

twenty**fifty**[®]



Implementing the German Supply Chain Act

INNOVATING FOR SUSTAINABILITY

December 2021



New law, new opportunities

In 2023, the new **German Supply Chain Due Diligence Act** (the Act) will come into force making corporate human rights and environmental due diligence mandatory. The law will apply to German companies and international companies with branches in Germany and their supply chains.

While the law is new, the expectation that businesses understand and manage their human rights risks and impacts is not.

Over the last 10 years, the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises have provided the frameworks for human rights due diligence that many companies have adopted. Over the next 10 years we will see increased national and international regulation building on these foundations.

As companies begin implementing the Act, it will be important for their due diligence systems to reflect its expectations alongside the international frameworks. They might also learn from the due diligence experience of others to drive greater value for their business.

The Act creates an exciting opportunity for companies to review their approach to sustainability and bring their social and environmental agendas together for greater impact.

Those that succeed will develop into the leading, adaptive and responsible organisations that are needed to respond to the fast-changing, social and climatic conditions ahead.



“Companies implementing the Act can take advantage of the experience of those already implementing the UN Guiding Principles on Business and Human Rights”.

Luke Wilde, twentyfifty Founder and Managing Partner

The requirements at a glance (1)

THE ACT REQUIRES COMPANIES TO**...

2023

Set up a risk management system*

- Publish a **human rights policy** statement
- Assign responsibilities, establish **effective governance structures and internal communication flows** across relevant departments and top management
- Conduct risks assessments
- Conduct continuous due diligence across **own operations and direct suppliers** and ad hoc due diligence in indirect **supply chains**
- Take action to address identified risks
- Implement comprehensive **monitoring and effectiveness checks** for preventive, mitigation and remedial actions
- Establish a **complaints procedure** or participate in an external procedure to enable access to remedy

2024

Document and report

- Publish an **annual report** summarising the relevant risks, actions taken and challenges met
- Keep internal documents for a specific time period
- Ensure continuous improvement and learning

* Due consideration must be given to the interests of people affected by the economic activities of the enterprise

**Non-compliance might be sanctioned

The requirements at a glance (2)

WHO DOES THE LAW APPLY TO?

- **2023:** companies with over 3,000 employees* in Germany
- **2024:** companies with over 1,000 employees* in Germany
- German companies and foreign companies with a branch in Germany

HOW DOES IT IMPACT SMALLER COMPANIES?

- Clients and business partners might pass requirements on to you, e.g. through their Code of Conduct or contract clauses
- This includes suppliers located outside of Germany

The Act's provisions still require further clarification and interpretation by German governmental agencies or even court practice.

Our approach will be to use our experience to work with you in embedding HRDD practices in alignment with best practice interpretation of international frameworks, such as the UN Guiding Principles and OECD Guidelines - as these constitute the normative basis for the Act.

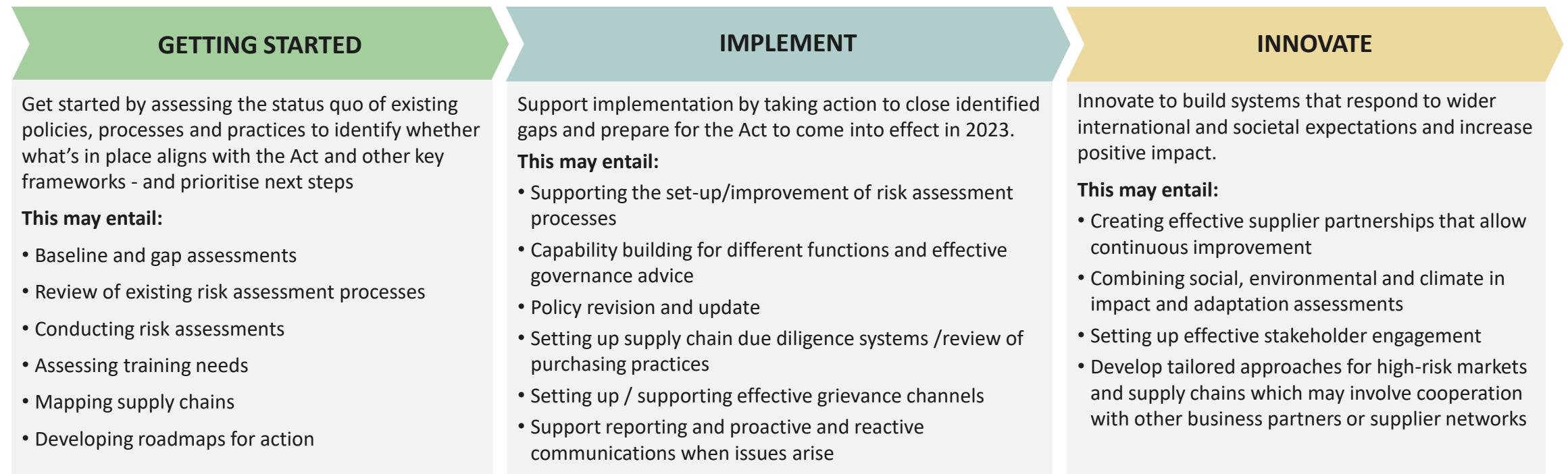
**This also includes temporary workers.*

How twentyfifty can support you

WE SUPPORT YOUR FULL HUMAN RIGHTS JOURNEY, FROM START TO CONTINUOUS INNOVATION

In our projects, we empower our clients to set up effective future-fit processes. For us, human rights due diligence is not a tick-the-box exercise but a pathway to positive impact – for the business and for people.

We tailor our offering to the needs and maturity of each client – from getting started to wider innovation and leadership support.



Why twentyfifty?

OUR COMBINATION OF GERMAN AND GLOBAL EXPERTISE IS UNIQUE

We have over **17 years' experience** in corporate implementation of human rights & corporate responsibility commitments.

Three core service areas: i) Understanding Impacts; ii) Embedding Due Diligence; iii) Renewing Organisations.

We combine **multiple capabilities**, including change management, stakeholder engagement, responsible sourcing, human rights experience & leadership coaching.

We have **offices in UK, Germany, Switzerland and Bangalore**, and a **global Associate network**.



“From social risk to sustainable business...”

Distinctive elements of our approach

OUR COMBINATION OF GERMAN AND GLOBAL EXPERTISE IS UNIQUE



UNPARALLELED IMPLEMENTATION EXPERIENCE

Since 2004, we have supported multinational companies in the implementation of human rights due diligence processes in over 100 projects across industries and geographies. We understand what it takes to put human rights requirements into action, from head office and into supply chains. This in-depth experience informs our work with the Act.



EXTENSIVE INTERNATIONAL NETWORK

The effects of the Act will extend far into the global supply chains of affected companies. With our international network in Asia, Latin America and Africa we are able to support implementation where it needs to happen, including complex high-risk markets.

Our focus area is social sustainability. We collaborate with a network of environmental and climate change experts to support our clients to link their social and environmental strategies and align with legislative requirements.



RENOWNED HUMAN RIGHTS SPECIALISTS

We have played an important part in shaping the dialogue on human rights due diligence in Germany and internationally. Our guidance, publications and tools are widely used in companies. Our continuous work with multi-stakeholder and sector initiatives has influenced the interpretation and practical implementation of UNGP requirements across sectors.

Learn more about our work [here](#).

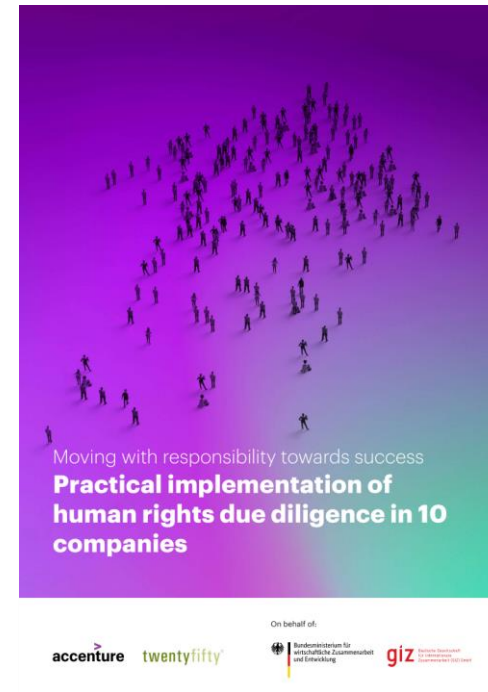
Thought leadership

WE CONTINUE TO SHAPE GOOD PRACTICE WITH OUR THOUGHT LEADERSHIP



5 Steps towards managing the human rights impacts of your business

This guide sets out a simple and thorough process for any company, but particularly SMEs, to get started with identifying and managing its potential human rights impacts. Also available in German.



Practical implementation of human rights due diligence in 10 companies

This study examines how 10 pioneering companies are implementing human rights due diligence and adding value to their business. It was commissioned by the Federal Ministry for Economic Cooperation and Development (BMZ) and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) to demonstrate that human rights due diligence can work for companies of all shapes and sizes.

Our expert team

OUR COMBINATION OF GERMAN AND GLOBAL EXPERTISE IS UNIQUE

As corporate due diligence and organisational change experts, our experience covers the full complexity of the challenge. We understand German business and its regulatory context and work with all levels, from executive decision-makers to rightsholders in global supply chains.

Contact us at info@twentyfifty.de
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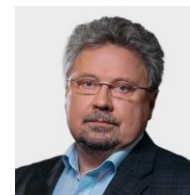
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Our Legal Panel

SUPPORTING TWENTYFIFTY'S EXPERT TEAM

As a management consultancy we help our clients translate regulatory requirements into operational business practice. We do not provide legal advice or any sort of “compliance guarantee” with the Act or other legislation to our clients. Where our clients seek such legal endorsement, we can cooperate with your existing legal advisors and/or provide you with access to our Legal Panel of experts.



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Let us help you create a
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