



Due Diligence along Supply Chains (up-/downstream)

COMPANIES INDIRECTLY IMPACTED

If you are supplier, client, or business partner of an EU domiciled company that fulfils the following criteria:

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

- ✓ **Check your client side who falls under the LkSG/CSDD regulation**
 - Prepare list of all clients who might request ESG and/or supply chain related information
- ✓ **Assure compliance with CSDD/LkSG related requirements/requests**
 - 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*
- ✓ **Manage your ESG company profile**
 - Assign responsibility for developing and monitoring of ESG company profile
 - Create company sustainability report (potentially align with CSRD standards)
 - Integrate ESG section on website
 - Provide information on ESG company profile offered by data providers
 - Prepare standardized FAQ sheets for customers and suppliers
- ✓ **Conduct risk analysis on your upstream supply chain (recommended)**
 - Clients might ask for the status of your supply chain related risks and supplier relations
 - 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.
 - Define and initiate measures of prevention and potential remedies
 - Conduct client side and business partners risk analysis (downstream) [CSDD only, expected to apply from 2024]

= 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

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