt and put into effect a transition plan for climate change mitigation which aims to ensure, through best efforts, that the business model and strategy of the company are compatible with the transition to a sustainable economy and with the limiting of global warming to 1,5 °C in line with the Paris Agreement and the objective of achieving climate neutrality as established in Regulation (EU) 2021/1119, including its intermediate and 2050 climate neutrality targets, and where relevant, the exposure of the company to coal-, oil- and gas-related activities.

▼B

The design of the transition plan for climate change mitigation referred to in the first subparagraph shall contain:

(a) time-bound targets related to climate change for 2030 and in five-year steps up to 2050 based on conclusive scientific evidence and, where appropriate, absolute emission reduction targets for greenhouse gas for scope 1, scope 2 and scope 3 greenhouse gas emissions for each significant category;

(b) a description of decarbonisation levers identified and key actions planned to reach the targets referred to in point (a), including, where appropriate, changes in the product and service portfolio of the company and the adoption of new technologies;

(c) an explanation and quantification of the investments and funding supporting the implementation of the transition plan for climate change mitigation; and

(d) a description of the role of the administrative, management and supervisory bodies with regard to the transition plan for climate change mitigation.

2. Companies that report a transition plan for climate change mitigation in accordance with Article 19a, 29a or 40a, as the case may be, of Directive 2013/34/EU shall be deemed to have complied with the obligation to adopt a transition plan for climate change mitigation referred to in paragraph 1 of this Article.

Companies that are included in the transition plan for climate change mitigation of their parent undertaking reported in accordance with Article 29a or 40a, as the case may be, of Directive 2013/34/EU, shall be deemed to have complied with the obligation to adopt a transition plan for climate change mitigation referred to in paragraph 1 of this Article.

3. Member States shall ensure that the transition plan for climate change mitigation referred to in paragraph 1 is updated every 12 months and contains a description of the progress the company has made towards achieving the targets referred to in paragraph 1, second subparagraph, point (a).

*Article 23*

**Authorised representative**

1. Member States shall require that a company referred to in Article 2(2) operating in a Member State designates as its authorised representative a natural or legal person that is established or domiciled in one of the Member States where it operates. The designation shall be valid when confirmed as accepted by the authorised representative.

▼B

2. Member States shall require that the authorised representative or the company notifies the name, address, email address and telephone number of the authorised representative to a supervisory authority in the Member State where the authorised representative is domiciled or established and, where it is different, the competent supervisory authority, as specified in Article 24(3). Member States shall ensure that the authorised representative is obliged to provide, upon request, a copy of the designation in an official language of a Member State to any of the supervisory authorities.

3. Member States shall require that the authorised representative or the company informs a supervisory authority in the Member State where the authorised representative is domiciled or established and, where it is different, the competent supervisory authority, as specified in Article 24(3), that the company is a company referred to in Article 2(2).

4. Member States shall require that each company empowers its authorised representative to receive communications from supervisory authorities on all matters necessary for compliance with and enforcement of provisions of national law transposing this Directive. Companies shall be required to provide their authorised representative with the necessary powers and resources to cooperate with supervisory authorities.

5. When a company referred to in Article 2(2) fails to comply with the obligations laid down in this Article, all Member States in which that company operates shall be competent to enforce the fulfilment of such obligations in accordance with their national law. A Member State that intends to enforce the obligations laid down in this Article shall notify the supervisory authorities through the European Network of Supervisory Authorities set up under Article 28 so that other Member States do not enforce them.

*Article 24*

**Supervisory authorities**

1. Each Member State shall designate one or more supervisory authorities to supervise compliance with the obligations laid down in the provisions of national law adopted pursuant to Articles 7 to 16 and Article 22.

2. As regards a company referred to in Article 2(1), the competent supervisory authority shall be that of the Member State in which the company has its registered office.

3. As regards a company referred to in Article 2(2), the competent supervisory authority shall be that of the Member State in which the company has a branch. If the company does not have a branch in any Member State, or has branches located in different Member States, the competent supervisory authority shall be the supervisory authority of the Member State in which the company generated most of its net turnover in the Union in the financial year preceding the last financial year before the date indicated in Article 37 or the date on which the company first fulfils the criteria laid down in Article 2(2), whichever comes last.

▼B

A company referred to in Article 2(2) may, on the basis of a change in circumstances leading to it generating most of its turnover in the Union in a different Member State, make a duly reasoned request to change the supervisory authority that is competent to regulate matters covered by this Directive in respect of that company.

4. Where a parent company fulfils the obligations resulting from this Directive on behalf of its subsidiaries in accordance with Article 6, the competent supervisory authority of the parent company shall cooperate with the competent supervisory authority of the subsidiary, which will remain competent to ensure that the subsidiary is subject to the exercise of powers in accordance with Article 25. In this regard, the European Network of Supervisory Authorities set up under Article 28 shall facilitate the necessary cooperation, coordination and provision of mutual assistance in accordance with Article 28.

5. Where a Member State designates more than one supervisory authority, it shall ensure that the respective competences of those supervisory authorities are clearly defined and that they cooperate closely and effectively with each other.

6. Member States may designate the authorities for the supervision of regulated financial undertakings also as supervisory authorities for the purposes of this Directive.

7. By 26 July 2026, Member States shall inform the Commission of the names and contact details of the supervisory authorities designated pursuant to this Article, as well as of their respective competences where there are several designated supervisory authorities. They shall inform the Commission of any changes thereto.

8. The Commission shall make publicly available, including on its website, a list of the supervisory authorities, and, where a Member State has several supervisory authorities, the respective competences of those authorities in relation to this Directive. The Commission shall regularly update the list on the basis of the information received from the Member States.

9. Member States shall guarantee the independence of the supervisory authorities and ensure that they, and all persons working for or who have worked for them, and auditors, experts and any other persons acting on their behalf, exercise their powers impartially, transparently and with due respect for obligations of professional secrecy. In particular, Member States shall ensure that the supervisory authorities are legally and functionally independent, free from external influence, whether direct or indirect, including from the companies falling within the scope of this Directive or other market interests, that their staff and the persons responsible for the management are free from conflicts of interest, subject to confidentiality requirements, and refrain from any action incompatible with their duties.

10. Member States shall ensure that supervisory authorities publish and make accessible online an annual report on their activities under this Directive.

▼B

*Article 25*

**Powers of supervisory authorities**

1. Member States shall ensure that the supervisory authorities have adequate powers and resources to carry out the tasks assigned to them under this Directive, including the power to require companies to provide information and carry out investigations related to compliance with the obligations set out in Articles 7 to 16. Member States shall require the supervisory authorities to supervise the adoption and design of the transition plan for climate change mitigation in accordance with the requirements provided for in Article 22(1).

2. A supervisory authority may initiate an investigation on its own initiative or as a result of substantiated concerns communicated to it pursuant to Article 26, where it considers that it has sufficient information indicating a possible breach by a company of the obligations provided for in the provisions of national law adopted pursuant to this Directive.

3. Inspections shall be conducted in compliance with the national law of the Member State in which the inspection is carried out and after prior warning has been given to the company, except where prior warning would hinder the effectiveness of the inspection. Where, as part of its investigation, a supervisory authority wishes to carry out an inspection on the territory of a Member State other than its own, it shall seek assistance from the supervisory authority in that Member State pursuant to Article 28(3).

4. If, as a result of the actions taken pursuant to paragraphs 1 and 2, a supervisory authority identifies a failure to comply with the provisions of national law adopted pursuant to this Directive, it shall grant the company concerned an appropriate period of time to take remedial action, if such action is possible.

Taking remedial action shall not preclude the imposition of penalties or the triggering of civil liability, in accordance with Articles 27 and 29, respectively.

5. When carrying out their tasks, supervisory authorities shall have at least the power to:

(a) order the company to:

(i) cease infringements of the provisions of national law adopted pursuant to this Directive by performing an action or ceasing conduct;

(ii) refrain from any repetition of the relevant conduct; and

(iii) where appropriate, provide remediation proportionate to the infringement and necessary to bring it to an end;

▼B

(b) impose penalties in accordance with Article 27; and

(c) adopt interim measures in the event of an imminent risk of severe and irreparable harm.

6. Supervisory authorities shall exercise the powers referred to in this Article in accordance with national law:

(a) directly;

(b) in cooperation with other authorities; or

(c) by application to the competent judicial authorities, which shall ensure that legal remedies are effective and have an equivalent effect to the penalties imposed directly by supervisory authorities.

7. Member States shall ensure that each natural or legal person has the right to an effective judicial remedy against a legally binding decision by a supervisory authority concerning them, in accordance with national law.

8. Member States shall ensure that the supervisory authorities keep records of the investigations referred to in paragraph 1, indicating, in particular, their nature and result, as well as records of any enforcement action taken under paragraph 5.

9. Decisions of supervisory authorities regarding a company's compliance with the provisions of national law adopted pursuant to this Directive shall be without prejudice to the company's civil liability under Article 29.

*Article 26*

**Substantiated concerns**

1. Member States shall ensure that natural and legal persons are entitled to submit substantiated concerns, through easily accessible channels, to any supervisory authority when they have reasons to believe, on the basis of objective circumstances, that a company is failing to comply with the provisions of national law adopted pursuant to this Directive.

2. Member States shall ensure that, where persons submitting substantiated concerns so request, the supervisory authority takes the necessary measures for the appropriate protection of the identity of that person and their personal information, which, if disclosed, would be harmful to that person.

3. Where a substantiated concern falls under the competence of another supervisory authority, the authority receiving the substantiated concern shall transmit it to that authority.

▼B

4. Member States shall ensure that supervisory authorities assess the substantiated concerns in an appropriate period of time and, where appropriate, exercise their powers as referred to in Article 25.

5. The supervisory authority shall, as soon as possible and in accordance with the relevant provisions of national law and in compliance with Union law, inform persons referred to in paragraph 1 of the result of the assessment of their substantiated concerns and shall provide the reasoning for that result. The supervisory authority shall also inform persons submitting such substantiated concerns who have, in accordance with national law, a legitimate interest in the matter, of its decision to accept or refuse any request for action, as well as of a description of the further steps and measures, and practical information on access to administrative and judicial review procedures.

6. Member States shall ensure that persons submitting substantiated concerns in accordance with this Article and having, in accordance with national law, a legitimate interest in the matter, have access to a court or other independent and impartial public body competent to review the procedural and substantive legality of the decisions, acts or failure to act of the supervisory authority.

*Article 27*

**Penalties**

1. Member States shall lay down the rules on penalties, including pecuniary penalties, applicable to infringements of the provisions of national law adopted pursuant to this Directive, and shall take all measures necessary to ensure that they are implemented. The penalties provided for shall be effective, proportionate and dissuasive.

2. In deciding whether to impose penalties and, if such penalties are imposed, in determining their nature and appropriate level, due account shall be taken of:

(a) the nature, gravity and duration of the infringement, and the severity of the impacts resulting from that infringement;

(b) any investments made and any targeted support provided pursuant to Articles 10 and 11;

(c) any collaboration with other entities to address the impacts concerned;

(d) where relevant, the extent to which prioritisation decisions were made in accordance with Article 9;

(e) any relevant previous infringements by the company of the provisions of national law adopted pursuant to this Directive found by a final decision;

▼B

(f) the extent to which the company carried out any remedial action with regard to the subject matter concerned;

(g) the financial benefits gained or losses avoided by the company due to the infringement;

(h) any other aggravating or mitigating factors applicable to the circumstances of the case concerned.

3. Member States shall provide for at least the following penalties:

(a) pecuniary penalties;

(b) if a company fails to comply with a decision imposing a pecuniary penalty within the applicable time limit, a public statement indicating the company responsible for the infringement and the nature of the infringement.

4. When pecuniary penalties are imposed, they shall be based on the company's net worldwide turnover. The maximum limit of pecuniary penalties shall be not less than 5 % of the net worldwide turnover of the company in the financial year preceding that of the decision to impose the fine.

Member States shall ensure that, with regard to companies referred to in Article 2(1), point (b), and Article 2(2), point (b), pecuniary penalties are calculated taking into account the consolidated turnover reported by the ultimate parent company.

5. Member States shall ensure that any decision of the supervisory authorities concerning penalties related to the infringements of the provisions of national law adopted pursuant to this Directive is published, remains publicly available for at least five years and is sent to the European Network of Supervisory Authorities set up under Article 28. The published decision shall not contain any personal data within the meaning of Article 4(1) of Regulation (EU) 2016/679.

*Article 28*

**European Network of Supervisory Authorities**

1. The Commission shall set up a European Network of Supervisory Authorities, composed of representatives of the supervisory authorities. The European Network of Supervisory Authorities shall facilitate the cooperation of the supervisory authorities and the coordination and alignment of regulatory, investigative, sanctioning and supervisory practices of the supervisory authorities and, as appropriate, the sharing of information among them.

The Commission may invite Union agencies with relevant expertise in the areas covered by this Directive to join the European Network of Supervisory Authorities.

▼B

2. Member States shall cooperate with the European Network of Supervisory Authorities in order to identify the companies within their jurisdiction, in particular by providing all necessary information in order to assess whether a third-country company fulfils the criteria laid down in Article 2. The Commission shall set up a secured system for the exchange of information regarding the net turnover generated in the Union by a company referred to in Article 2(2) that does not have a branch in any Member State or has branches located in different Member States, through which Member States shall regularly communicate information they have regarding the net turnover generated by such companies. The Commission shall analyse that information within a reasonable period of time and notify the Member State where the company generated most of its net turnover in the Union in the financial year preceding the last financial year, that the company is a company referred to in Article 2(2) and the supervisory authority of the Member State is competent in accordance with Article 24(3).

3. Supervisory authorities shall provide each other with relevant information and mutual assistance in carrying out their duties and shall put in place measures for effective cooperation with each other. Mutual assistance shall include collaboration with a view to exercising the powers referred to in Article 25, including in relation to inspections and information requests.

4. Supervisory authorities shall take all appropriate steps needed to reply to a request for assistance by another supervisory authority without undue delay and no later than 1 month after receiving the request. Where necessary due to the circumstances of the case, the period may be extended by a maximum of two months based on a proper justification. Such steps may include, in particular, the transmission of relevant information on the conduct of an investigation.

5. Requests for assistance shall contain all the necessary information, including the purpose of and reasons for the request. Supervisory authorities shall only use the information received through a request for assistance for the purpose for which it was requested.

6. The requested supervisory authority shall inform the requesting supervisory authority of the results or, as the case may be, of the progress regarding the measures to be taken in order to respond to the request for assistance.

7. Supervisory authorities shall not charge each other fees for actions and measures taken pursuant to a request for assistance.

However, supervisory authorities may agree on rules to indemnify each other for specific expenditure arising from the provision of assistance in exceptional cases.

▼B

8. The supervisory authority that is competent pursuant to Article 24(3) shall inform the European Network of Supervisory Authorities of that fact and of any request to change the competent supervisory authority.

9. When doubts exist as to the attribution of competence, the information on which that attribution is based will be shared with the European Network of Supervisory Authorities, which may coordinate efforts to find a solution.

10. The European Network of Supervisory Authorities shall publish:

(a) the decisions of the supervisory authorities containing penalties, as referred to in Article 27(5); and

(b) an indicative list of third-country companies subject to this Directive.

*Article 29*

**Civil liability of companies and the right to full compensation**

1. Member States shall ensure that a company can be held liable for damage caused to a natural or legal person, provided that:

(a) the company intentionally or negligently failed to comply with the obligations laid down in Articles 10 and 11, when the right, prohibition or obligation listed in the Annex to this Directive is aimed at protecting the natural or legal person; and

(b) as a result of the failure referred to in point (a), damage to the natural or legal person's legal interests that are protected under national law was caused.

A company cannot be held liable if the damage was caused only by its business partners in its chain of activities.

2. Where a company is held liable in accordance with paragraph 1, a natural or legal person shall have the right to full compensation for the damage, in accordance with national law. Full compensation under this Directive shall not lead to overcompensation, whether by means of punitive, multiple or other types of damages.

3. Member States shall ensure that:

(a) national rules on the beginning, duration, suspension or interruption of limitation periods do not unduly hamper the bringing of actions for damages and, in any case, are not more restrictive than the rules on national general civil liability regimes;

▼B

the limitation period for bringing actions for damages under this Directive shall be at least five years and, in any case, not shorter than the limitation period laid down under national general civil liability regimes;

limitation periods shall not begin to run before the infringement has ceased and the claimant knows, or can reasonably be expected to know:

(i) of the behaviour and the fact that it constitutes an infringement;

(ii) of the fact that the infringement caused harm to them; and

(iii) the identity of the infringer;

(b) the cost of proceedings is not prohibitively expensive for claimants to seek justice;

(c) claimants are able to seek injunctive measures, including through summary proceedings; such injunctive measures shall be in the form of a definitive or provisional measure to cease infringements of the provisions of national law adopted pursuant to this Directive by performing an action or ceasing conduct;

(d) reasonable conditions are provided for under which any alleged injured party may authorise a trade union, non-governmental human rights or environmental organisation or other non-governmental organisation, and, in accordance with national law, national human rights' institutions, based in a Member State to bring actions to enforce the rights of the alleged injured party, without prejudice to national rules of civil procedure;

a trade union or non-governmental organisation may be authorised under the first subparagraph of this point if it complies with the requirements laid down in national law; those requirements may include maintaining a permanent presence of its own and, in accordance with its statutes, not engaging commercially and not only temporarily in the realisation of rights protected under this Directive or the corresponding rights in national law;

(e) when a claim is brought, and a claimant presents a reasoned justification containing reasonably available facts and evidence sufficient to support the plausibility of their claim for damages and has indicated that additional evidence lies in the control of the company, courts are able to order that such evidence be disclosed by the company in accordance with national procedural law;

▼B

national courts shall limit the disclosure of the evidence sought to that which is necessary and proportionate to support a potential claim or a claim for damages and the preservation of evidence to that which is necessary and proportionate to support such a claim for damages; in determining whether an order for the disclosure or preservation of evidence is proportionate, national courts shall consider the extent to which the claim or defence is supported by available facts and evidence justifying the request to disclose evidence; the scope and cost of disclosure as well as the legitimate interests of all parties, including any third parties concerned, including preventing non-specific searches for information which is unlikely to be of relevance for the parties in the procedure; whether the evidence the disclosure of which is sought contains confidential information, especially concerning any third parties, and what arrangements are in place for protecting such confidential information;

Member States shall ensure that national courts have the power to order the disclosure of evidence containing confidential information where they consider it relevant to the action for damages; Member States shall ensure that, when ordering the disclosure of such information, national courts have at their disposal effective measures to protect such information.

4. Companies that have participated in industry or multi-stakeholder initiatives, or used independent third-party verification or contractual clauses to support the implementation of due diligence obligations may nevertheless be held liable in accordance with this Article.

5. The civil liability of a company for damages arising under this provision shall be without prejudice to the civil liability of its subsidiaries or of any direct and indirect business partners in the chain of activities of the company.

When the damage was caused jointly by the company and its subsidiary, direct or indirect business partner, they shall be liable jointly and severally, without prejudice to the provisions of national law concerning the conditions of joint and several liability and the rights of recourse.

6. The civil liability rules under this Directive shall not limit companies' liability under Union or national legal systems and shall be without prejudice to Union or national rules on civil liability related to adverse human rights impacts or to adverse environmental impacts that provide for liability in situations not covered by or providing for stricter liability than this Directive.

▼B

7. Member States shall ensure that the provisions of national law transposing this Article are of overriding mandatory application in cases where the law applicable to claims to that effect is not the national law of a Member State.

*Article 30*

**Reporting of breaches and protection of reporting persons**

Member States shall take the necessary measures to ensure that Directive (EU) 2019/1937 applies to the reporting of breaches of the provisions of national law transposing this Directive and the protection of persons reporting such breaches.

*Article 31*

**Public support, public procurement and public concessions**

Member States shall ensure that compliance with the obligations resulting from the provisions of national law transposing this Directive, or their voluntary implementation, qualifies as an environmental or social aspect that contracting authorities may, in accordance with Directives 2014/23/EU, 2014/24/EU and 2014/25/EU, take into account as part of the award criteria for public and concession contracts, and as an environmental or social condition that contracting authorities may, in accordance with those Directives, lay down in relation to the performance of public and concession contracts.

*Article 32*

**Amendment to Directive (EU) 2019/1937**

In Directive (EU) 2019/1937, point E.2 of Part I of the Annex, the following point is added:

‘(vii) Directive (EU) 2024/1760 of the European Parliament and of the Council of 13 May 2024 on corporate sustainability due diligence and amending Directive (EU) 2019/1937 and Regulation (EU) 2023/2859 (OJ L, 2024/1760, 5.7.2024, ELI: http://data.europa.eu/eli/dir/2024/1760/oj).’.

*Article 33*

**Amendment to Regulation (EU) 2023/2859**

In Regulation (EU) 2023/2859, part B of the Annex, the following point is added:

‘17. Directive (EU) 2024/1760 of the European Parliament and of the Council of 13 May 2024 on corporate sustainability due diligence and amending Directive (EU) 2019/1937 and Regulation (EU) 2023/2859 (OJ L, 2024/1760, 5.7.2024, ELI: http://data.europa.eu/eli/dir/2024/1760/oj).’.

▼B

*Article 34*

**Exercise of the delegation**

1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.

2. The power to adopt delegated acts referred to in Article 3(2) and Article 16 shall be conferred on the Commission for an indeterminate period of time from 25 July 2024.

3. The delegation of power referred to in Article 3(2) and Article 16 may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the *Official Journal of the European Union* or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.

4. Before adopting a delegated act, the Commission shall consult experts designated by each Member State in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making.

5. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.

6. A delegated act adopted pursuant to Article 3(2) or Article 16 shall enter into force only if no objection has been expressed either by the European Parliament or by the Council within a period of two months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months at the initiative of the European Parliament or of the Council.

*Article 35*

**Committee procedure**

1. The Commission shall be assisted by a committee. That committee shall be a committee within the meaning of Regulation (EU) No 182/2011 of the European Parliament and of the Council ([18]).

2. Where reference is made to this paragraph, Article 4 of Regulation (EU) No 182/2011 shall apply.

*Article 36*

**Review and reporting**

1. The Commission shall submit a report to the European Parliament and to the Council on the necessity of laying down additional sustainability due diligence requirements tailored to regulated financial undertakings with respect to the provision of financial services and investment activities, and the options for such due diligence requirements as well as their impacts, in line with the objectives of this Directive.

([18]) Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by the Member States of the Commission's exercise of implementing powers (OJ L 55, 28.2.2011, p. 13).

▼B

The report shall take into account other Union legislative acts that apply to regulated financial undertakings. It shall be published at the earliest possible opportunity after 25 July 2024, but no later than 26 July 2026. It shall be accompanied, if appropriate, by a legislative proposal.

2. By 26 July 2030, and every three years thereafter, the Commission shall submit a report to the European Parliament and to the Council on the implementation of this Directive and its effectiveness in reaching its objectives, in particular in addressing adverse impacts. The report shall be accompanied, if appropriate, by a legislative proposal. The first report shall, inter alia, assess the following issues:

(a) the impacts of this Directive on SMEs, together with an assessment of the effectiveness of the different measures and tools for support provided to SMEs by the Commission and the Member States;

(b) the scope of this Directive in terms of the companies covered, whether it ensures the effectiveness of this Directive in light of its objectives, a level playing field between entities covered and that companies cannot circumvent the application of this Directive, including:

— whether Article 3(1), point (a), needs to be revised so that entities constituted as different legal forms from those listed in Annex I or Annex II to Directive 2013/34/EU are covered by this Directive;

— whether business models or forms of economic cooperation with third-party companies other than those covered by Article 2 need to be included in the scope of this Directive;

— whether the thresholds regarding the number of employees and net turnover laid down in Article 2 need to be revised and if a sector-specific approach needs to be introduced in high-risk sectors;

— whether the criterion of net turnover generated in the Union laid down in Article 2(2) needs to be revised;

(c) whether the definition of the term ‘chain of activities’ needs to be revised;

(d) whether the Annex to this Directive needs to be modified, including in light of international developments, and whether it should be extended to cover additional adverse impacts, in particular adverse impacts on good governance;

(e) whether the rules on combatting climate change provided for in this Directive, especially as regards the design of transition plans for climate change mitigation, their adoption and the putting into effect of those plans by companies, as well as the powers of supervisory authorities related to those rules, need to be revised;

▼B

(f) the effectiveness of the enforcement mechanisms put in place at national level, of the penalties and the rules on civil liability;

(g) whether changes to the level of harmonisation provided for in this Directive are required to ensure a level-playing field for companies in the internal market, including the convergence and divergence between provisions of national law transposing this Directive.

*Article 37*

**Transposition**

▼M1

1. Member States shall adopt and publish, by 26 July 2027, the laws, regulations and administrative provisions necessary to comply with this Directive. They shall forthwith communicate the text of those measures to the Commission.

They shall apply those measures:

(a) from 26 July 2028 as regards companies referred to in Article 2(1), points (a) and (b), which are formed in accordance with the legislation of the Member State and that had more than 3 000 employees on average and generated a net worldwide turnover of more-than EUR 900 000 000 in the last financial year preceding 26 July 2028 for which annual financial statements have been or should have been adopted, with the exception of the measures necessary to comply with Article 16, which Member States shall apply to those companies for financial years starting on or after 1 January 2029;

(b) from 26 July 2028 as regards companies referred to in Article 2(2), points (a) and (b), which are formed in accordance with the legislation of a third country and that generated a net turnover of more-than EUR 900 000 000 in the Union, in the financial year preceding the last financial year preceding 26 July 2028, with the exception of the measures necessary to comply with Article 16, which Member States shall apply to those companies for financial years starting on or after 1 January 2029;

(c) from 26 July 2029 as regards all other companies referred to in Article 2(1), points (a) and (b), and Article 2(2), points (a) and (b), and companies referred to in Article 2(1), point (c), and Article 2(2), point (c), with the exception of the measures necessary to comply with Article 16, which Member States shall apply to those companies for financial years starting on or after 1 January 2030.

▼B

When Member States adopt those measures, they shall contain a reference to this Directive or be accompanied by such a reference on the occasion of their official publication. Member States shall determine how such reference is to be made.

2. Member States shall communicate to the Commission the text of the main measures of national law which they adopt in the field covered by this Directive.

*Article 38*

**Entry into force**

This Directive shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

*Article 39*

**Addressees**

This Directive is addressed to the Member States.

▼B

*ANNEX*

Part I

1. **RIGHTS AND PROHIBITIONS INCLUDED IN INTERNATIONAL HUMAN RIGHTS INSTRUMENTS**

1. The right to life, interpreted in line with Article 6(1) of the International Covenant on Civil and Political Rights. The abuse of that right includes, but is not restricted to, private or public security guards protecting the company's resources, facilities or personnel causing the death of a person due to a lack of instruction or control by the company;

2. The prohibition of torture, cruel, inhuman or degrading treatment, interpreted in line with Article 7 of the International Covenant on Civil and Political Rights. This includes, but is not restricted to, private or public security guards protecting the company's resources, facilities or personnel subjecting a person to torture or cruel, inhuman or degrading treatment due to a lack of instruction or control by the company;

3. The right to liberty and security, interpreted in line with Article 9(1) of the International Covenant on Civil and Political Rights;

4. The prohibition of arbitrary or unlawful interference with a person's privacy, family, home or correspondence and unlawful attacks on their honour or reputation, interpreted in line with Article 17 of the International Covenant on Civil and Political Rights;

5. The prohibition of interference with the freedom of thought, conscience and religion, interpreted in line with Article 18 of the International Covenant on Civil and Political Rights;

6. The right to enjoy just and favourable conditions of work, including a fair wage and an adequate living wage for employed workers and an adequate living income for self-employed workers and smallholders, which they earn in return from their work and production, a decent living, safe and healthy working conditions and reasonable limitation of working hours, interpreted in line with Articles 7 and 11 of the International Covenant on Economic, Social and Cultural Rights;

7. The prohibition to restrict workers' access to adequate housing, if the workforce is housed in accommodation provided by the company, and to restrict workers' access to adequate food, clothing, and water and sanitation in the workplace, interpreted in line with Article 11 of the International Covenant on Economic, Social and Cultural Rights;

8. The right of the child to the highest attainable standard of health, interpreted in line with Article 24 of the Convention on the Rights of the Child; the right to education, interpreted in line with Article 28 of the Convention on the Rights of the Child; the right to an adequate standard of living, interpreted in line with Article 27 of the Convention on the Rights of the Child; the right of the child to be protected from economic exploitation and from performing any work that is likely to be hazardous or to interfere with the child's education, or to be harmful to the child's health or physical, mental, spiritual, moral or social development, interpreted in line with Article 32 of the Convention on the Rights of the Child; the right of the child to be protected from all forms of sexual exploitation and sexual abuse and to be protected from being abducted, sold or moved illegally to a different place in or outside their country for the purpose of exploitation, interpreted in line with Articles 34 and 35 of the Convention of the Rights of the Child;

▼B

9. The prohibition of the employment of a child under the age at which compulsory schooling is completed and, in any case, is not less than 15 years, except where the law of the place of employment so provides in line with Article 2(4) of the International Labour Organization Minimum Age Convention, 1973 (No 138), interpreted in line with Articles 4 to 8 of the International Labour Organization Minimum Age Convention, 1973 (No 138);

10. The prohibition of the worst forms of child labour (persons below the age of 18 years), interpreted in line with Article 3 of the International Labour Organization Worst Forms of Child Labour Convention, 1999 (No 182). This includes:

    (a) all forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom, as well as forced or compulsory labour, including the forced or compulsory recruitment of children for use in armed conflicts;

    (b) the use, procuring or offering of a child for prostitution, for the production of pornography or for pornographic performances;

    (c) the use, procuring or offering of a child for illicit activities, in particular for the production or trafficking of drugs; and

    (d) work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children;

11. The prohibition of forced or compulsory labour, which means all work or service that is exacted from any person under the menace of any penalty and for which the said person has not offered himself or herself voluntarily, for example as a result of debt bondage or trafficking in human beings, interpreted in line with Article 2(1) of the International Labour Organization Forced Labour Convention, 1930 (No 29). Forced or compulsory labour shall not mean any work or services that comply with Article 2(2) of the International Labour Organization Forced Labour Convention, 1930 (No 29) or with Article 8(3), points (b) and (c) of the International Covenant on Civil and Political Rights;

12. The prohibition of all forms of slavery and slave-trade, including practices akin to slavery, serfdom or other forms of domination or oppression in the workplace, such as extreme economic or sexual exploitation and humiliation, or human trafficking, interpreted in line with Article 8 of the International Covenant on Civil and Political Rights;

13. The right to freedom of association, of assembly, and the rights to organise and collective bargaining, interpreted in line with Articles 21 and 22 of the International Covenant on Civil and Political Rights, Article 8 of the International Covenant on Economic, Social and Cultural Rights, the International Labour Organization Freedom of Association and Protection of the Right to Organise Convention, 1948 (No 87), and the International Labour Organization Right to Organise and Collective Bargaining Convention, 1949 (No 98). Those rights include the following:

    (a) workers are free to form or join trade unions;

▼B

(b) the formation, joining and membership of a trade union must not be used as a reason for unjustified discrimination or retaliation;

(c) trade unions are free to operate in line with their constitutions and rules, without interference from the authorities; and

(d) the right to strike and the right to collective bargaining;

14. The prohibition of unequal treatment in employment, unless this is justified by the requirements of the employment, interpreted in line with Articles 2 and 3 of the International Labour Organization Equal Remuneration Convention, 1951 (No 100), Articles 1 and 2 of the International Labour Organization Discrimination (Employment and Occupation) Convention, 1958 (No 111), and Article 7 of the International Covenant on Economic, Social and Cultural Rights. This includes, in particular:

(a) the payment of unequal remuneration for work of equal value; and

(b) discrimination on grounds of national extraction or social origin, race, colour, sex, religion, political opinion;

15. The prohibition of causing any measurable environmental degradation, such as harmful soil change, water or air pollution, harmful emissions, excessive water consumption, degradation of land, or other impact on natural resources, such as deforestation, that:

(a) substantially impairs the natural bases for the preservation and production of food;

(b) denies a person access to safe and clean drinking water;

(c) makes it difficult for a person to access sanitary facilities or destroys them;

(d) harms a person’s health, safety, normal use of land or lawfully acquired possessions;

(e) substantially adversely affects ecosystem services through which an ecosystem contributes directly or indirectly to human wellbeing;

interpreted in line with Article 6(1) of the International Covenant on Civil and Political Rights and Articles 11 and 12 of the International Covenant on Economic, Social and Cultural Rights;

16. The right of individuals, groupings and communities to lands and resources and the right not to be deprived of means of subsistence, which entails the prohibition to unlawfully evict or take land, forests and waters when acquiring, developing or otherwise using land, forests and waters, including by deforestation, the use of which secures the livelihood of a person, interpreted in line with Article 1 and 27 of the International Covenant on Civil and Political Rights and Article 1, 2 and 11 of the International Covenant on Economic, Social and Cultural Rights.

▼B

2. **HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS INSTRUMENTS**

— The International Covenant on Civil and Political Rights;

— The International Covenant on Economic, Social and Cultural Rights;

— The Convention on the Rights of the Child;

— The International Labour Organization's core/fundamental conventions:

— Freedom of Association and Protection of the Right to Organise Convention, 1948 (No 87);

— Right to Organise and Collective Bargaining Convention, 1949 (No 98);

— Forced Labour Convention, 1930 (No 29) and its 2014 Protocol;

— Abolition of Forced Labour Convention, 1957 (No 105);

— Minimum Age Convention, 1973 (No 138);

— Worst Forms of Child Labour Convention, 1999 (No 182);

— Equal Remuneration Convention, 1951 (No 100);

— Discrimination (Employment and Occupation) Convention, 1958 (No 111).

Part II

**PROHIBITIONS AND OBLIGATIONS INCLUDED IN ENVIRONMENTAL INSTRUMENTS**

1. The obligation to avoid or minimise adverse impacts on biological diversity, interpreted in line with Article 10, point (b) of the 1992 Convention on Biological Diversity and applicable law in the relevant jurisdiction, including the obligations of the Cartagena Protocol on the development, handling, transport, use, transfer and release of living modified organisms and of the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization to the Convention on Biological Diversity of 12 October 2014.

2. The prohibition on the import, export, re-export or introduction from the sea of any specimen included in the Appendices I to III of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) of 3 March 1973 without a permit, interpreted in line with Articles III, IV and V of the Convention;

3. The prohibition of the manufacture, import and export of mercury-added products listed in Annex A Part I to the Minamata Convention on Mercury of 10 October 2013 (Minamata Convention), interpreted in line with Article 4(1) of the Convention;

4. The prohibition of the use of mercury or mercury compounds in the manufacturing processes listed in Annex B Part I to the Minamata Convention after the phase-out date specified in the Convention for the individual processes, interpreted in line with Article 5(2) of the Convention;

▼B

5. The prohibition of the unlawful treatment of mercury waste, interpreted in line with Article 11(3) of the Minamata Convention and Article 13 of Regulation (EU) 2017/852 of the European Parliament and of the Council ([1]);

6. The prohibition of the production and use of chemicals listed in Annex A to the Stockholm Convention of 22 May 2001 on Persistent Organic Pollutants (POPs Convention), interpreted in line with Article 3(1), point (a), point (i) of the Convention and Regulation (EU) 2019/1021 of the European Parliament and of the Council ([2]);

7. The prohibition of the unlawful handling, collection, storage and disposal of waste, interpreted in line with Article 6(1), point (d), points (i) and (ii) of the POPs Convention and Article 7 of Regulation (EU) 2019/1021;

8. The prohibition of the import or export of a chemical listed in Annex III to the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade (UNEP/FAO) of 10 September 1998, interpreted in line with Article 10(1), Article 11(1), point (b) and Article 11(2) of the Convention and indication by the importing or exporting Party to the Convention in line with the Prior Informed Consent (PIC) Procedure;

9. The prohibition of the unlawful production, consumption, import and export of controlled substances in Annexes A, B, C and E to the Montreal Protocol on substances that deplete the Ozone Layer to the Vienna Convention for the protection of the Ozone Layer, interpreted in line with Article 4B of the Montreal Protocol and licensing provisions under applicable law in relevant jurisdiction;

10. The prohibition of the export of hazardous or other waste, interpreted in line with Article 1(1) and (2) of the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal of 22 March 1989 (Basel Convention) and Regulation (EC) No 1013/2006 of the European Parliament and of the Council ([3]):

    (a) to a party to the Convention that has prohibited the import of such hazardous and other wastes, interpreted in line with Article 4(1), point (b) of the Basel Convention;

    (b) to a state of import that does not consent in writing to the specific import, in the case where that state of import has not prohibited the import of such hazardous wastes, interpreted in line with Article 4(1), point (c) of the Basel Convention;

    (c) to a non-party to the Basel Convention, interpreted in line with Article 4(5) of the Basel Convention;

([1]) Regulation (EU) 2017/852 of the European Parliament and of the Council of 17 May 2017 on mercury, and repealing Regulation (EC) No 1102/2008 (OJ L 137, 24.5.2017, p. 1).

([2]) Regulation (EU) 2019/1021 of the European Parliament and of the Council of 20 June 2019 on persistent organic pollutants (OJ L 169, 25.6.2019, p. 45).

([3]) Regulation (EC) No 1013/2006 of the European Parliament and of the Council of 14 June 2006 on shipments of waste (OJ L 190, 12.7.2006, p. 1).

▼B

(d) to a state of import if such hazardous wastes or other wastes are not managed in an environmentally sound manner in that state or elsewhere, interpreted in line with Article 4(8) the first sentence of the Basel Convention;

11. The prohibition of the export of hazardous wastes from countries listed in Annex VII to the Basel Convention to countries not listed in Annex VII for operations listed in Annex IV to the Basel Convention, interpreted in line with Article 4A of the Basel Convention and Article 34 and 36 of Regulation (EC) No 1013/2006;

12. The prohibition of the import of hazardous wastes and other wastes from a non-party that has not ratified the Basel Convention, interpreted in line with Article 4(5) of the Basel Convention;

13. The obligation to avoid or minimise adverse impacts on the properties delineated as natural heritage as defined in Article 2 of the Convention Concerning the Protection of the World Cultural and Natural Heritage of 16 November 1972 (the World Heritage Convention), interpreted in line with Article 5, point (d) of the World Heritage Convention and applicable law in the relevant jurisdiction;

14. The obligation to avoid or minimise adverse impacts on wetlands as defined in Article 1 of the Convention on Wetlands of International Importance especially as Waterfowl Habitat of 2 February 1971 (Ramsar Convention), interpreted in line with Article 4(1) of the Ramsar Convention and applicable law in the relevant jurisdiction;

15. The obligation to prevent the pollution from ships, interpreted in line with the International Convention for the Prevention of Pollution from Ships of 2 November 1973, as amended by the Protocol of 1978 (MARPOL 73/78). This includes:

(a) the prohibition on the discharge into the sea of:

(i) oil or oily mixtures as defined in Regulation 1 of Annex I to MARPOL 73/78, interpreted in line with Regulations 9 to 11 of Annex I to MARPOL 73/78;

(ii) noxious liquid substances as defined in Regulation 1(6) of Annex II to MARPOL 73/78, interpreted in line with Regulations 5 and 6 of Annex II to MARPOL 73/78; and

(iii) sewage as defined in Regulation 1(3) of Annex IV to MARPOL 73/78, interpreted in line with Regulations 8 and 9 of Annex IV to MARPOL 73/78;

(b) the prohibition of unlawful pollution by harmful substances carried by sea in packaged form as defined in Regulation 1 of Annex III to MARPOL 73/78, interpreted in line with Regulations 1 to 7 of Annex III to MARPOL 73/78; and

(c) the prohibition of unlawful pollution by garbage from ships as defined in Regulation 1 of Annex V to MARPOL 73/78, interpreted in line with Regulations 3 to 6 to Annex V of MARPOL 73/78;

16. The obligation to prevent, reduce and control pollution of the marine environment by dumping, interpreted in line with Article 210 of the United Nations Convention on the Law of the Sea of 10 December 1982 (UNCLOS) and applicable law in the relevant jurisdiction.