

# German Supply Chain Act (LkSG) compliance checklist

The German Supply Chain Due Diligence Act (LkSG) establishes due diligence requirements for in-scope companies for supply chain responsibility, requiring companies to implement due diligence measures to prevent human rights violations and environmental damage throughout their supply chains. Navigating these requirements can be complex, but with the right approach, compliance becomes an opportunity to build more resilient, ethical, and sustainable supply chains.

This step-by-step checklist is designed to help supply chain, procurement, and sustainability professionals, supporting implementation of LkSG-aligned due diligence processes from assessing applicability to implementing continuous improvements. Follow these structured actions to support your business with legal requirements, enhance risk management, and drive meaningful impact. LkSG requirements and enforcement have evolved, and companies should also monitor the transition toward EU CSDDD implementation in Germany.

## 1. Determine LkSG Applicability

- Assess company size and location (employees in Germany)
- Identify compliance timeline based on company size:
  - o Companies with 3,000+ employees: January 1, 2023
  - o Companies with 1,000+ employees: January 1, 2024

## 2. Establish Risk Management System

- Implement comprehensive risk management system
- Integrate risk management into business processes
- Consider digital tools to support visibility, risk management and documentation

## 3. Build Compliance Team

- Designate a responsible person for LkSG compliance
- Assign governance and responsibilities to relevant individuals/teams
- Define roles and responsibilities for LkSG compliance

#### 4. Conduct Risk Analysis

- Perform risk analysis covering own operations and direct suppliers, and indirect suppliers where required under LkSG
- Establish process for regular (at least annual) risk analyses
- Implement ad-hoc risk analysis procedure for new risks
- Document risk analysis methodology and results

#### 5. Develop Policy Statement

- Create clear policy statement on human rights and environmental strategies
- Ensure policy covers all LkSG requirements
- Communicate policy throughout organization and to suppliers
- Make policy publicly available

#### 6. Implement Preventive Measures

- Develop preventive measures for identified risks in own operations
- Establish preventive measures for direct suppliers
- Create supplier code of conduct aligned with LkSG requirements
- Consider contract clauses and supplier controls to support LkSG-aligned preventive measures

#### 7. Establish Remedial Action Process

- Create plan for addressing identified breaches or substantiated risks requiring
- Develop procedures for prompt remediation
- Establish collaboration process with suppliers for improvement plans

#### 8. Set Up Complaints Mechanism

- Implement accessible and efficient grievance procedure
- Ensure confidentiality and protection against retaliation
- Create system to track and address reported issues

#### 9. Extend Due Diligence to Indirect Suppliers

- Develop a process to assess indirect supplier risks where the company obtains substantiated knowledge of possible violations
- Establish procedure for addressing substantiated knowledge of violations
- Implement preventive and remedial measures for indirect suppliers as needed

#### 10. Implement Documentation and Internal Recordkeeping System.

- Establish thorough documentation process for all due diligence activities
- Maintain documentation of due diligence activities and monitor current publication or authority-reporting requirements
- Use a central system or process to manage supplier data, risk assessments and documentation

#### 11. Develop Training and Capacity Building Program

- Create training modules on LkSG requirements for employees
- Provide guidance or capacity-building to suppliers where appropriate
- Implement regular refresher courses and updates

## 12. Engage Stakeholders

- Identify key internal and external stakeholders
- Incorporate relevant stakeholder input into risk identification and prioritisation where appropriate
- Document stakeholder engagement process

## 13. Align with International Standards

- Ensure compliance measures align with UN Guiding Principles on Business and Human Rights
- Incorporate OECD Guidelines for Multinational Enterprises
- Monitor alignment with the EU Corporate Sustainability Due Diligence Directive (CSDDD), which is expected to shape future German requirements

## 14. Prepare for Enforcement and Audits

- Conduct internal audits to ensure compliance
- Prepare documentation for potential BAFA inspections or requests for information
- Establish a process for escalating, documenting and addressing identified non-compliance or serious risk findings

## 15. Establish Continuous Improvement Process

- Set up regular review of LkSG compliance processes
- Monitor regulatory updates and new developments
- Plan for legal and operational changes as Germany transitions from LkSG toward CSDDD-based requirements

## Take Action Today

LkSG compliance doesn't have to be overwhelming. With the right expertise, you can streamline your approach and stay ahead of regulatory changes.

Get expert guidance from Sedex's supply chain specialists. We'll help you implement this checklist, refine your due diligence strategy, and support your organisation for readiness.

**Boost your LkSG readiness.**

**[Contact Sedex](#)** for tailored support.

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The LkSG and associated regulations are complex and subject to change. This checklist reflects a high-level operational interpretation of LkSG-related due diligence expectations and may not reflect the latest enforcement, reporting or legislative changes in all cases. Organizations are strongly advised to seek qualified legal and professional advice to ensure full compliance with all applicable laws and regulations. Sedex does not accept any liability for any loss or damage caused by reliance on the information contained in this checklist. In particular, organisations should verify the current status of BAFA reporting expectations and any amendments linked to Germany's implementation of the EU CSDDD.

The use of this checklist does not guarantee compliance with LkSG or any other regulatory requirements. Each organization's circumstances are unique, and additional steps or modifications may be necessary to achieve full compliance.

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