

GIBSON DUNN

ESG: Risk, Litigation & Reporting Update

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German Supply Chain Due Diligence Act to Be Amended but Legislative Framework Remains

The German Federal Cabinet (the Cabinet) has decided to propose amendments to the German Supply Chain Due Diligence Act (SCDDA) until the EU Corporate Sustainability Due Diligence Directive (CSDDD) will be transposed into national law. The proposal would eliminate reporting duties and exempt several due diligence obligations from the scope of administrative fines. Notably, under the proposal, the substantive due diligence obligations as well as the act's documentation obligations would remain in place.

Following the announcement by the then-newly formed German government in April 2025 to completely abolish the SCDDA and eliminate reporting obligations as well as limit fines to serious human rights violations,^[1] the Cabinet agreed on September 3, 2025, to propose amendments to the SCDDA^[2]. The proposed amendments are intended to remain in effect until the CSDDD is transposed into national law, which is currently required by July 26, 2027.

I. Proposed Amendments

The proposal **strikes** the SCDDA's **annual reporting obligations** retroactively, which thus far required both online publication and submission to the competent authority. Until now, only the review of reports by the competent authority (BAFA) had been suspended until the end of 2025.^[3] Importantly, under the proposed amendments, the law's documentation obligations would remain in place.

In addition, the substantive due diligence obligations would continue to apply. However, several obligations are now proposed to be exempted from the scope of the administrative fines, including the following:

- Procedural obligations, such as conducting a **risk analysis** and determining a responsible individual (**Human Rights Officer**) for monitoring the risk management within companies
- **Reviewing and updating** the effectiveness of preventive measures, remedial actions, and the complaints procedure
- **Storage and retention** of documentation.

Further, fines for non-compliance with preventive measures and remedial actions would **only** apply to **human rights risks**, no longer to environment-related risks.

The Cabinet reasoned that only the more serious violations should remain subject to penalties in order to avoid excessive burdens for in-scope companies. These would include the duty to take preventive measures and remedial actions against human rights risks as well as the obligation to establish a complaints procedure.

II. Next Steps

The Cabinet proposal must still pass through the German Parliament (*Bundestag*) as well as the Federal Council (*Bundesrat*).

While the relief from the law's reporting obligations and the elimination of some penalty provisions would certainly be welcome for in-scope companies, it remains to be seen whether the Cabinet proposal would actually reduce their compliance burden. It should be noted that the CSDDD, at least as things currently stand, is expected to introduce similar requirements in the near future. In addition, there are other regulatory frameworks requiring insights into companies' supply chains, such as the EU Deforestation Regulation (EUDR), the U.S. Uyghur Forced Labor Prevention Act (UFLPA), and, as of December 2027, the EU Forced Labor Regulation.

Gibson Dunn will continue to monitor and report on any new developments.

[1] https://www.koalitionsvertrag2025.de/sites/www.koalitionsvertrag2025.de/files/koav_2025.pdf.

[2] https://www.bmas.de/SharedDocs/Downloads/DE/Gesetze/Regierungsentwuerfe/reg-gesetz-zur-aenderung-des-lieferkettensorgfaltspflichtengesetzes.pdf?__blob=publicationFile&v=1.

[3] https://www.bafa.de/DE/Lieferketten/Berichtspflicht/berichtspflicht_node.html.

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