



## SME statement on the German Supply Chain Act: Practical rules to ease the burden on small and medium-sized companies should be implemented quickly

As small and medium-sized German companies, we are committed to sustainability in our business practices. **Respecting fundamental human and labor rights and the protection of our natural resources are important values** for us, and we also base our business activities on these values.

We therefore consider a statutory regulation to be useful for guaranteeing a level European playing field and establishing legal certainty. However, in the context of the implementation of the German Supply Chain Act, many small and medium-sized enterprises (SMEs) are facing **challenges** in the current already tense economic situation, where the practical benefits for human rights and the environment are often not immediately apparent. We are convinced that these problems often result from **inadequate or simply incorrect application of the law**. Similar application problems in the area of sustainability reporting caused by misinterpretation are also often wrongly attributed to the Supply Chain Act.

We are concerned to see that the discussion about proposed political solutions to these problems too often ignores the concrete business reality. **Repealing, postponing or renegotiating laws does not help anyone**, because we as companies need planning security. Instead of further discussions at EU level, which create additional uncertainty, it is important to **quickly implement concrete and tangible relief for SMEs at national level**, without losing sight of the goal of protecting human rights and the environment.

We therefore call for the consistent implementation of the following measures:

- Facilitation for SMEs through swift revision of the German Supply Chain Act as a result of the implementation of the EU Due Diligence Directive.**

The EU Corporate Sustainability Due Diligence Directive (CSDDD), which was adopted in 2024, makes it clear that obligated companies must focus on the most serious human rights and environmental risks along their supply chain and prioritize them instead of collecting information and contractual assurances from their suppliers in a non-specific and large-scale manner. The directive also contains a number of direct support and protection measures for SMEs. We expect the German government to apply these rules in Germany as quickly and effectively as possible. At the same time, the directive should also be implemented quickly in other EU countries.
- Effective prohibition on passing on obligations to suppliers**

The clarification from the Federal Office for Economic Affairs and Export Control (BAFA) that passing on obligations to suppliers is against the law has had little practical effect to date. Further measures are therefore needed, such as the rapid completion of the [contractual clauses announced by the German government](#). The support and protection measures for SMEs from the CSDDD should be clearly anchored in the legal text during implementation. In the course of implementing the CSDDD, the legislator could make certain elements of contract design legally binding.
- Harmonization of information requirements**

In the context of the application of the Supply Chain Act, small suppliers often find themselves confronted with a large number of different questionnaires that request information in a random and unspecific manner. Many suppliers have no idea why they should have to answer certain questions. Questionnaires should therefore contain a mandatory reference to their respective legal basis. In addition, the announced model questionnaires for the Supply Chain Act should be developed quickly and, where possible, made mandatory. It is essential that the questionnaires address the risks that are expected to have priority in a specific context, for example in a particular industry or region, rather than asking for the same information from all suppliers.

At the same time, it must be made clear that questionnaires are an instrument with limited effectiveness that should be used with a sense of proportion and only where appropriate. Sending generalized questionnaires to all suppliers without distinction is a clear indication that a company is not adequately fulfilling its obligations under the Supply Chain Act.

Finally, it should also be examined whether setting up an automated database for suppliers provided by the government could further reduce the workload for them in the long term.
- Increased training opportunities for SMEs**

Most of the practical challenges with the German Supply Chain Act do not result from the requirements of the law itself, but from its misapplication. SMEs in particular often lack the knowledge to assess what they are actually obliged to do as companies not directly covered by the Supply Chain Act.

The obligation for companies to support their SME suppliers through training, as provided for in Art. 10 (2)(e) and 11(3)(f) of the CSDDD, should therefore be implemented quickly and made as specific as possible. Additional sector-specific, concrete guidelines, which could be developed by industry associations, for example, would also significantly improve the effectiveness of the law in the foreseeable future.

## **Information on the supporting companies**

### **Geiger Group**

The Geiger Group is an internationally active expert for technical plastic parts. We develop customer-specific solutions in the fields of mold making and plastics technology for customers in the medical technology, electrical engineering and automotive industries.

### **Jöst GmbH**

The medium-sized family business, based in Wald-Michelbach in the Odenwald, specializes in the development, manufacture and sale of abrasives, sanding systems, cleaning machines and the associated consumables for ecological, chemical-free cleaning.

### **Nanostone Water GmbH**

Nanostone Water (NSW) develops, manufactures and distributes ceramic UF filters. We provide robust and sustainable technical solutions to enable communities to treat and use their water resources and to meet the growing quality and purity requirements in the best possible way.

### **Code Mercenaries GmbH**

Code Mercenaries is active in the field of industrial electronics and intelligent lighting. In addition to controllers for input devices, Code Mercenaries also develops and manufactures solutions for sensors and lighting.

### **Richard Henkel GmbH**

Richard Henkel GmbH, a family business for 102 years, manufactures high-quality, durable furniture for gardens, swimming pools, hotels and rehabilitation centers, as well as powder coating for its own products and many third-party products from the aviation, air conditioning and automotive industries.

### **Munich Electrification GmbH**

Munich Electrification specializes in the development of battery management systems, control and sensor components as well as software frameworks. By focusing on products in the fields of electromobility and energy storage technologies, Munich Electrification contributes to the green transformation.

### **Oskar Pahlke GmbH Foams**

Oskar Pahlke GmbH Schaumstoffe is a medium-sized family business and has been one of the leading German processors of foams for the commercial sector for more than 65 years.

### **Herbert Stephan KG**

We are the largest gemstone cutting company in Europe. We combine traditional craftsmanship with state-of-the-art technology and a global network of suppliers and customers.

### **hilbra Theo Hildenbrand GmbH**

We are developers and manufacturers of motorized swing shutters and horizontal folding shutters.

## **ARIS GmbH**

ARIS develops and manufactures solutions for integrated rainwater management in large buildings, in particular for rainwater harvesting and graywater recycling. We have been implementing sponge city projects for 27 years and ensure water efficiency and economical use of drinking water.

## **SHIFT GmbH**

SHIFT develops sustainable, modular and repairable technology. With the SHIFTphones, the company proves that innovative device development and the circular economy are also possible in Germany.

## **Reverion GmbH**

Reverion is an innovative company from the Munich area that develops fuel cell-based power plants that are up to 80% more efficient than conventional technologies. They enable CO<sub>2</sub>-neutral energy generation and contribute to the sustainable energy transition.

## **DIVE Turbinen GmbH & Co KG**

DIVE Turbinen GmbH & Co KG specializes in the development and production of efficient and environmentally friendly hydropower turbines. Its focus is on customized solutions for small to medium-sized hydropower plants in order to drive sustainable energy generation away from fossil fuels.

## **Lackmann Phymetric GmbH**

Lackmann Phymetric plans repowering projects and new wind farms with a focus on broad local participation. The company also advises local authorities and initiatives in the field of renewable energies.

## **HellwegWind GmbH**

HellwegWind is a young company, some of whose founders have decades of experience and have planned 200 wind turbines and implemented numerous renewable energy projects since the 1990s. The focus is on collaborative solutions that take local needs into account and strengthen regional value creation.

## **Neumarkter Lammsbräu, Gebr. Ehrnsperger KG**

Neumarkter Lammsbräu is a family business and produces organic beers, organic lemonades and organic mineral water. As one of the organic pioneers, it consistently pursues the philosophy of taking responsibility from the field to the glass and thus for the entire value chain.

## **WeltPartner eG**

WeltPartner eG has stood for transparent fair trade with high-quality products since 1988. Around 50,000 smallholder families and producers worldwide benefit from reliable partnerships at eye level, fair prices and additional price payments for social projects.