



Federal Ministry
for Economic Cooperation
and Development



Partners in
Transformation
Helpdesk Business
and Human Rights

Implementing diverse regulatory requirements for sustainable supply chains effectively and efficiently

Overview and recommendations for
companies

Table of contents

1. Executive Summary
2. Background and objective
3. Overview of legal norms
4. Requirements for due diligence processes and other obligations
5. Challenges and potential solutions
6. Recommendations for an integrated approach
7. Appendix:
Detailed overview of legal norms

About us

As a support service of the Federal Government, the Helpdesk on Business and Human Rights has been the central point of contact since 2017 for initial and referral advice on business and human rights for companies and associations. Whether it's occupational safety, combating forced and child labor, ensuring living wages, or protecting biodiversity: respecting environmental and human rights standards along supply and value chains is becoming an increasingly important focus for companies. One driver of this trend is the rising number of legal requirements for environmental and human rights due diligence—both at the national and European levels. Examples include the German Supply Chain Due Diligence Act (LkSG), the EU Sustainability Due Diligence Directive (CSDDD), and the EU Deforestation Regulation (EUDR). In addition, expectations from customers, investors, and employees are also increasing. Our mission is to support companies in managing their supply and value chains in a socially and environmentally responsible way.

We provide companies with free, confidential, and individualized advice on human rights and environmental due diligence, regardless of their size. Our services include, in addition to advisory support, events, training sessions, workshops, and online tools for companies. Furthermore, we provide updates on current developments (e.g. via LinkedIn) and offer platforms for companies to exchange experiences and learn from each other. We provide guidance, support, and practical implementation assistance. The Helpdesk on Business and Human Rights is funded by the Federal Ministry for Economic Cooperation and Development and implemented by DEG Impulse.

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1. Executive Summary

In recent years, several legal standards have been adopted in the EU that oblige companies to exercise greater human rights and environmental due diligence, as well as increase transparency regarding their own operations and supply chains. These legal standards include, for example, the German Supply Chain Due Diligence Act (LkSG), the EU Sustainability Due Diligence Directive (CSDDD), the EU Deforestation Regulation (EUDR), the EU Sustainability Reporting Directive (CSRD) and the EU Battery Regulation (EUBR).

Different actors criticise these legal standards as being difficult and burdensome for companies to implement. Companies and business associations surveyed by the Helpdesk on Business and Human Rights as part of a consultation and online survey particularly emphasise the large number of regulations and the unclear relationship between them as challenges.

While these challenges undeniably exist, companies can effectively and efficiently meet diverse requirements by focusing on core due diligence processes. This paper by the German Helpdesk on Business and Human rights and commissioned by the German Federal Ministry for Economic Cooperation and Development (BMZ), shows based on an analysis of eleven laws, regulations and guidelines, that many of them are grounded in the fundamental approaches of international standards, particularly the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. The different legal norms impose similar requirements on due diligence processes, a certain degree of supply chain transparency and/or transparency and reporting. Companies can use these overlaps to their advantage in implementation.

An integrated approach to the implementation of the various legal norms can help companies avoid duplication of work and use scarce human and financial resources in a targeted manner, with as little 'bureaucracy' as possible and with a view towards impact. A focus on key due diligence elements helps companies establish relevant processes and systems, even against a backdrop of political uncertainty. This also applies to (smaller) companies that are indirectly affected by relevant legal standards through their customers.

This paper thus offers a structure for an integrated approach to support companies of all sizes in the context of new legislative developments. The objective is to make a practical contribution to reducing their administrative burden as well as to the establishment of effective processes.

2. Background and objective

In recent years, Germany and the EU have adopted several legal standards that (will) oblige companies to exercise greater human rights and environmental due diligence, as well as increase transparency regarding their own operations and supply chains. Many German and EU companies fall within the scope of these legal standards.

The relevant legal norms include:¹

- German Supply Chain Due Diligence Act (LkSG)
- EU Corporate Sustainability Due Diligence Directive (CSDDD)
- EU Taxonomy Regulation (EU Taxonomy)
- EU Forced Labour Regulation (EUFLR)
- EU Battery Regulation (EUBR)
- EU Deforestation Regulation (EUDR)
- EU Conflict Minerals Regulation (EU Conflict Minerals Reg)
- EU Corporate Sustainability Reporting Directive (CSRD)
- EU Carbon Border Adjustment Mechanism (CBAM)
- EU Empowering Consumers Directive (EmpCo)
- EU Ecodesign for Sustainable Products Regulation (ESPR)

¹ This is a selection, not an exhaustive list, of laws relevant to human rights or supply chains. The information in this document is of a general nature and is non-binding. It makes no claim to legal completeness or accuracy and does not constitute legal advice.



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The overarching goal of these legal norms is to ensure that companies fulfill their responsibility to protect the environment and respect human rights within their own operations and supply chains. Especially in globally connected supply chains, complex challenges often arise, such as in textile production or raw material extraction, that individual companies may find difficult to fully oversee or manage. This highlights the importance of a clear and coordinated framework which is jointly supported by policy-makers, businesses, and society.

The regulations address exactly this point: they establish a uniform minimum standard that provides guidance for companies, structures processes, and helps them identify relevant risks early and address them proactively or, if necessary, implement appropriate remedial measures. This can also generate additional benefits for businesses, such as more resilient supply chains, reduced liability, reputational and operational risks, and the avoidance of costly crisis responses. At the same time, the legal provisions address expectations that customers, investors, civil society, and business partners have been placing on responsible corporate conduct for many years – expectations that were previously mainly anchored in international, non-binding standards.

Two of the most relevant international frameworks are the following:

- **UN Guiding Principles on Business and Human Rights** (subsequently “UNGPs”): The UNGPs were unanimously adopted by the UN Human Rights Council in 2011. They are considered a milestone, as they were the first document to clearly distinguish between the duty of states to protect human rights and the responsibility of companies to respect these rights. They demonstrate how companies can fulfil this responsibility through human rights due diligence processes (policy statement, risk analysis, preventive measures, grievance procedures etc.). The ‘building blocks’ of the due diligence processes outlined in the UNGPs are central to many of the legal norms mentioned above. While not legally binding, the UNGPs refer to existing international covenants and conventions on the protection of human rights and explain what these mean, in concrete terms, in the context of business activity.
- **OECD Guidelines for Multinational Enterprises on Responsible Business Conduct** (“OECD Guidelines”): The OECD Guidelines’ objective is to promote a sustainable economy. They set out recommendations from 51 governments to multinational companies in OECD member countries regarding key areas of business responsibility, such as human rights (in line with the UNGPs), corruption prevention, environmental and climate protection etc. With regard to human rights, like the UNGPs, the OECD Guidelines set out a due diligence approach. The OECD Guidelines “are not legally binding, but correspond to the German government’s expectations in relation to the behavior of multinational companies in their cross-border activities” ([bafa.de](https://www.bafa.de)).

In public debate, different actors often note that implementing supply chain-related standards is costly and burdensome for companies (see also note below). There is no question that they present companies with some challenges. However, many of these legal norms are based on the fundamental principles of the international standards described above. Using an integrated approach can therefore support companies in meeting the various requirements effectively and efficiently. In particular, using such an approach can help companies deploy scarce human and financial resources in a targeted manner, with as little ‘bureaucracy’ as possible and with a focus on impact.



This paper aims to

- Provide a brief overview of the due diligence and other obligations arising from key supply chain-related standards, particularly their overlaps;
- Highlight the challenges companies face, and potential solutions they have identified, in light of the various legal standards; and
- Provide companies with recommendations to implement the different legal norms effectively and efficiently using an integrated approach.

This paper is aimed at companies that fall within the scope of various European supply chain-related standards.



Note

This paper presents the status of the adopted legal regulations at the time of publication. All changes enacted under the EU Omnibus I package as well as within the framework of the EUDR have also been taken into account. With the Omnibus I package, first published by the European Commission in February 2025, key sustainability regulations (CSDDD, CSRD, EU Taxonomy, CBAM) were revised and adjusted to reduce bureaucracy and, in particular, to relieve smaller companies (please see appendix for details).

In Germany, the Federal Cabinet initiated a law amending the German Supply Chain Due Diligence Act (LkSG) on 3 September 2025; however, this law has not yet been passed by the national parliament, the German Bundestag.

This paper was developed by the Helpdesk on Business and Human Rights and has been compiled with the utmost care. It is intended solely for professional information purposes and to support the practical implementation of human rights and environmental due diligence obligations. The content provided does not constitute legally binding advice and cannot replace such advice.



3. Overview of legal norms

In addition to existing legal standards, several European directives and regulations on the topic of corporate sustainability will come into force over the coming years. These legal norms cover general, topic-specific and product-specific due diligence obligations, transparency and disclosure requirements, as well as related topics such as CO₂ emissions, greenwashing and ecodesign (Table 1). EU regulations apply directly in all EU member states as soon as they enter into force. Directives must be transposed into national law within a specified timeframe.

Different companies will be subject to these legal norms at different times (Figure 1). Furthermore, not all of them are affected by the regulations to the same extent, nor will they be in the future. This is illustrated by the examples in Figure 2.

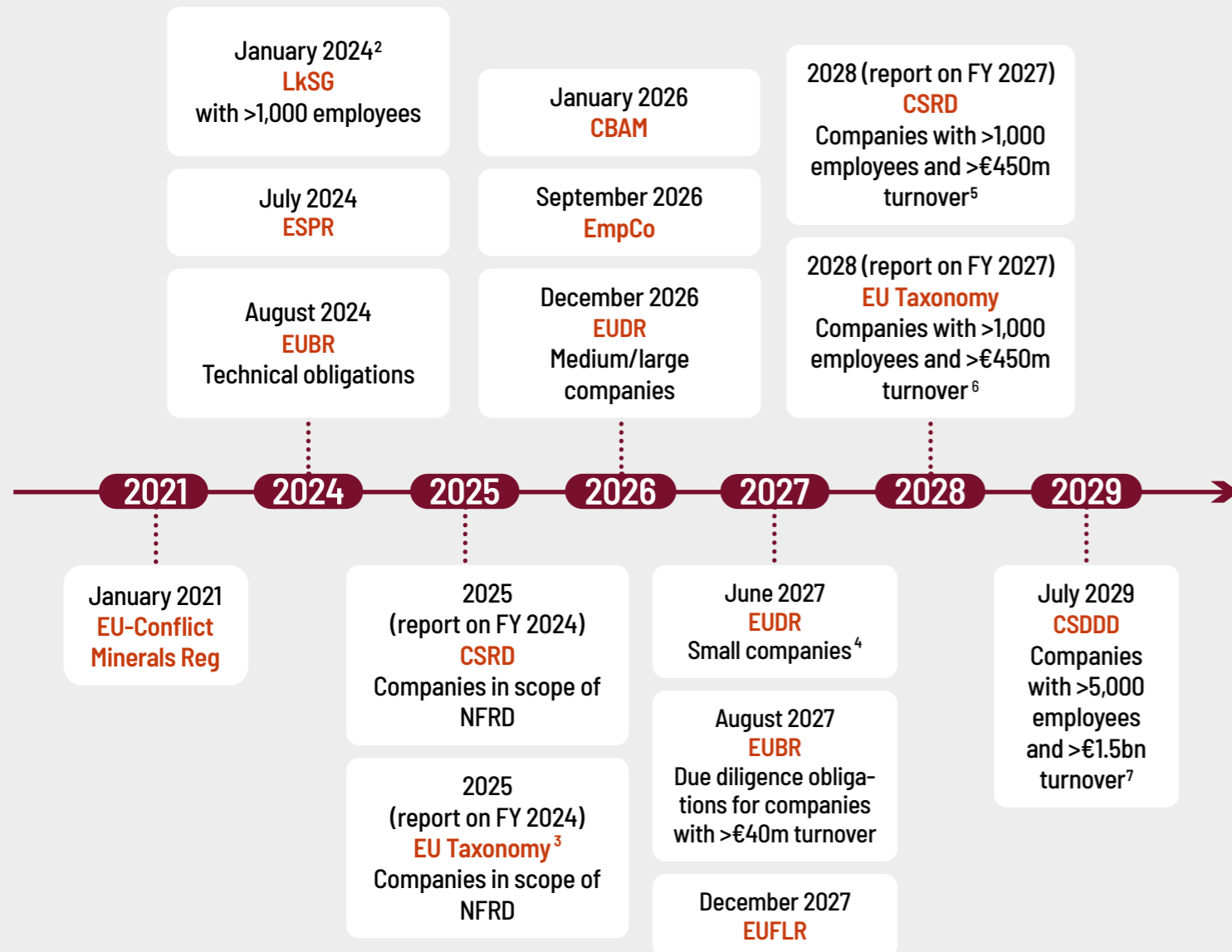
A detailed overview of each legal norm is presented in the appendix.

Table 1:
Overview of legal norms

Legal norms	Acronym	Specific focus
General due diligence obligations		
German Supply Chain Due Diligence Act	LkSG	General due diligence obligations
EU Corporate Sustainability Due Diligence Directive	CSDDD	General due diligence obligations
EU Taxonomy Regulation	EU Taxonomy	General due diligence obligations (Art. 18) Transparency and disclosure obligations
Topic- and product-specific due diligence obligations		
EU Forced Labour Regulation	EUFLR	Product-related obligations; indirectly: Topic-specific due diligence obligations: ¹ Forced labour (all products)
EU Battery Regulation	EUBR	Product-specific due diligence obligations: Batteries
EU Deforestation Regulation	EUDR	Product-specific due diligence obligations: Wood, coffee, cocoa, rubber, oil palms, soy, cattle
EU Conflict Minerals Regulation	EU Conflict Minerals Reg	Product-specific due diligence obligations: Tin, tantalum, tungsten, gold (3TG)
Transparency and disclosure obligations		
EU Corporate Sustainability Reporting Directive	CSRD	Transparency and disclosure obligations
Other legal norms relating to supply chains		
EU Carbon Border Adjustment Mechanism	CBAM	CO ₂ emissions: Iron, steel, cement, aluminium, electricity, fertilisers, hydrogen
EU Empowering Consumers Directive	EmpCo	Greenwashing (all products and services)
EU Ecodesign for Sustainable Products Regulation	ESPR	Ecodesign (almost all products)

¹ The EUFLR does not contain due diligence obligations but imposes product-related obligations on companies. In practice, however, due diligence processes regarding forced labour within the company are necessary to meet the product-related requirements of the EUFLR.

Figure 1:
Application start date of legal norms ¹



¹ The year refers to the start of application of the legal norm or the reporting obligation (CSRD/EU Taxonomy) respectively. Simplified representation of the scope for clarity. Companies should assess individually whether and how they are affected by different legal norms

² The German Supply Chain Due Diligence Act (LkSG) came into effect on 1 January 2023 for companies with >3,000 employees in Germany. For clarity, 2024 is shown above, as the law came into effect then for companies with >1,000 employees in Germany and therefore for all affected companies

³ The EU Taxonomy is shown in 2025 due to its connection with the CSRD (taxonomy compliance report must be part of CSRD report). Companies subject to reporting requirements under the Non-Financial Reporting Directive (NFRD, superseded by the CSRD since January 2024) have been required to report under the EU Taxonomy since 2022 (report on fiscal year (FY) 2021)

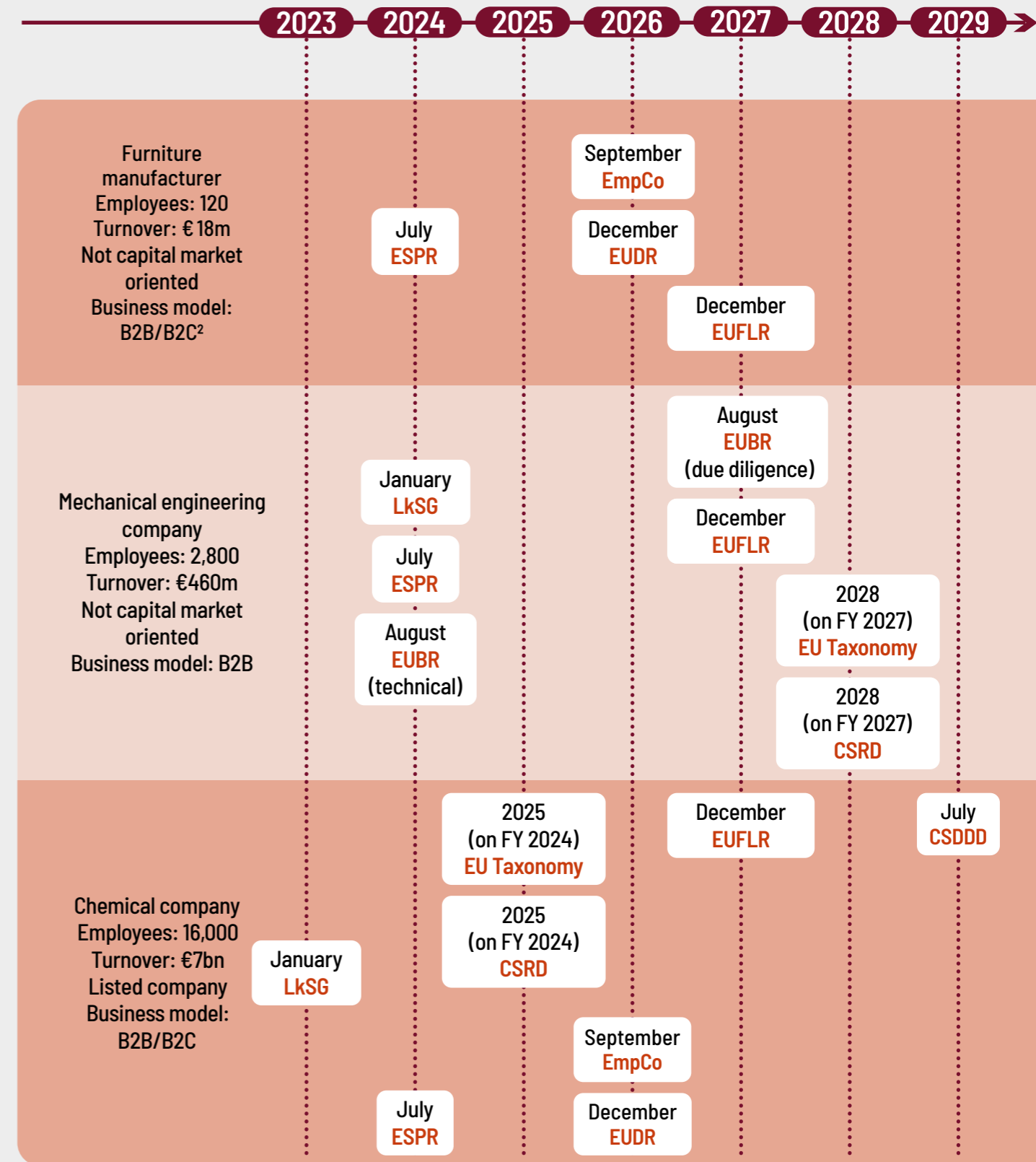
⁴ Companies that meet two of the following three criteria on 31 December 2024: <€7.5m balance sheet total, <€15m turnover, max. 50 employees

⁵ Companies that have been subject to reporting requirements since 2025 (report on FY 2024) but are no longer subject to CSRD due to changed thresholds can be exempted from reporting requirement for FY 2025 and 2026 (depending on national implementation)

⁶ Restriction of scope of the EU Taxonomy Regulation analogous to CSRD

⁷ Worldwide turnover for EU companies and turnover in the EU for non-EU companies respectively

Figure 2:
Example: Application start dates for different companies ¹



¹ The year refers to the start of application of the legal norm or the reporting obligation (CSRD/EU Taxonomy) respectively. Simplified representation of the scope for clarity. Companies should assess individually whether and how they are affected by different legal norms. Fictional companies.

² B2B = Business to Business, B2C = Business to Consumer

4. Requirements for due diligence processes and other obligations

In order to highlight the due diligence and other obligations of the aforementioned legal norms, and in particular their overlaps, the legal norms were examined regarding the following aspects:

- Objective
- Approach:
 - Due diligence obligations: General, topic-specific, product-specific
 - Necessary supply chain transparency (without specific due diligence requirements)
 - Transparency and disclosure obligations
 - Technical requirements²
- (Planned) start of application
- Companies subject to the law
- Interaction with other supply chain-related legal norms
- Legal developments and changes at the time of publication (e.g., Omnibus I)

The study focused specifically on the extent to which the requirements of the respective legal norms are based on the central 'building blocks' of corporate due diligence (risk analysis, preventive measures etc.) in accordance with international standards. This provides companies with concrete, actionable insights: The more the legal norms are based on the same core elements, the more sensible it is for companies affected by several legal norms to choose an integrated approach in order to create synergies and avoid duplication of effort.

² Technical requirements are defined here as obligations that go beyond obtaining the necessary information to establish supply chain transparency (e.g. supplier names, industry, country of origin) as part of a risk-based due diligence process. Examples include geolocation and the establishment of a traceability system (EUDR), labelling requirements (EUBR), emissions calculations (CBAM) and double materiality analysis (CSRD).



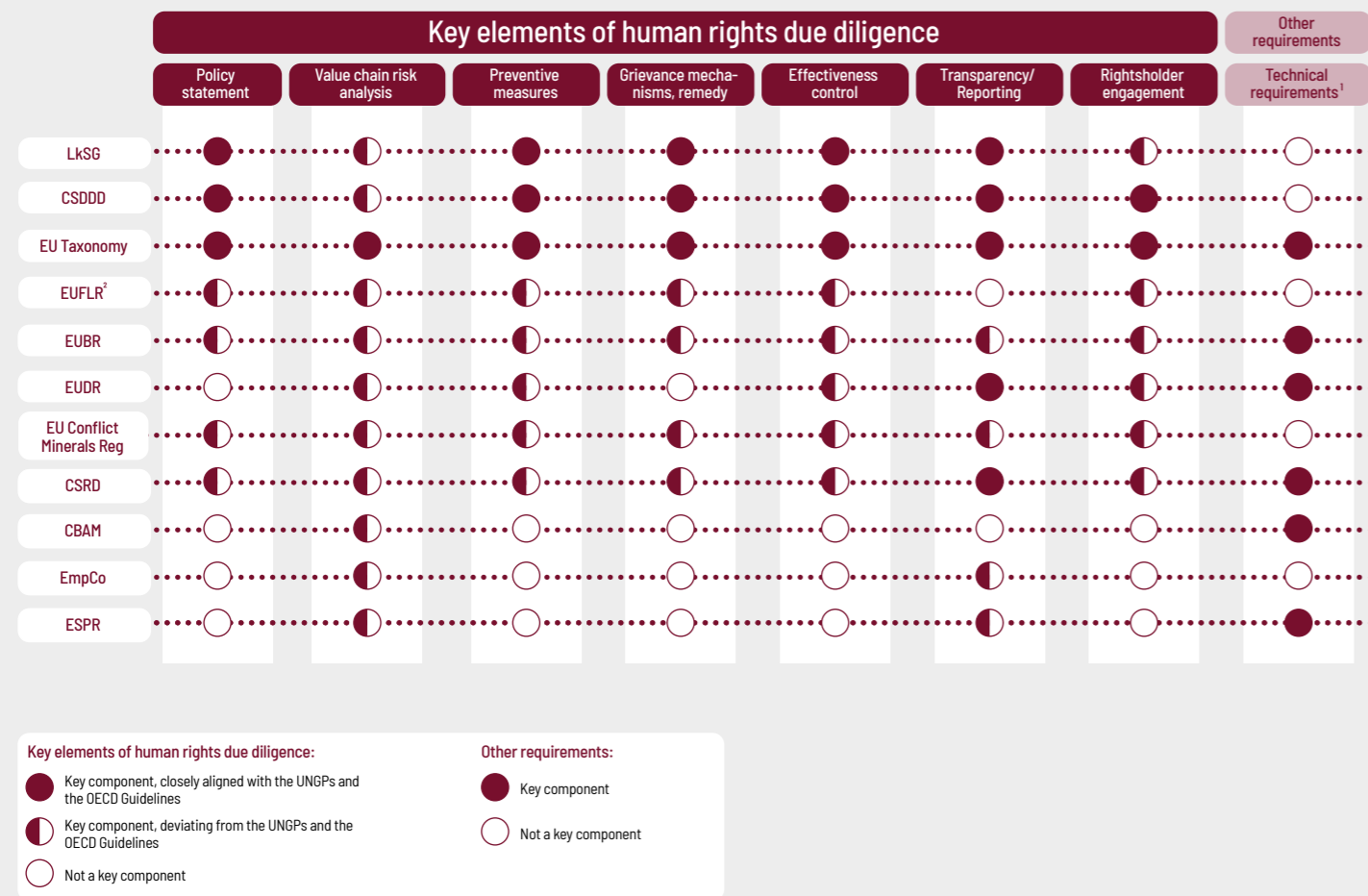
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Figure 3 illustrates that there are overlaps, but also discrepancies, in the requirements of the various regulations. The 'circles' denote to what extent the requirements are aligned with the UNGPs and the OECD Guidelines. The underlying qualitative assessment was prepared with the greatest possible care; however, it allows only limited comparability. For example, where a risk analysis of own operations and supply chains is required – but not of the entire downstream value chain as required by the UNGPs – a 'half circle' has been assigned. This is the case with the LkSG and the CSDDD. A half circle was also assigned if only certain products or supply chains are subject to risk analysis, as is the case with EUBR or EUDR.

The analysis shows that the **LkSG, CSDDD, EU Taxonomy, EUFLR and EUBR**, in particular, have a **high degree of overlap** in terms of their requirements, due to their close alignment to the UNGPs and the OECD Guidelines. The EU Taxonomy deserves special mention here, as it is often neglected in the discussion: Only those economic activities that also comply with minimum social standards, including those set out in the OECD Guidelines and UNGPs, are considered 'taxonomy-compliant' (and therefore ecologically sustainable). This requires affected companies to demonstrate that they have appropriate due diligence processes in place.

The EU Conflict Minerals Regulation also closely follows the OECD Guidelines, as specified by the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

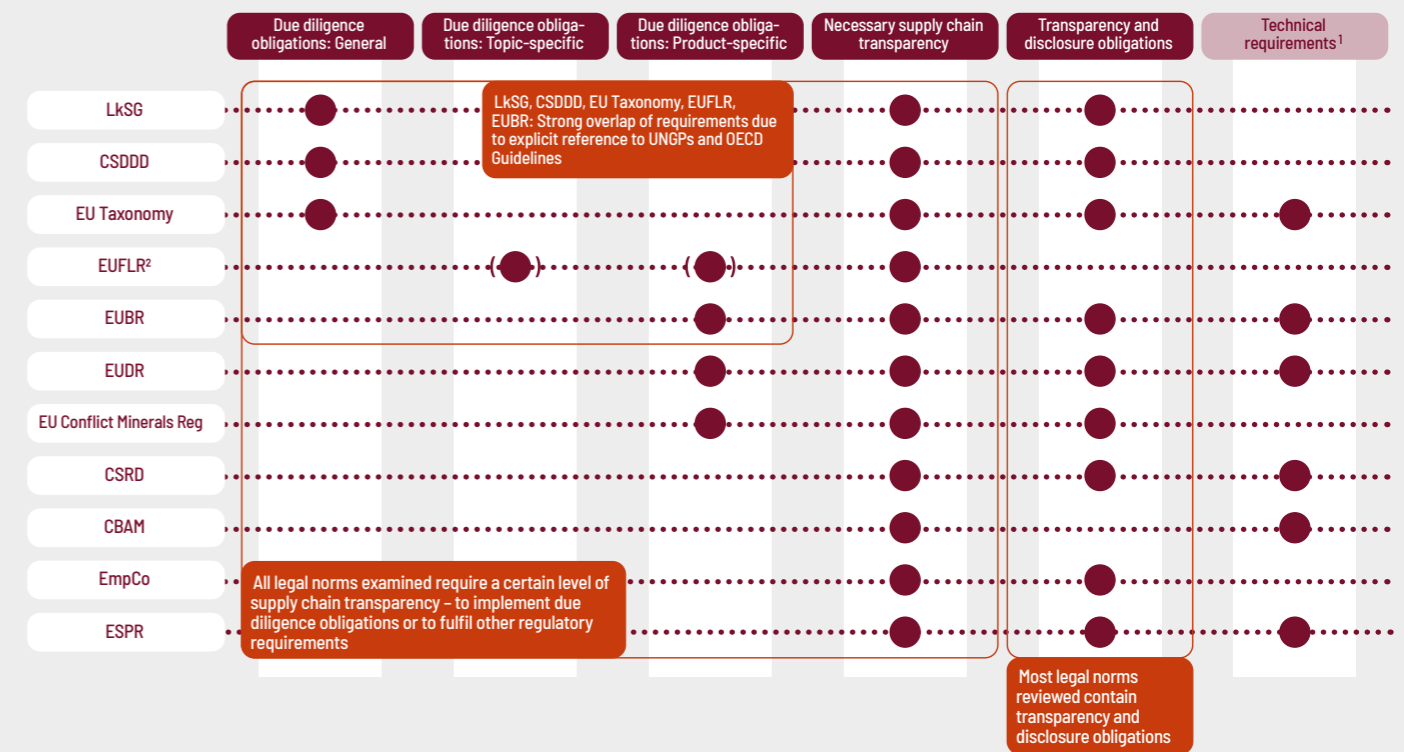
Figure 3:
Requirements of different legal norms



¹ Technical requirements: Obligations that go beyond obtaining the necessary information to establish supply chain transparency (e.g., supplier names, industry, country of origin) as part of a risk-based due diligence process. Examples: geolocation and establishment of a traceability system (EUDR), labelling requirements (EUBR), emissions calculations (CBAM), double materiality analysis (CSRD).

² The EUFLR does not contain due diligence obligations but imposes product-related obligations on companies. In practice, however, due diligence processes regarding forced labour within the company are necessary to meet the product-related requirements of the EUFLR. The assessment presented here refers exclusively to the steps necessary for implementation.

Figure 4:
Overlap of requirements



The analysis also shows that all legal norms examined require a **certain degree of supply chain transparency** (see Figure 4) – either to fulfill due diligence obligations by conducting a risk analysis or to comply with other legal requirements. For example, the Empowering Consumers Directive, which must be implemented from 2026 onwards, prohibits the use of vague and unsubstantiated environmental claims and undefined social attributes (such as 'responsible') in product advertising. It also requires more detailed product information for consumers to enable them to make well-informed purchasing decisions. Companies will find it difficult to meet these expanded information obligations or to make reliable advertising claims without knowing the environmental characteristics of their products and the conditions under which they were manufactured.

Almost all of the legal standards examined include **public transparency and disclosure obligations** (with the exception of EUFLR and CBAM, which only require reporting to the authorities). In this respect, the CSRD acts as a connection point for many other legal standards: Reporting on both the CSDDD and the EU Taxonomy takes place in the CSRD report, while reporting on the EUDR and potentially on the EUBR can also be done in the CSRD report.

¹ Technical requirements: Obligations that go beyond obtaining the necessary information to establish supply chain transparency (e.g., supplier names, industry, country of origin) related to a risk-based due diligence process. Examples: geolocation and establishment of a traceability system (EUDR), labelling requirements (EUBR), emissions calculations (CBAM), double materiality analysis (CSRD).

² The EUFLR does not contain due diligence obligations but imposes product-related obligations on companies. In practice, however, due diligence processes regarding forced labour within the company are necessary to meet the product-related requirements of the EUFLR.

5. Challenges and potential solutions

Despite the similarities, there are also key differences in the detail of the various legal standards (see also the detailed overview of legal norms in the appendix), which pose challenges for companies. For example, a risk analysis may relate to the company's own operations and supply chains, or only to supply chains. The focus may be on specific topics (e.g. forced labour for EUFLR) or on specific products (e.g. batteries for EUBR; wood, palm oil, soy etc. for EUDR; steel, cement, aluminium etc. for CBAM). Despite the overarching framework of the CRSD, the information required for reporting often varies.

In addition, as described above, some legal standards impose extensive technical requirements (see also footnote 2). These include, for example:

- **EU Taxonomy:** Data collection to determine taxonomy compliance with regard to turnover, investments and operating expenses, climate risk analysis
- **EUBR:** Labelling requirements for batteries, declaration of CO₂ footprint, compliance with recycled content requirements etc.
- **EUDR:** Comprehensive information requirements, including description and quantity of products, geolocation data of all relevant producer sites; submission of a due diligence declaration.

In October and November 2025, the German Helpdesk on Business and Human Rights received feedback from 35 companies and business associations regarding their challenges and potential solutions. The Helpdesk interviewed seven business associations and five companies from various sectors, ranging from SMEs to DAX40 corporations, in one-hour discussions. In addition, 23 company representatives from a wide range of industries and company sizes took part in an online survey.³

³ There may be a duplication of responses between company interviews and the survey due to the anonymity of the survey.

Companies and business associations cited the following **challenges**:

- **Uncertainty due to diverse regulatory requirements:** Which legal norms apply to companies, when and how? In the survey, 73% of companies⁴ identified this as a "very significant challenge".
- **The relationship between legal norms and how the implementation of certain laws contributes to the fulfilment of other requirements.** Companies appeal to policymakers to highlight overlaps. Survey: Implementation of an integrated approach (73%).
- **Political uncertainty** requires, among other things, significant time for internal engagement to advance due diligence processes despite legal uncertainty.
- **Legal compliance of processes developed:** Legal requirements are often perceived as vague, which makes practical implementation difficult.
- **Requirements for new processes, systems and IT solutions** with associated costs. Survey: Availability of necessary resources (64%).
- **Indirect impacts**, especially on smaller companies
- **Data collection** from suppliers. Survey: 91%.

However, companies also saw possible **solutions** to the challenges described. They mentioned the following aspects:

- **Using an integrated approach** to simplify implementation and prepare for future requirements. Survey: Integrated risk and supply chain analysis as a solution (36% each).
- **Establishment of own due diligence management system** despite being impacted only indirectly via customer requirements.
- **Participation in industry initiatives.** Survey: Most frequently mentioned solution (55%).
- **Use of customer requirements beyond legal requirements to gain** internal buy-in for implementation.
- **Digital tools.** Survey: 36%.

According to the survey, the most helpful solutions were:

- Defining clear responsibilities (45%)
- Collaboration within sectors (38%)
- Cross-departmental collaboration (38%)

As some of the companies surveyed have already recognised, it makes sense to apply an integrated approach in order to take advantage of the overlaps between various legal standards. Of course, companies bound by these legal standards must also meet the specific requirements outlined above. However, using an integrated approach to the various legal standards is still worthwhile, given that due diligence obligations and the requirement for supply chain transparency are core elements of the different legal norms. Focusing on key due diligence elements also helps companies to set up relevant systems and processes, even against a backdrop of political uncertainty. A structure, guiding questions and examples of an integrated approach are presented below.

⁴ All quantitative survey results presented include multiple responses, i.e. participants could select more than one answer to each question.

6. Recommendations for an integrated approach

An integrated approach to their internal organisation and implementation can help companies avoid duplication of effort and actively take advantage of the overlaps in legal requirements (see Figures 5-6)⁵. Establishing a robust due diligence management system in line with international standards is the best way to prepare for the implementation of future requirements, even in times of ongoing political uncertainty. Companies that address this issue early on and take appropriate steps will benefit from this groundwork in future years.

This also applies to (smaller) companies that are indirectly affected by due diligence and other laws through their customers. They often receive multiple requests for information and must comply with contractually agreed requirements. These companies can also benefit from setting up, documenting and continuously developing their own due diligence management system that is appropriate to their size and risk profile. Information about this system can then be used to meet the requirements of various customers and, if necessary, for public communication.

A key starting point for implementing an integrated approach is a comprehensive legal analysis. Companies should not consider individual legal norms separately – for example, by different departments – but rather conduct a joint analysis of the requirements of various legal norms. This allows them to identify overlaps (e.g. elements of due diligence such as risk analysis, or specific supply chains that are particularly affected and should therefore be prioritised) and requirements that need to be addressed separately (e.g. technical requirements).

At this point, companies should also examine what additional requirements they may have to meet, for example, arising from contracts with customers. As these may go beyond legal requirements, they should also be taken into account in the further implementation process.



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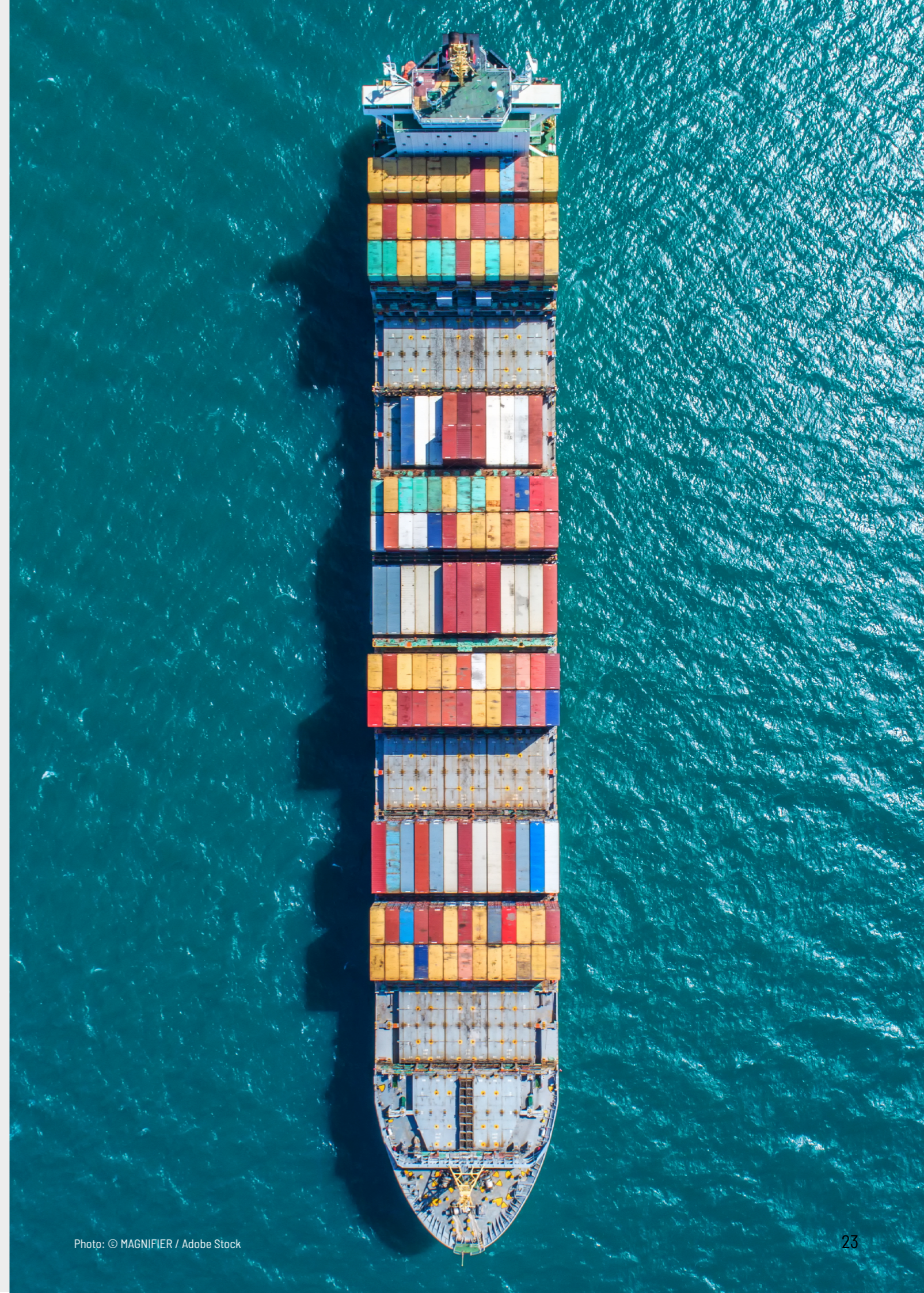
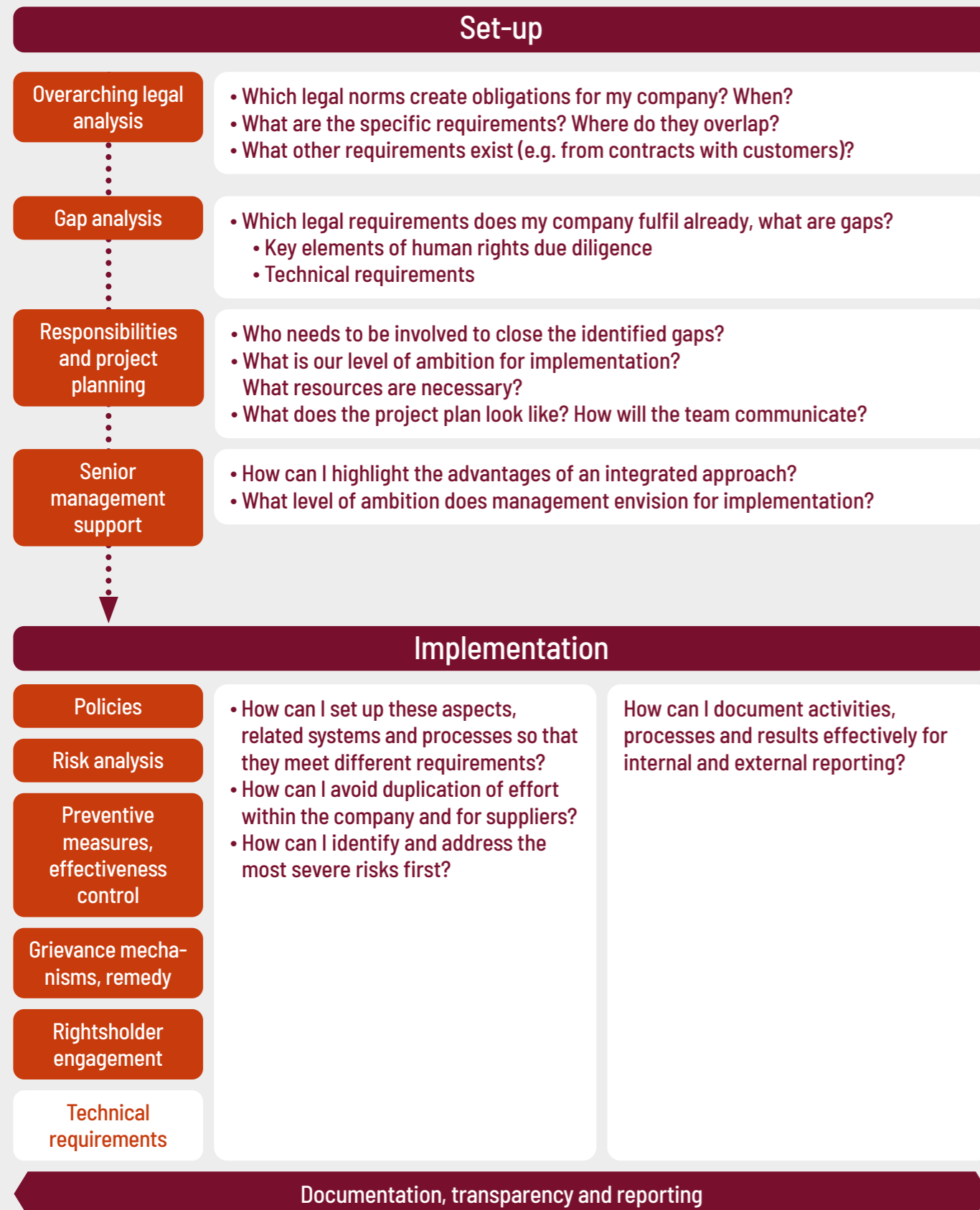
The implementation of the integrated approach naturally varies between companies. Figures 7 and 8 illustrate this using two example companies from Figure 2.

Against the backdrop of potentially changing legal requirements, companies should regularly review requirements to ensure they are up to date. They should then adapt relevant processes and systems – ideally within the ‘bigger picture’ of an integrated approach.

The requirements of the various supply chain-related standards are complex and demand considerable effort on the part of companies. However, companies can manage these requirements more easily, effectively and efficiently by proceeding step by step, using an integrated approach based on structured cross-departmental collaboration.

⁵ A similar approach to the one presented here can be found in the publication [EU Sustainability Rules Are a Mess, but Your Due Diligence Doesn't Have to Be](#) by sustainability expert Tu Rinsche (28 September 2025).

Figure 5:
An integrated approach to effective and efficient implementation



Detailed guiding questions for set-up:

Overarching legal analysis

- ✓ Which legal norms create obligations for my company? When?
- ✓ What do I need to do specifically to fulfil the legal requirements?
- ✓ Where do requirements overlap (e.g. regarding due diligence processes, topics, products, supply chains)?
- ✓ What further, technical requirements arise from the legal norms? Are there overlaps?
- ✓ What other requirements exist (e.g. from contracts with customers)?
- ✓ What transparency and disclosure obligations are there? What information do I need to fulfil these?

Gap analysis

- ✓ Which legal requirements does my company fulfil already, what are gaps?
- ✓ Key due diligence elements – what exists, what is missing? E.g.
 - Which risk analysis processes already exist? Do they provide the required information?
 - What measures are already in place to minimise or end human rights and environmental risks and impacts?
 - Is there a grievance mechanism? Does it fulfil the requirements under different legal norms?
 - Which stakeholder and rightsholder engagement processes are in place?
 - What types of information are currently available for reporting? To what extent do they fulfil legal obligations?
- ✓ Technical requirements: To what extent can they be fulfilled, where are gaps?

Responsibilities and project planning

- ✓ Who needs to be involved to close the identified gaps?
 - Who is responsible for what? At what level?
 - Who may need additional knowledge? How can this be imparted?
- ✓ Definition of ambition level – legal compliance only or responding to broader stakeholder expectations?
- ✓ What resources are necessary for implementation?
- ✓ What does the project plan look like?
- ✓ How will the responsible persons communicate to meet the project plan and avoid duplication of efforts?
- ✓ How can I document governance systems and project management processes for internal and external reporting?

Senior management support

- ✓ How can I highlight the advantages of an integrated approach (e.g. efficiency, reduced use of personal and financial resources)?
- ✓ What level of ambition does management envision for implementation?

Figure 6: Detailed guiding questions for implementation

An effective implementation of due diligence obligations requires not only consideration of differing legal requirements, but also a consistent interplay of the relevant systems, processes, and roles within the company.

In addition to the fundamental questions on page 22, the following more detailed guiding questions provide orientation on how companies can implement these requirements in a holistic, efficient, and practical manner.

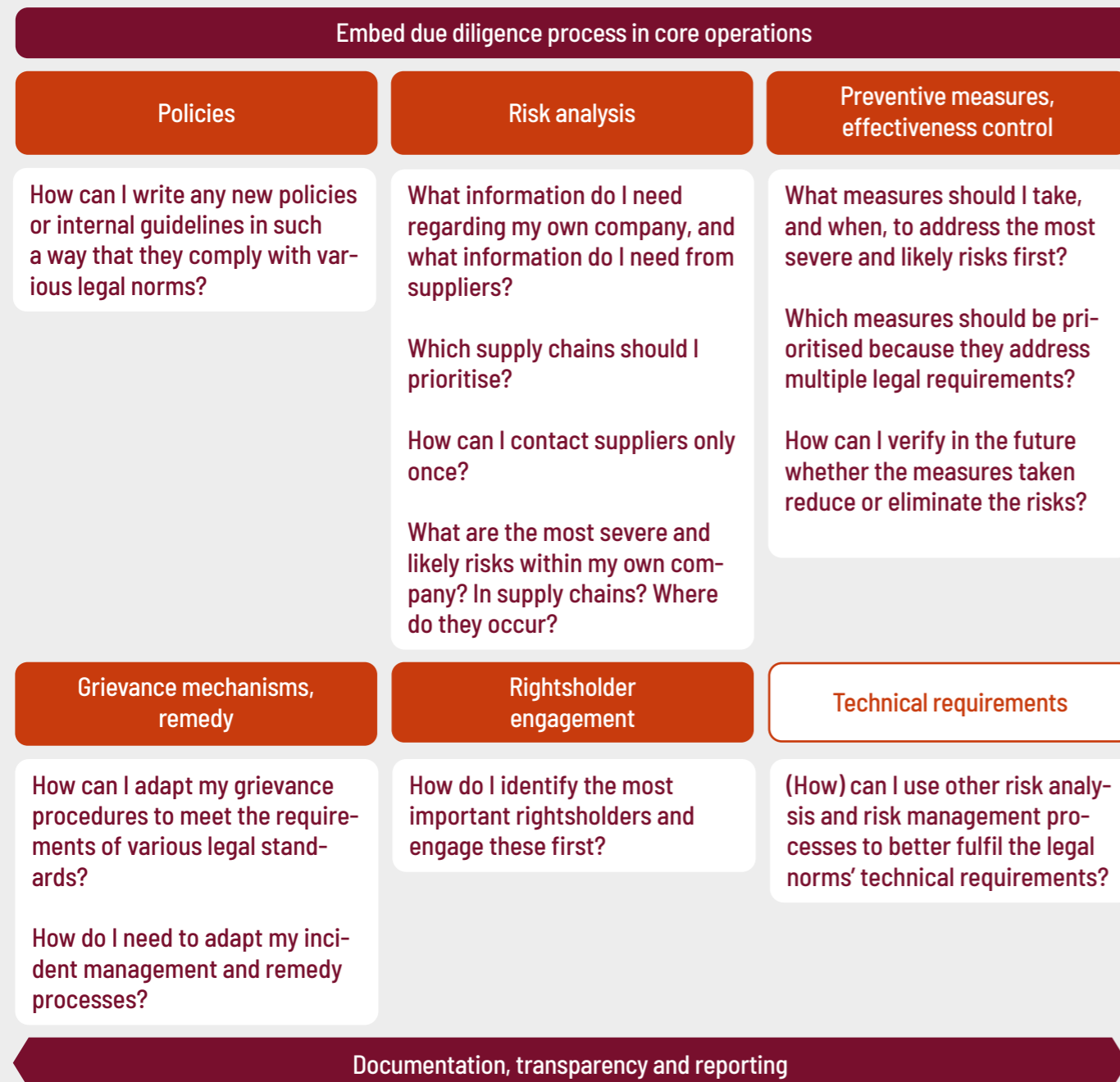


Figure 7: Case study 1
Implementation of integrated approach for a:

**Furniture manufacturer, 120 employees,
€18m turnover, not capital market oriented,
B2B/B2C business model**

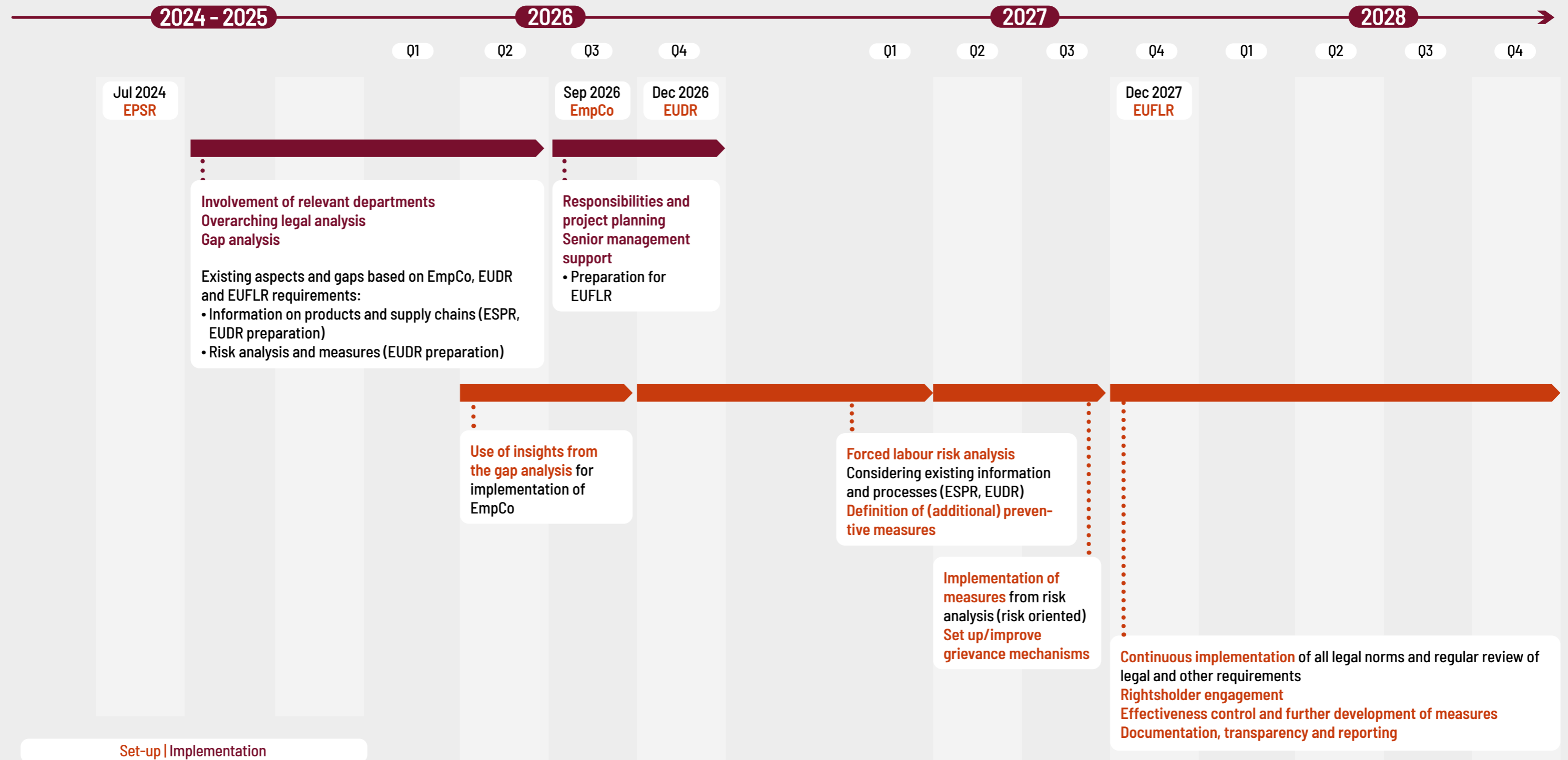
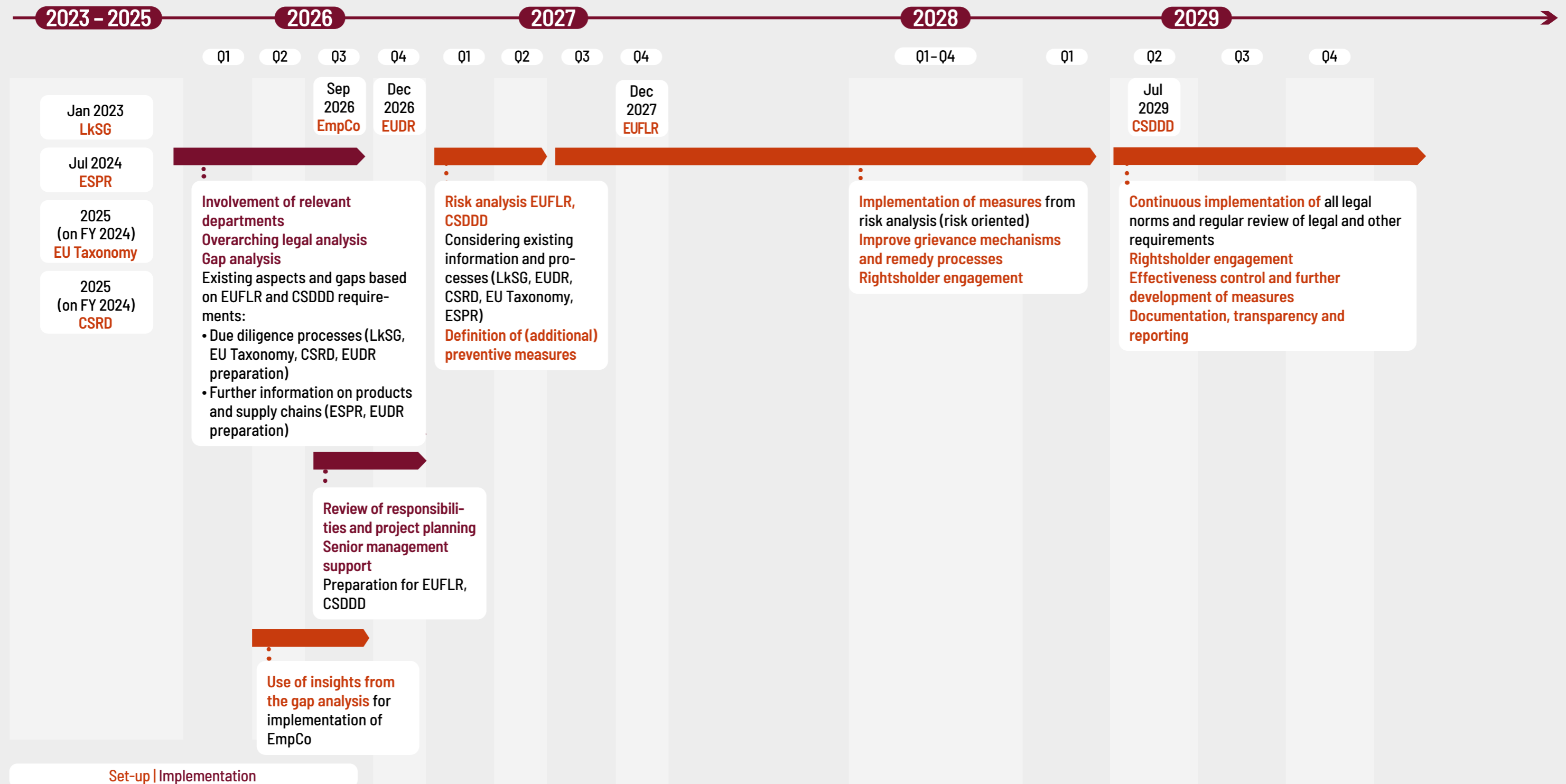


Figure 8: Case study 2 –
Implementation of integrated approach for a:

**Chemical company, 16,000 employees,
€7bn turnover, listed company,
B2B/B2C business model**



7. Appendix: Detailed overview of legal norms

German Supply Chain Due Diligence Act (LkSG)

Law on corporate due diligence obligations in supply chains

Objective	“To better protect human rights along global supply chains, for instance by preventing child and forced labour and banning substances that are harmful to humans and the environment” (Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung/Federal Ministry for Economic Cooperation and Development)
Approach	<ul style="list-style-type: none"> • General due diligence obligations in own operations and upstream value chain (downstream up to delivery to the end customer, i.e., including storage and transport) • Graduated due diligence: Primarily own operations and direct suppliers (Tier 1); indirect suppliers (Tier 2-n) in cases of "substantiated knowledge" of potential violations • Transparency and disclosure obligations (publicly accessible report) • Close alignment to UNGPs and OECD Guidelines
(Planned) start of application	January 2023
Companies subject to the law⁶	Companies with at least 1,000 employees in Germany
Interaction with other supply chain-related legal norms	<ul style="list-style-type: none"> • Strong overlap of approach with CSDDD, EU Taxonomy, EUBR and EUFLR through reference to UNGPs and OECD Guidelines • LkSG to be replaced by law transposing CSDDD into German law
Possible changes	<ul style="list-style-type: none"> • Potential law amending the Supply Chain Due Diligence Act: Abolition of reporting requirements; sanctions to be imposed only if companies fail to implement preventive or remedial measures, fail to do so in a timely manner or fail to establish a complaints procedure; violations of environmental due diligence obligations to no longer be subject to fines (government draft of 3 September 2025, not yet adopted) • 1 October 2025: On instruction of the Federal Ministry for Economic Affairs and Energy (BMWE), in consultation with the Federal Ministry of Labour and Social Affairs (BMAS), the supervisory authority BAFA will cease its review of company reports with immediate effect. Where the Federal Government's draft law of 3 September provides for the elimination of offences subject to fines, BAFA will discontinue ongoing administrative offence proceedings based on these offences and will not initiate any new proceedings. Fines for the remaining offences subject to fines will only be imposed in cases of serious infringements involving particularly severe human rights violations.

⁶ For each law, only the companies that are directly subject to the law are listed. Suppliers and business partners of these companies may be indirectly affected.

EU Corporate Sustainability Due Diligence Directive (CSDDD)⁷

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

Objective	„To foster sustainable and responsible corporate behaviour in companies’ operations and across their global value chains.“ (European Commission)
Approach	<ul style="list-style-type: none"> • General due diligence obligations in own operations and upstream value chain (downstream including direct business partners in sales, storage and transport) • Transparency and disclosure obligations (publicly accessible report) • Close alignment to UNGPs and OECD Guidelines
(Planned) start of application	July 2029
Companies subject to the law	Generally, companies with >5,000 employees and >€1,5bn turnover (turnover in the EU for non-EU companies)
Interaction with other supply chain-related legal norms	<ul style="list-style-type: none"> • Reporting via CSRD report possible • Strong overlap of approach with LkSG, EU Taxonomy, EUBR and EUFLR through reference to UNGPs and OECD Guidelines • Planned harmonisation of EUBR due diligence guidelines (to be published in July 2026) with guidelines to be published on CSDDD
Changes	<p>18 March 2026: Entry into force of the amending directive with the following changes:</p> <ul style="list-style-type: none"> • The scope is generally limited to companies with >5,000 employees and >€1,5bn turnover (turnover in the EU for non-EU companies) • General application of Directive (EU) 2024/1760 as of 26 July 2029 (Delay of one year) • Delete requirement to develop/implement climate transition plans • Eliminate EU-wide civil liability scheme (national liability provisions and access to remedies remain in place) • Limit maximum pecuniary penalties to 3% of global net turnover • Change the due diligence approach for chains of activities: Risk-based scoping of the entire chains of activities, in-depth analysis of high-risk areas, prioritization of the most severe and likely adverse impacts • Requirements for stakeholder engagement designed in a more focused and proportionate manner • Permit data requests to business partners with <5,000 employees only if the information is necessary and cannot reasonably be obtained by other means

⁷ Status: including simplifications introduced by Directive (EU) 2026/470 amending Directives 2006/43/EC, 2013/34/EU, (EU) 2022/2464 and (EU) 2024/1760 as regards certain corporate sustainability reporting requirements and certain corporate sustainability due diligence requirements.

EU Taxonomy Regulation (EU Taxonomy)

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088

Objective	“Allows financial and non-financial companies to share a common definition of economic activities that can be considered environmentally sustainable. In this way, it plays an important role in helping the EU scale up sustainable investment, by creating security for investors, protecting private investors from greenwashing, helping companies become more climate-friendly and mitigating market fragmentation.“ (European Commission)
Approach	<ul style="list-style-type: none"> • General due diligence obligations across the entire value chain (Art. 18) • Transparency and disclosure obligations: Companies must report on the extent to which their economic activities comply with the taxonomy, i.e., whether they meet all of the following criteria: <ul style="list-style-type: none"> • Must make a substantial contribution to at least one of six defined environmental objectives • Must not cause significant harm to the other environmental objectives ("Do No Significant Harm") • Must comply with minimum social standards (ILO Core Labour Standards, OECD Guidelines, UNGPs) • Technical requirements: Data collection to determine taxonomy compliance with regard to revenue, capital expenditures (CapEx) and operating expenses (OpEx) • Close alignment to UNGPs and OECD Guidelines
(Planned) start of application	<ul style="list-style-type: none"> • January 2022: Companies subject to NFRD (Non-Financial Reporting Directive) or the German CSR Directive Implementation Act (CSR-RUG)(reporting obligation under CSRD from 2025, on the 2024 financial year) • 2028 (on 2027 financial year): See “Companies subject to the law”, “Changes”
Companies subject to the law	<ul style="list-style-type: none"> • Companies subject to NFRD/CSR-RUG and/or CSRD • Financial market participants in accordance with the Sustainable Finance Disclosure Regulation (SFDR)
Interaction with other supply chain-related legal norms	<ul style="list-style-type: none"> • Reporting on taxonomy compliance in CSRD report • Minimum social safeguards (Art. 18): Strong overlap of approach with LkSG, CSDDD, EUBR and EUFLR through requirement to implement UNGPs and OECD Guidelines
Changes	<p>28.01.2026: Entry into force of the amending regulation with the following changes</p> <ul style="list-style-type: none"> • Scope of CSRD restricted to companies with >1,000 employees and >€450 million net turnover as a result of the EU Omnibus procedure. Corresponding amendment to the scope of the EU Taxonomy • In addition: materiality thresholds, adjustment of Do No Significant Harm criteria

EU Forced Labour Regulation (EUFLR)

Regulation (EU) 2024/3015 of the European Parliament and of the Council of 27 November 2024 on prohibiting products made with forced labour on the Union market and amending Directive (EU) 2019/1937

Objective	“Creates the necessary framework on which to base legal action targeting products made with forced labour on the internal market.” (European Council/Council of the European Union)
Approach	<ul style="list-style-type: none"> • Topic-specific due diligence obligations: Prohibition of products manufactured using forced labour on the Union market (placing on the market, making available, export) • Reference to existing regulations and directives (Conflict Minerals Regulation, EUDR, CSRD) – no additional due diligence obligations for economic operators beyond those already provided for in Union or national law (Art. 1 EUFLR) • Close alignment to UNGPs and OECD Guidelines • EU Commission to issue guidelines for companies to facilitate implementation (incl. specific guidelines for SMEs)
(Planned) start of application	December 2027
Companies subject to the law	Economic operators who make available, place on the market or export products of any kind from the Union market
Interaction with other supply chain-related legal norms	<ul style="list-style-type: none"> • Reference to existing regulations and directives (Conflict Minerals Regulation, EUDR, CSRD) • Strong overlap of approach with LkSG, CSDDD, EU Taxonomy and EUBR through reference to UNGPs and OECD Guidelines (but focus on forced labour risks)
Changes	None known at present

EU Battery Regulation (EUBR)

Regulation (EU) 2023/1542 of the European Parliament and of the Council of 12 July 2023 concerning batteries and waste batteries, amending Directive 2008/98/EC and Regulation (EU) 2019/1020 and repealing Directive 2006/66/EC

Objective	„[To prevent and reduce] the adverse impacts of batteries on the environment, and to protect the environment and human health by preventing and reducing the adverse impacts of the generation and management of waste batteries” (EUR-Lex)
Approach	<ul style="list-style-type: none"> • Product-specific due diligence obligations for the battery raw materials cobalt, lithium, nickel and natural graphite (large companies only, see "Companies subject to the law") • Transparency and disclosure obligations (publicly accessible report) • Close alignment to UNGPs and OECD Guidelines for the relevant products/ raw materials • Technical requirements for producers, importers, distributors and other stakeholders. E.g. labelling requirements for batteries, declaration of CO₂ footprint, compliance with recycled content requirements etc.
(Planned) start of application	<ul style="list-style-type: none"> • August 2024: Certain technical obligations • August 2027: Due diligence obligations for large companies (postponed by two years by the EU Omnibus IV package in July 2025)
Companies subject to the law	Economic operators who place batteries on the EU internal market or put them into service. Additional due diligence obligations for companies with >€40m turnover
Interaction with other supply chain-related legal norms	<ul style="list-style-type: none"> • Strong overlap of approach with LkSG, CSDDD, EU Taxonomy and EUFLR through reference to UNGPs and OECD Guidelines (but focus on specific products/supply chains) • Planned harmonisation of EUBR due diligence guidelines (to be published in July 2026) with guidelines to be published on CSDDD • Potentially reporting via CSRD report
Changes	None known at present

EU Deforestation Regulation (EUDR)

Regulation (EU) 2023/1115 of the European Parliament and of the Council of 31 May 2023 on the making available on the Union market and the export from the Union of certain commodities and products associated with deforestation and forest degradation

Objective	“By boosting the consumption of ‘deforestation-free’ products and reducing the EU’s impact on global deforestation and forest degradation, the [EUDR] aims to bring down greenhouse gas emissions and biodiversity loss.” (European Commission)
Approach	<ul style="list-style-type: none"> • Product-specific due diligence obligations for the raw materials wood, coffee, cocoa, rubber, oil palms, soy and cattle, as well as certain products made from these raw materials • Transparency and disclosure obligations (due diligence declaration, publicly accessible report (non-SMEs only)) • Technical requirements: Comprehensive information requirements, particularly regarding traceability, including description and quantity of products, country of origin and geolocation data for all relevant properties • Obligation to successfully mitigate risks; otherwise, import, export or supply suspension
(Planned) start of application	<ul style="list-style-type: none"> • December 2026: Medium-sized and large companies • June 2027: Small enterprises (businesses that meet at least two of three criteria on 31 December 2024: balance sheet total <€7.5m, net turnover <€15m, max. 50 employees)
Companies subject to the law	Companies that export relevant raw materials and products from the EU, place them on the EU market or make them available (different due diligence obligations depending on role)
Interaction with other supply chain-related legal norms	Reporting can be done via CSRD report (for companies subject to CSRD)
Changes	<p>26 December 2025: Entry into force of the amending regulation with the following changes:</p> <ul style="list-style-type: none"> • Delay implementation by one year (December 2026 for large and medium-sized companies, June 2027 for small enterprises) • Place the obligation to submit due diligence statements only on the operators who first place the relevant products on the market and having only the first downstream operator or trader in the supply chain be responsible for collecting and retaining the reference number of the initial due diligence statement • Ease compliance obligations for micro and small primary operators, established in a country classified as low risk, requiring them to submit only a simple, one-off declaration in the EUDR IT system • Remove certain printed products, such as books, newspapers and printed pictures with the HS code ‘ex-49’, from the scope of the regulation • Introduce a review clause focusing on further simplification; the review shall be carried out by the European Commission by April 2026

EU Conflict Minerals Regulation (EU Conflict Minerals Reg)

Regulation (EU) 2017/821 of the European Parliament and of the Council of 17 May 2017 laying down supply chain due diligence obligations for Union importers of tin, tantalum and tungsten, their ores, and gold originating from conflict-affected and high-risk areas

Objective	“To help stem the trade in four minerals – tin, tantalum, tungsten and gold – which sometimes finance armed conflict or are mined using forced labour.” (European Commission)
Approach	<ul style="list-style-type: none"> • Product-specific due diligence obligations for tin, tantalum, tungsten and gold (3TG) • Transparency and disclosure obligations (publicly available report) • Close alignment to OECD Guidelines, as specified in “OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas”
(Planned) start of application	January 2021
Companies subject to the law	Companies that import 3TG into the EU above certain quantity thresholds (600–1,000 EU importers according to the European Commission)
Interaction with other supply chain-related legal norms	Overlap of approach with LkSG, CSDDD, EU Taxonomy, EUBR and EUFLR through reference to OECD Guidelines (but focus on specific products/supply chains). Reference to UNGPs is indirect (via OECD Guidelines)
Changes	None known at present

EU Corporate Sustainability Reporting Directive (CSRD)⁸

Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting

Objective	EU law requires companies above a certain size to disclose information on what they see as the risks and opportunities arising from social and environmental issues, and on the impact of their activities on people and the environment. This helps investors, civil society organisations, consumers and other stakeholders to evaluate the sustainability performance of companies, as part of the European green deal” (European Commission)
Approach	<ul style="list-style-type: none"> • Transparency and disclosure obligations: Reporting on material impacts on people and the environment, and on the financial materiality of sustainability aspects along the value chain. Standardised reporting according to ESRS (European Sustainability Reporting Standards) in the management report, audit by certified public accountants • Technical requirements: In particular, double materiality analysis, use of ESRS, external audit
(Planned) start of application	<ul style="list-style-type: none"> • 2025 (report on 2024 financial year): Companies reporting under the Non-Financial Reporting Directive (NFRD) • 2028 (on 2027 financial year): See “Companies subject to the law”
Companies subject to the law	<ul style="list-style-type: none"> • Companies with >1,000 employees and >€450m net turnover • Possible exemption from reporting obligations for financial years 2025 and 2026 for companies that were required to report on financial year 2024, but which no longer fall within the scope of the CSRD due to the new thresholds, provided that the Member State concerned transposes this exemption into national law (see “Changes”)
Interaction with other supply chain-related legal norms	<ul style="list-style-type: none"> • Reporting on CSDDD in CSRD report • Reporting on taxonomy compliance in CSRD report • Reporting on EUDR can be included in CSRD report • Potential reporting on EUBR in CSRD report (not yet decided)
Changes	<p>18 March 2026: Entry into force of the amending directive with the following changes:</p> <ul style="list-style-type: none"> • Limit the scope of application to companies with >1,000 employees and >€450m net turnover • Companies required to report for the 2024 financial year, but which no longer fall within the scope of CSRD due to new thresholds, may be exempted from reporting for the 2025 and 2026 financial years • Restrict levels of information that obligated companies can request from non-obligated business partners to those contained in the voluntary reporting standard (VSME standard) • Requirement to publish sector-specific reporting standards removed; instead, the Commission may provide voluntary sector-specific guidelines

⁸ Status: including simplifications introduced by Directive (EU) 2026/470 amending Directives 2006/43/EC, 2013/34/EU, (EU) 2022/2464 and (EU) 2024/1760 as regards certain corporate sustainability reporting requirements and certain corporate sustainability due diligence requirements.

EU Carbon Border Adjustment Mechanism (CBAM)

Regulation (EU) 2023/956 of the European Parliament and of the Council of 10 May 2023 establishing a carbon border adjustment mechanism

Objective	“To put a fair price on carbon emitted during the production of carbon-intensive goods that are entering the EU, and to encourage cleaner industrial production in non-EU countries” (European Commission – Taxation and Customs Union)
Approach	<ul style="list-style-type: none"> • Necessary supply chain transparency (without specific due diligence obligations): Taxation of certain emission-intensive products from third countries on import into the EU through purchase of CBAM certificates to achieve price parity with products under the EU Emissions Trading System (ETS) • Technical requirements: Including emissions calculations for relevant products
(Planned) start of application	January 2026 (October 2023–December 2025: Transition period)
Companies subject to the law	EU importers who import >50 tonnes/year of iron, steel, cement, aluminium, electricity, fertilizers, hydrogen and certain upstream and downstream products from non-EU countries
Interaction with other supply chain-related legal norms	No direct interaction, but need for transparency in relevant supply chains in order to collect CO ₂ emissions data
Changes	20 October 2025: Entry into force of the amending regulation, as part of the Omnibus I package, introducing simplifications of CBAM, including a lower limit of 50 tonnes (see above), steps to avoid disruption at the end of the transition period and simplification measures for importers

EU Empowering Consumers Directive (EmpCo)⁹

Directive (EU) 2024/825 of the European Parliament and of the Council of 28 February 2024 amending Directives 2005/29/EC and 2011/83/EU as regards empowering consumers for the green transition through better protection against unfair practices and through better information

Objective	“To enable consumers to make better-informed purchasing decisions with regard to the environmental impact, durability and reparability of products and thus foster more sustainable consumption patterns.” (Umweltbundesamt/German Environment Agency)
Approach	<ul style="list-style-type: none"> • Necessary supply chain transparency (without specific due diligence obligations): Protection against greenwashing/social washing by prohibiting certain vague/unsubstantiated environmental, climate and social claims about products, prohibiting non-certified sustainability labels etc. • Transparency and disclosure obligations through expanded information requirements • Amendment of EU Unfair Commercial Practices Directive and EU Consumer Rights Directive
(Planned) start of application	September 2026
Companies subject to the law	All companies that offer products or services on the EU market
Interaction with other supply chain-related legal norms	No direct interaction, but need for transparency in own operations and relevant supply chains in order to collect, for example, CO ₂ emissions data and information about working conditions
Changes	None known at present

⁹ A similar EU Directive, the EU Green Claims Directive, is intended to complement EmpCo by requiring companies to obtain prior certification of environmental claims. The status of this directive (scope, application date, content) is currently unclear, as the European Commission announced in June 2025 its intention to withdraw its proposed directive, and negotiations are paused. Therefore, the Green Claims Directive is not discussed separately here.

EU Ecodesign for Sustainable Products Regulation (ESPR)

Regulation (EU) 2024/1781 of the European Parliament and of the Council of 13 June 2024 establishing a framework for the setting of ecodesign requirements for sustainable products, amending Directive (EU) 2020/1828 and Regulation (EU) 2023/1542 and repealing Directive 2009/125/EC

Objective	“To significantly improve the sustainability of products placed on the EU market by improving their circularity, energy performance, recyclability and durability” (European Commission)
Approach	<ul style="list-style-type: none"> • Necessary supply chain transparency (without specific due diligence obligations): New requirements to strengthen the circular economy and extend product life for almost all products placed on the market or put into service in the EU (expansion of the scope of the existing EU Ecodesign Directive): Durability, reusability, retrofitability and repairability, maximum levels of substances of concern, resource efficiency, recycled content, reprocessing and recycling • Exceptions: Including food, feedstocks, human and veterinary medicines, living organisms and motor vehicles • Transparency and disclosure obligations: Information requirements (e.g. carbon footprint or environmental footprint), reported via digital product passports • Technical requirements: Product-related minimum requirements (regulated by subordinate delegated acts of the EU Commission): Durability, reusability, retrofitability and repairability, maximum levels of substances of concern, resource efficiency, recycled content, reprocessing and recycling
(Planned) start of application	<ul style="list-style-type: none"> • July 2024 • 18-month transition period for implementation after adoption of delegated acts that impose ecodesign requirements on specific product groups
Companies subject to the law	Economic operators who place the above-mentioned products on the market or put them into service – manufacturers, importers, distributors etc.
Interaction with other supply chain-related legal norms	No direct interaction, but need for transparency in own operations and relevant supply chains in order to collect, for example, environment-related data
Changes	None known at present

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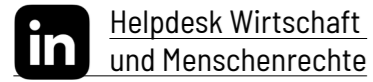
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