



Due Diligence along Supply Chains (up-/downstream)

COMPANIES DIRECTLY IMPACTED

Lieferkettensorgfaltspflichtengesetz (LkSG) [GERMANY]

Mandatory from 2023:

- Companies with head office, main branch/branch, administrative headquarters, or registered office, and
- ≥ 3,000 employees in Germany

From 2024:

- ≥ 1,000 employees in Germany

Corporate Sustainability Due Diligence Directive (CSDD) [European Union]

Mandatory from 2024 (presumably):

- Companies with head office, main branch/branch, administrative headquarters, or registered office, and
- > 150 Mio. € worldwide turnover, and
- > 500 employees within the EU

If 50% of worldwide net turnover was generated in high-risk sectors (according to article 2, CSDD)

- > 40 Mio. € worldwide turnover, and
- > 250 employees within the EU

REQUIRED ACTIONS

Milestones and Action Points

Effort

✓ **Assure internal compliance**

- Conduct full internal risk analysis with main stakeholders:
 - Health & Safety
 - Human Resources
 - Procurement
 - Quality Management
 - Security
 - Sustainability
 - Waste Management
- Draft *Human Rights Policy* addressing the company's global risk management operations, essential supply chain risks and strategy of human and labour rights compliance
- Implement operational structures for periodic internal compliance-check and supervision
- Assign responsibilities within departments / service-domains and for supervision / controlling, for instance by nominating a *Human Rights Officer*

✓ **Assure external compliance**

- Assign responsibility for the periodic risk analysis
- Implement periodic supply chain risk analysis, e.g., using information sourced from a market data provider
- Conduct supply chain risk analysis of your upstream partners [LkSG & CSDD]
 - Macro analysis by country and/or industry sector
 - Micro analysis e.g., through media screenings, surveys, on-site/off-site audits, etc.
- Conduct client side and business partners risk analysis (downstream) [CSDD only, expected to apply from 2024]
- Define and initiate measures of prevention and potential remedies

✓ **Implement new / connect to existent Whistle blower System**

- Staff and third parties must be able to report on human rights threats/violations
- Assure monitoring and immediate initiation of measures and remedies

✓ **Implement documentation and reporting structures**

- Create human rights risk report covering up- and downstream business partners
- Create human rights risk report covering own operations
- Assign responsibility for reporting to national authorities, e.g., German BAFA [LkSG]

= low
 = mid
 = mid-high
 = high



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HOW DO WE SUPPORT

- Status Quo- / Gap analysis
- Planning of measures and resource requirements
- Stakeholder identification and management
- Project setup, planning and management
- Selection of Data and Software providers
- Setup of business and IT processes
- Interaction and communication with authorities and external partners
- Implementation of regulatory and periodic reporting
- Go Live including introduction and training of new processes
- Change Management

**For more information on CSDD and ESG
related projects**

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