

German Supply Chain Act

New standards for human rights and environmental due diligence for global supply chains





The **Supply Chain Act** imposes significant obligations on companies that source their **products** and **services** through supply chains from **developing** and **emerging** countries and sell them in Germany to comply with **human rights** and **environmental standards**, and exposes them to potentially serious liability in the event of violations.

The Act will come into force on 1 January 2023

- The scope of the Supply Chain Act will initially be limited to partnerships and corporations that have their **headquarters, principal place of business, administrative headquarters, registered office or a domestic branch in Germany** and **employ more than 3,000 employees across the entire group.**



- From **2024**, the Supply Chain Act will also apply to **smaller companies with more than 1,000 employees.**

The new due diligence requirements include:



Risk management (child labor, forced labor, occupational health and safety, problematic employment and working conditions, freedom of association, discrimination, minimum wage, life, health, unlawful seizure of land and waters, torture, environmental damage)



Mandatory documentation and reporting
Civil liability



Grievance mechanism



Obligation to remedy human rights and environmental violations