

## EU Legislation

# EU Supply Chain Sustainability Laws – how Sedex can support



With new sustainability-related laws, regulations and frameworks emerging around the world, it's hard to know what the relevant requirements are and how to comply with them. Recent European laws include:

- Germany's Supply Chain Due Diligence Act, or "Lieferkettensorgfaltspflichtengesetz" (**LkSG**) 2021
- EU Forced Labour Regulation (**EU FLR**) 2022
- EU Corporate Sustainability Reporting Directive (**CSRD**) 2023
- EU Corporate Sustainability Due Diligence Directive (**CSDDD**) 2024

In-depth supply chain visibility is essential for compliance, with laws requiring companies to identify and address social and environmental risks across supply regions. Yet the complexity of today's global supply chains makes this a hard task. We make it easier.

## How Sedex can support you to get ready for incoming sustainability regulations

- Capture, store, share and analyse supply chain data across multiple tiers.
- Identify, prioritise and mitigate social and environmental risks.
- Carry out site-level assessments and uncover opportunities for improvement.
- Enhance transparency and accountability with data-backed reporting.

## Does this law apply to you? – Scope & thresholds

Note the information on LkSG is informed by the current regulatory text as adopted in 2021 and is subject to change pending parliamentary process.

LKSG	EU FLR	CSRD	CSDDD
Germany's Supply Chain Due Diligence Act (2021) <b>GERMANY</b>	EU Forced Labour Regulation (2022) <b>EUROPE</b>	Corporate Sustainability Reporting Directive (2023) <b>EUROPE</b>	Corporate Sustainability Due Diligence Directive (2024) <b>EUROPE</b>
<b>Who</b> Companies that have their central administration, principal place of business, administrative headquarters, statutory seat or a branch office in Germany	<b>Who</b> Any company where any product (perishable or non-perishable) is produced in, distributed in, or exported from the EU	<b>Who</b> Companies operating in or established in the EU Member States which exceed certain revenue and employee thresholds.	<b>Who</b> EU and non-EU companies which exceed certain revenue and employee thresholds.
<b>Size</b> 1,000+ employees in Germany, including all subsidiaries	<b>Size</b> No threshold	<b>Size</b> 1000+ employees (EU based) N/A (non-EU)	<b>Size</b> 5000+ employees (EU based) N/A (non-EU)
<b>Revenue</b> No threshold	<b>Revenue</b> No threshold	<b>Revenue</b> EU-based: From <b>+€450 million</b> Annual turnover and/or <b>+€450,000</b> Total assets Not EU-based: Companies with <b>+€450 million</b> annual turnover in the EU <b>and</b> with an EU-based subsidiary branch with <b>+€200 million</b> annual turnover	<b>Revenue</b> EU-based: <b>+€1.5 billion</b> Annual global turnover (applying from 2029) Not EU-based: <b>+€1.5 billion</b> annual turnover in the EU (applying from 2029) Companies with EU franchising or licensing agreements generating <b>&gt;€75m royalties</b> and <b>€257m turnover</b> .
<b>Penalties</b> <b>Financial</b> <b>Public procurement ban</b>	<b>Penalties</b> <b>Financial</b> <b>Product seizure</b>	<b>Penalties</b> <b>Financial</b> <b>Determined by national law</b>	<b>Penalties</b> <b>Financial</b> <b>Determined by national law</b> <b>Civil liability</b>

Note: scopes and thresholds evolve and can change. Additional thresholds may apply in some cases, or apply only to certain industries (e.g. to financial markets or listed companies only).

## What do you need to do – Requirements & how Sedex can support

<b>Explicit</b>	Where a law specifically mentions this activity or process as something companies must do.
<b>Necessary</b>	Where a law may not mention this activity or process specifically, but where the task is necessary or would be highly supportive for the activities, processes and outcomes that are explicitly required.
<b>Not Required</b>	Where a law doesn't explicitly require this activity or process and it isn't a necessary task.

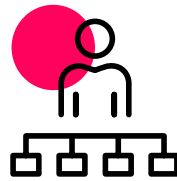
REQUIREMENT	LKSG	EU FLR	CSRD	CSDDD	HOW SEDEX CAN SUPPORT
<b>Policies &amp; management systems</b> Develop and document formal processes	<b>Explicit</b>	<b>Necessary</b>	<b>Necessary</b>	<b>Explicit</b>	<ul style="list-style-type: none"> <li>Centralise, map and manage supply chain data via Sedex Platform</li> <li>Sustainability Coordinator service for daily compliance and risk management</li> <li>e-Learning modules on due diligence and best practices</li> </ul>
<b>Materiality assessment</b> Identify material social and environmental topics	<b>Not Required</b>	<b>Not Required</b>	<b>Explicit</b>	<b>Not Required</b>	<ul style="list-style-type: none"> <li>Use insights from Sedex's risk tools to inform materiality assessments</li> </ul>
<b>Supply chain mapping</b> Map suppliers across tiers	<b>Necessary</b>	<b>Necessary</b>	<b>Necessary</b>	<b>Necessary</b>	<ul style="list-style-type: none"> <li>Capture supplier data and map global supply chain across multiple tiers</li> <li>Access suppliers' existing data in the Sedex Platform</li> </ul>
<b>Risk assessment &amp; management</b> Identify, prioritise and address ESG risks	<b>Explicit</b>	<b>Necessary</b>	<b>Necessary</b>	<b>Explicit</b>	<ul style="list-style-type: none"> <li>Risk Assessment Tool for data-driven risk prioritisation</li> <li>Pre-screen tool to assess inherent risk by country and industry</li> <li>Self-Assessment Questionnaires and SMETA audit for site-level insights</li> <li>Forced labour indicator report to identify risks on site</li> <li>Professional services for bespoke supplier engagement and analysis</li> </ul>
<b>Corrective action &amp; remediation</b> Address and close identified non-compliances	<b>Explicit</b>	<b>Necessary</b>	<b>Necessary</b>	<b>Explicit</b>	<ul style="list-style-type: none"> <li>SMETA audits include corrective action plans to close non-compliances</li> <li>Track site-level improvements over time in the Sedex Platform</li> </ul>
<b>Multi-stakeholder engagement</b> Consult workers, communities, NGOs	<b>Explicit</b>	<b>Necessary</b>	<b>Explicit</b>	<b>Explicit</b>	<ul style="list-style-type: none"> <li>Events, webinars and Community programme to build stakeholder relationships</li> <li>SMETA audits facilitate worker engagement through on-the-ground interviews</li> </ul>
<b>Tracking implementation &amp; results</b> Monitor performance against compliance goals	<b>Necessary</b>	<b>Necessary</b>	<b>Explicit</b>	<b>Explicit</b>	<ul style="list-style-type: none"> <li>Central Sedex Platform for global sustainability data storage and analysis</li> <li>Reporting tools to benchmark performance and monitor progress</li> <li>Professional services for bespoke data management and analysis</li> </ul>
<b>Reporting on progress</b> Publish findings and actions taken	<b>Explicit</b>	<b>Necessary</b>	<b>Explicit</b>	<b>Explicit</b>	<ul style="list-style-type: none"> <li>Integrated reporting and analytics across the Sedex ecosystem</li> <li>Supply chain data insights to evidence approach, decisions and progress</li> <li>e-Learning to maximise Platform analytics and reporting capability</li> </ul>

## About Sedex

Sedex is a global technology company that specialises in data, insights and professional services to empower supply chain sustainability. We offer an unmatched blend of scalable and site-specific capabilities for efficient, in-depth analysis on social and environmental practices globally. We offer workable solutions for supply chain due diligence and continuous improvement at scale, translating international principles into practical activities.



**100,000+**  
businesses  
in our network



**120,000+**  
supply chain sites



**340,000**  
risk scores

**Every supply chain is different. Our team can help you understand exactly which laws apply to your business and build a compliance programme that works for you. Get in touch today**

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