

Germany's relaxation of the supply chain due diligence obligations

The German Government's recent directive provides short-term administrative relief under the German Supply Chain Act (LkSG) but does not signal a permanent shift away from supply-chain responsibility. With the European Corporate Sustainability Due Diligence Directive (CSDDD) entering into force and the broader EU sustainability agenda advancing, companies should use this transitional phase to consolidate compliance frameworks, strengthen data quality, and ensure preparedness for the reintroduction of binding EU-wide due-diligence obligations from 2028 onward.

German policy decision

On September 26, 2025, the Federal Ministry for Economic Affairs and Energy (BMWK) and the Federal Ministry of Labour and Social Affairs (BMAS) instructed the Federal Office for Economic Affairs and Export Control (BAFA) to apply the Supply Chain Due Diligence Act (LkSG) with restraint. Following the Federal Cabinet's amendment of September 3, 2025, the corporate reporting requirement has been retroactively abolished and nine of thirteen administrative offences removed.

BAFA will no longer review company reports or pursue related proceedings, imposing sanctions only in exceptional cases of serious human-rights violations. Its focus will shift toward guidance and cooperative engagement with companies.

Connection to the EU CSDDD

Subject to a (highly probable) agreement in the EU trilogue, the EU Directive on corporate sustainability due diligence (CSDDD, Directive (EU) 2024/1760) must be implemented by July 2027, with the first obligations applying from 2028.

The easing of the LkSG and CSDDD provides temporary relief but does not exempt companies from the forthcoming EU regime. The CSDDD will re-establish harmonised due-diligence duties and aligns fines.

Broader EU context

The 2025 "Omnibus" package delays both CSDDD and Corporate Sustainability Reporting Directive (CSRD) timelines by one year, giving limited additional preparation time. Other measures, such as the EU Deforestation Regulation (EUDR) or the Carbon Border Adjustment Mechanism (CBAM) proceed, although with some delays as well.

Implications

The current relaxation should be viewed as a temporary reprieve. Companies should maintain due-diligence processes, strengthen supply-chain risk management, and continue integrating CSRD data, EUDR traceability, and CBAM emissions reporting. The additional time should be used to ensure readiness for the CSDDD's full application from 2028 onward.

Next Step: Get in touch

Contact our legal team for tailored guidance and to stay ahead of sustainability regulation changes and its impacts on supply chain management.

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