

## LEGISLATURE: German Act on Corporate Due Diligence in Supply Chains

Lieferkettensorgfaltspflichtengesetz (Lieferkettengesetz or LkSG) comes into effect in Germany from **2023**. Known in English as the German Supply Chain Due Diligence Act (SCDDA), the law mandates companies with **offices in Germany** to conduct due diligence on their supply chains to **protect human rights and the environment**.

### CONTEXT

- From **EARLY 2023**, the Act initially applies to enterprises with at least **3,000** and, from 2024, additionally to enterprises with at least **1,000** employees in Germany.
- It places enterprises that have their central administration, principal place of business, administrative headquarters, statutory seat or branch office in Germany under the **obligation to respect human rights by implementing defined due diligence obligations**.
- The due diligence obligations apply to an enterprise's own business area, to the actions of a contractual partner and to the actions of other (indirect) suppliers.
- If enterprises **fail** to comply with their legal obligations, **administrative fines** may be imposed.
- An authority will be equipped with effective enforcement instruments to monitor an enterprise's supply chain management.

### OBJECTIVE

- This quick guide aims to help suppliers understand and respond to customer requests in such a way as to make sure that their organization benefits from the process, too.
- The focus lies on the **due diligence process large companies are legally requested to follow** (in Germany) and on the implications that this has for suppliers.
- For each step of the due diligence process, suppliers are made aware of the **expectations their customers will (likely) have**, how they can best prepare for these challenges and benefit from the process.

# TYS – SCDDA Supplier Audit Alignment

