



HREDD Performance in German Business

REMEDIATION

An empirical study of §7 LkSG remediation and Guiding Principle 22 across 254 German companies

FRAMEWORK

§7 LkSG
UNGP GP 22

SAMPLE

254 companies · 16 sectors
2023/2024 reporting year

CODED

25 practices
4 effectiveness indicators



Global Compact
Network Germany

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EXECUTIVE SUMMARY

The first cycle of LkSG implementation reveals a **remediation system that is strong at identification but weak at outcome verification**. Among the 99 companies engaged in active remediation, only 33% confirm that remediation actually ended the violation it was meant to address – two-thirds carry no outcome verification (E014). At the population level (n=254), that falls to 14% (35 companies). **Three gaps** compound across the sample. First, only 29% (74/254) reported detecting a violation, despite near-universal identification procedures at the own-business (P117 100%) and direct-supplier (P118 99.6%) tiers. At the indirect tier, identification procedures themselves drop to 53.9% (P119). Second, even among companies that did detect violations, time-bound deadlines and on-site support – the time-discipline and resource-intensive components of corrective action – remain exceptional, while plans, monitoring, and verification scaffold are standard among actors. Third, even where corrective action is initiated, outcome verification remains rare. Each gap narrows the pool of cases in which a documented violation produces a verified, restorative outcome.

Key Findings

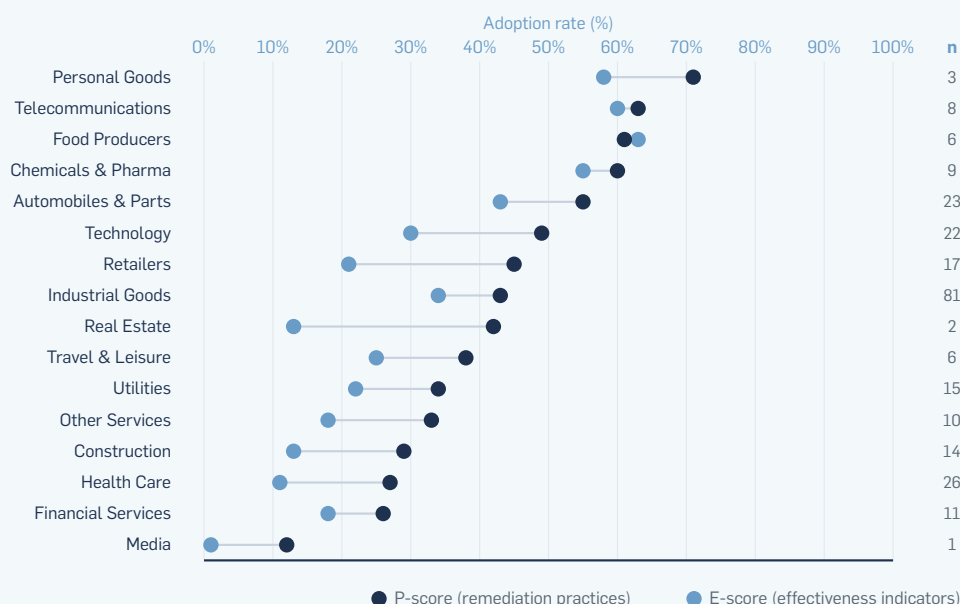
- ➔ **Gap 1 – Detection scarcity:** Identification procedures are near-universal at the own-business (100%) and direct-supplier (99.6%) tiers; at the indirect tier they drop to 53.9% – the only identification-procedure code that falls below field-standard. Detection of actual violations is much rarer still: just 29% of companies report any (74/254). Grievance channels exist universally yet only 21% of companies measure whether stakeholders know they exist (Report 5, E010) – an intake gap that does not necessarily represent low underlying harm. The 29% figure should be read with the asymmetry of obligations in mind: detecting a violation triggers §7 Abs. 2 corrective duties; not detecting one triggers nothing. The same incentive structure that makes detection consequential also makes its non-disclosure less costly, so the figure is best read as a lower bound on actual violation prevalence.
- ➔ **Gap 2 – Among actors, time discipline and intensive support are exceptional; the rest of the corrective lifecycle is standard:** Plans, progress monitoring, documentation, and procedural verification all exceed 80% conditional rates – where companies act, the corrective architecture is in place. The problematic practices are time discipline and intensive support: only 31.6% of own-business actors (n=57) set time-bound deadlines (P104) and 26.3% provide on-site support (P105); at the direct-supplier tier (n=68), deadlines reach 47.1% (P108) and on-site support 44.1% (P109).
- ➔ **Gap 3 – Outcome verification is rare, even among the most engaged:** Among the 99 §7-triggered remediators, process verification (E004 follow-up audits, E013 root cause analysis, E017 completion tracking) reaches 56–60% – below the 75% field-standard threshold¹. Outcome verification (E014, whether remediation actually ended the violation) trails at 33%. The majority of disclosed corrective action carries no assurance of an actual change in conditions.
- ➔ **Gap 4 – This cuts across all three: rights-holders are often absent from their own remediation:** Affected-party consultation (P132) reaches 60.6% among §7-triggered remediators – meaning 39 companies design remediation without consulting those harmed. Indirect-supplier remediation (P122) records 17.7% across the sample, the lowest rate in the domain, despite indirect tiers carrying the gravest rights exposure (forced labour, child labour, hazardous conditions, sub-tier production).

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¹ The 75% threshold is a study-specific benchmark – approximately one standard deviation below the mean P-series adoption rate – used across the HREDD series to identify practices that fall below dominant adoption. Defined and sensitivity-tested in Domain Report 2 (Risk Analysis), Appendix.

SECTOR AND SIZE OBSERVATIONS

Figure 1 ranks the sixteen aggregated sectors by mean remediation P-score, with E-score reported alongside.

FIGURE 1: Sector Performance – Remediation P-score vs E-score



Each row represents one sector. Horizontal position shows adoption rate (%); blue dot = mean P-score (across 25 remediation practices); light-blue dot = mean E-score (across four remediation practices). Source: LkSG disclosure analysis, n=254 companies. Sectors shown using the 16-sector aggregation (see appendix for mapping from 25 raw industries). n = number of companies per sector.

The **sector ranking is dominated by industries with mature supply-chain audit infrastructure** (Telecommunications, Food Producers, Chemicals & Pharma, Automobiles); sectors without that infrastructure (Health Care, Financial Services, Construction) sit at the lower edge. Food Producers is the only sector where the two scores sit at parity – effectiveness verification at 62.5% and practice adoption at 60.7%, a margin too narrow to be meaningful – likely reflecting decades of pre-LkSG supplier audit infrastructure in the food industry. Larger companies appear stronger in the full sample, but the gap narrows sharply when we look only at companies with active remediation. Across the three size bands, both P and E-score spreads fall from 21–23 points to about 7 – and the size ordering itself reverses on the P-axis. Most of the apparent size advantage reflects who detects violations, not who remediates them more thoroughly. [Section VI](#) describes these patterns.

IMPLICATIONS FOR RIGHTSHOLDERS

Remediation is the only part of a due-diligence system that reaches people who have been harmed. Where identification procedures exist but no violations are on record, the absence is not evidence of safety. Where corrective action plans are adopted without deadlines, on-site support, or completion tracking, the commitment is recorded but the outcome for affected workers and communities is not. Where remediation is designed without consulting those harmed, the measure of success becomes the company's own satisfaction with its response rather than the restoration of the right. The full implications are developed in [Section VII](#).

I. NORMATIVE FRAMEWORK

Throughout this report, “adoption” refers to disclosed practice as captured in published LkSG reports; the inferential coding pipeline that produces this measure, and its construct-validity properties, are documented in the accompanying [Research Design & Methods paper](#). This section frames §7 LkSG and UN Guiding Principle 22 as the normative anchors against which the **25 remediation practices and four effectiveness indicators** are coded.

A. UNGP Framework

Guiding Principle 22 of the UN Guiding Principles on Business and Human Rights (UNGP) states that **business enterprises that cause or contribute to adverse human rights impacts should provide for or cooperate in legitimate processes to remediate those impacts**. Where they have not contributed to an impact, but it is nonetheless directly linked to their operations, products, or services through a business relationship, the responsibility to remediate is more complex. The Commentary makes clear that **companies should exercise leverage to encourage remediation** by the actor concerned.

The Commentary to GP 22 specifies that effective remediation should **restore affected individuals to the situation they would have been in** had the adverse impact not occurred, providing restitution, compensation, rehabilitation, satisfaction, or guarantees of non-recurrence as appropriate. Operational grievance mechanisms – covered in [Domain Report 5](#) – are identified as the primary vehicle for company-level remediation, but corrective action through the supply chain is equally indispensable where violations occur in sourcing relationships. The practices assessed in this domain capture the operational structures through which companies fulfil or fail to meet this remediation responsibility.

B. LkSG Statutory Obligation

§7 of the LkSG establishes the statutory **obligation to act when violations are identified or there are substantiated indications of violations**. The structure of §7 creates a graduated response architecture. Under §7 Abs. 1, companies must immediately implement measures to mitigate² harm and work toward cessation of violations. Under §7 Abs. 2, they must develop a concrete remediation plan including measures, responsibilities, and timelines. Under §7 Abs. 3, where immediate cessation is not achievable, companies must make efforts to mitigate the impact and work toward cessation. This is a *Bemühungspflicht* (obligation to make an effort) rather than an *Erfolgspflicht* (obligation of result), qualified by the proportionality standard of §3 Abs. 2 LkSG.

The statutory language distinguishes violations in the company’s own operations area from those in its direct supply chain, with somewhat stronger obligations applying to the former. Violations at indirect suppliers are subject to a different triggering mechanism – requiring substantiated indications arising through complaints or other external information channels – rather than systematic monitoring. This creates a **structural asymmetry in the remediation obligation across tiers that is reflected in the adoption patterns documented in this report**.

The practices assessed in this domain are aligned across three sub-sections of §7: the immediate mitigation obligation (§7 Abs. 1), the corrective action and monitoring obligations (§7 Abs. 2), and the escalation and termination provisions (§7 Abs. 3). Effectiveness indicators measure whether the remediation infrastructure companies have built actually produces verifiable outcomes.

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² §7 Abs. 1 LkSG uses the German verb “minimieren” for the harm-reduction obligation, which translates literally as “minimize” and idiomatically as “mitigate.” This report uses “mitigation” in analytical text – consistent with UNGP 22 and CSDDD usage – while preserving “Minimization of Negative Impact” as the P114 codebook label, which adopts the literal LkSG translation.

C. EU Corporate Sustainability Due Diligence Directive (CSDDD)

The Corporate Sustainability Due Diligence Directive (CSDDD; Directive (EU) 2024/1760) entered into force in July 2024 and, as amended by the Omnibus I package (2026),³ extends remediation obligations comparable to §7 LkSG across the European Union. Article 3 defines remediation as “restoration of the affected person or persons, communities or environment to a situation equivalent or as close as possible to the situation they would have been in had an actual adverse impact not occurred” – language closely tracking GP 22.

Remediation duties are concentrated in **Articles 11–13**: Article 11 obliges companies to bring actual adverse impacts to an end; Article 12 requires remediation where the company has caused or jointly caused the impact, and permits voluntary or influence-based remediation where the impact is caused only by a business partner; Article 13 requires meaningful stakeholder engagement, including in the design of remediation measures.

The adoption rates documented here are therefore the forward baseline for Article 12 compliance in the same cohort of companies. Where Article 13 **exceeds current LkSG practice – notably in the design of remediation measures with affected parties** – the gap between present adoption and future obligation can be read directly from the practice cards.

II. PRACTICE LANDSCAPE: OWN-BUSINESS REMEDIATION

This section covers the practices that govern remediation within a company's own operations: how violations are identified, how corrective action is documented, and how completion is verified.

A. Violation identification and corrective action in own operations

Section II covers **ten practices addressing how companies identify violations in their own operations, implement corrective action, and enforce accountability** (adoption rates for all practices: Figure 4, [Section VII](#)). P117 (Procedures for Violation Identification – Own Business) reaches universal adoption. Each practice card displays the population rate across all 254 companies;⁴ **conditional cards also display a “When triggered” rate**, computed within the 57 companies with evidence of own-business remediation activity (P120 or P105 = 1).

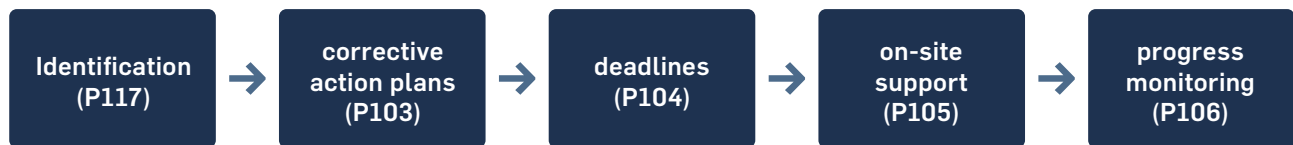
P117 and P118 invite caution: both reach near-universal adoption, yet only 29% of companies reported detecting a violation. The combination admits at least three readings – genuinely low underlying exposure, effective upstream prevention, or identification procedures applied with insufficient rigour. Disclosure data alone cannot adjudicate between them.

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³ Post-Omnibus I, the CSDDD applies to companies with more than 5,000 employees and over €1.5 billion in net turnover, with a single implementation deadline of 26 July 2029. Although narrower in abstract than LkSG Phase 1, the German CSDDD cohort is a subset of the Phase 1 population: the Centre for Research on Multinational Corporations (SOMO) identifies 280 German corporate groups in scope, all already captured in this study's sampling frame.

⁴ The conditional/unconditional distinction reflects the §7 LkSG structure: identification procedures (§7 Abs. 1) and voluntary collaboration apply regardless of detection; corrective action duties (§7 Abs. 2) and effectiveness tracking (GP 20) activate only on detection of a violation. Accordingly, two adoption rates are shown for conditional practices. For practices triggered only when violations are detected, each card displays a population rate (all 254 companies) and a conditional rate labelled “When triggered” – computed within companies with evidence of active remediation at the relevant tier (57 own-business, 68 direct supplier, 45 indirect, 99 §7-triggered remediators across any tier). Unconditional practices – violation identification procedures and industry collaboration – show only the population rate. See Appendix 1, Conditional Rate Architecture, for the full denominator map and legal rationale.

B. Procedures for Violation Identification – Own Business

The five practices in this subsection map the corrective-action lifecycle applied to own-business violations:



Population-level adoption ranges from universal at the identification stage (100%) **to rare** at the on-site support stage (5.9%), tracing the attrition between procedural commitment and operational follow-through. Restricted to the 57 companies with own-business remediation activity, the attrition softens: corrective action plans (91.2%), progress monitoring (80.7%), and documented remediation (87.7%) are standard among actors, while time-bound deadlines (31.6%) and on-site support (26.3%) remain the exceptional practices.

PRACTICE P117		ADOPTION RATE	
Procedures for Violation Identification – Own Business		 100% (254/254)	
UNGP GP 22	LkSG §7 Abs. 1	CSDDD Art. 8	
DEFINITION Company has procedures in place to identify human rights and environmental violations in its own business operations.			
WHY THIS MATTERS Universal adoption reflects the minimum statutory threshold under §7 LkSG – but identification without subsequent corrective action risks fulfilling the letter of the law while leaving harm unaddressed.			
GOOD PRACTICE EXAMPLE Heidelberg Materials AG identifies violations in its own operations through a proactive, multi-method process combining quantitative monitoring with targeted interviews involving operational and administrative employees, trade union representatives, and community members – rather than relying solely on passive grievance triggers. <i>“Through interviews with operational and administrative employees, trade union representatives, and management, we are able to identify risks at an early stage and detect potential violations.”</i>			

PRACTICE P103		ADOPTION RATE	
Corrective Action Plans – Own Business		 46.1% (117/254)	
		WHEN TRIGGERED 91.2% (52/57)	
UNGP GP 22	LkSG §7 Abs. 2	CSDDD Art. 11	
DEFINITION Company implements corrective action plans when human rights or environmental violations are identified within its own operations.			
WHY THIS MATTERS Corrective action plans convert violation findings into structured commitments with defined measures and accountable owners. Without them, an identified violation does not trigger a documented response – a gap affecting more than half the sample despite near-universal identification capacity.			
GOOD PRACTICE EXAMPLE Bayer AG requires that audit findings at its own sites generate specific corrective and preventive measures, defined by responsible units and approved by a lead auditor before implementation deadlines are recorded in a central electronic audit management system – creating a closed-loop accountability structure from finding to closure. <i>“Each audit finding is accompanied by one or more corrective actions and, where necessary, preventive actions, which are approved by the lead auditor. Appropriate deadlines are set for the implementation of the measures, which are tracked using our electronic audit management system.”</i>			

PRACTICE **P104****Remediation Deadlines – Own Business**

ADOPTION RATE

9.4% (24/254)WHEN TRIGGERED **31.6% (18/57)**UNGP **GP 22**LkSG **§7 Abs. 2**CSDDD **Art. 11****DEFINITION**

Company sets explicit deadlines for completion of corrective measures identified in its own business operations.

WHY THIS MATTERS

Deadlines convert corrective action commitments into time-bound obligations. Without them, remediation plans become open-ended intentions. Only one in eleven companies adopts this practice for own-business violations, leaving the overwhelming majority of corrective programmes without enforcement timelines.

GOOD PRACTICE EXAMPLE

Robert Bosch GmbH requires such corrective action plans for occupational health and safety violations in its own operations. Corrective action plans include specific schedules for the elimination of each identified deficiency, so that remediation obligations carry enforceable time parameters rather than aspirational targets.

"To address the hazard of disregarding occupational health and safety, binding corrective action plans with specific, detailed schedules are established with the responsible persons and departments."

PRACTICE **P105****On-Site Remediation Support – Own Business**

ADOPTION RATE

5.9% (15/254)WHEN TRIGGERED **26.3% (15/57)**UNGP **GP 22**LkSG **§7 Abs. 2**CSDDD **Art. 11****DEFINITION**

Company provides on-site operational support to address and remediate violations identified within its own facilities.

WHY THIS MATTERS

Direct operational intervention distinguishes companies that treat remediation as a management action from those that treat it as a documentation exercise. On-site remediation support in own operations remains exceptional rather than standard. On-site support means sending company staff or appointed experts to the affected site to help implement corrective measures directly, rather than relying on the local management's reporting. It is resource-intensive, which is why so few companies offer it – but it is also the clearest signal that a company treats a violation as its own responsibility to help resolve.

GOOD PRACTICE EXAMPLE

Schaeffler Technologies AG & Co. KG responds to violations such as harassment or unequal treatment within its own facilities through direct operational measures: disciplinary steps including formal warnings, suspensions, or dismissal, together with physical interventions such as removing offensive material and conducting focused workplace sessions.

"Disciplinary measures – including formal warnings, suspensions, and terminations – as well as organizational measures for the immediate elimination of violations in individual cases, were taken."

PRACTICE **P106**

Remediation Progress Monitoring – Own Business



ADOPTION RATE

39.4% (100/254)

WHEN TRIGGERED **80.7%** (46/57)

UNGP **GP 22**

LkSG **§7 Abs. 2**

CSDDD **Art. 11**

DEFINITION

Company monitors the progress of corrective measures implemented in its own operations, including tracking completion against agreed timelines.

WHY THIS MATTERS

Without progress monitoring, companies cannot distinguish corrective action that was actually implemented from corrective action that was merely required. Progress tracking transforms a one-time demand into a verifiable outcome. Among companies with own-business remediation activity, 80.7% have adopted this practice – the lower population rate of 39.4% reflects that most companies reported no violation to monitor.

GOOD PRACTICE EXAMPLE

Bayer AG tracks remediation progress at its own sites through a centralized electronic audit management system that records formal verification documents, specific deadlines, and status updates from responsible units, and triggers follow-up audits to confirm that measures have been implemented and sustained.

“Appropriate deadlines are set for the implementation of the measures, which are tracked using our electronic audit management system. If follow-up audits determine that measures have not led to the sustainable elimination of the finding, this is explicitly noted in the audit report as a repeat finding and more sustainable corrective measures are defined and monitored.”

C. Immediate Response and Supplier Consequences

The **four practices** in this subsection address **two response logics** under §7 LkSG. **Immediate-response obligations** apply on detection of a violation under §7 Abs. 1: harm mitigation (P114, 68.1%) and immediate action on severe violations (P123, 45.7%) are co-required rather than sequential – both follow from the same statutory duty to take appropriate measures without delay. **Supplier-escalation obligations** follow a graduated logic recognised in UNGP 19 and LkSG §7 Abs. 2–3: performance consequences for supplier non-performance (P096, 61.8%) precede termination, with termination reserved as a last resort only after remediation has failed (P115, 30.3%).

PRACTICE **P114**

Minimization of Negative Impact



ADOPTION RATE

68.1% (173/254)

WHEN TRIGGERED **87.7%** (50/57)

UNGP **GP 22**

LkSG **§7 Abs. 1**

CSDDD **Art. 11**

DEFINITION

When violations are identified, the company takes immediate steps to mitigate the negative impact on those affected, pending full corrective action.

WHY THIS MATTERS

Mitigation is the bridge between identifying harm and completing its remediation. The interval between discovery and remedy is itself a period in which harm continues to accrue. At 68.1% – the highest substantive remediation rate in the domain – adoption remains incomplete, leaving nearly a third of companies without interim protective measures.

GOOD PRACTICE EXAMPLE

Following a supplier factory closure in which workers were denied wages, Zalando SE collaborated with a direct business partner and the NGO Clean Clothes Campaign to establish a dedicated fund through which affected workers received compensation for withheld wages, providing immediate financial relief before structural remediation was completed.

“Ultimately, the direct business partner contributed to a fund through which the outstanding wage compensation was secured for the affected workers.”

PRACTICE **P123****Immediate Action on Severe Violations**

ADOPTION RATE

45.7% (116/254)WHEN TRIGGERED **70.2%** (40/57)UNGP **GP 22**LkSG **§7 Abs. 1**CSDDD **Art. 11****DEFINITION**

Company takes swift and decisive action when severe or urgent human rights or environmental violations are identified, without waiting for full corrective action planning.

WHY THIS MATTERS

Severe violations – forced labour, child labour, imminent environmental harm – require an immediate response that cannot await routine corrective action timelines. Fewer than half the sample documents this capacity formally; companies without this procedure leave the speed and form of response to individual judgement rather than to a documented obligation.

GOOD PRACTICE EXAMPLE

When **BASF SE** discovered undignified working conditions and child labour at an indirect supplier's farm in Brazil, the company intervened on-site alongside public authorities: work was stopped immediately, the contract with one of the two farms implicated was terminated, and BASF engaged with the competent authority on the broader situation.

"The work was stopped immediately and the contract with one of the two farms was terminated as it was not possible to deal with the incidents constructively."

PRACTICE **P096****Supplier Performance Consequences**

ADOPTION RATE

61.8% (157/254)WHEN TRIGGERED **89.7%** (61/68)UNGP **GP 22**LkSG **§7 Abs. 3**CSDDD **Art. 11****DEFINITION**

Company applies consequences to suppliers that fail to address identified human rights or environmental violations within agreed timelines.

WHY THIS MATTERS

Consequences for non-performance give corrective action plans a formal enforcement lever. Without them, remediation demands rest on goodwill and supplier discretion. Nearly two in five companies disclose no such lever at all.

GOOD PRACTICE EXAMPLE

thyssenkrupp AG implements a structured escalation process culminating in commercial consequences when suppliers repeatedly decline corrective action despite support and extended deadlines: during the reporting year, the company terminated business relationships with eight suppliers by imposing an order freeze and initiating source substitution.

"In these cases, after intensive efforts to influence the suppliers concerned, thyssenkrupp decided to terminate the business relationship in accordance with the criteria of Section 7 (3) LkSG and to impose an order freeze. At the same time, we made efforts to find alternative sources of supply."

PRACTICE **P115**
Termination Only After Failed Remediation



ADOPTION RATE
30.3% (77/254)
WHEN TRIGGERED **58.8% (40/68)**

UNGP **GP 22**
LkSG **§7 Abs. 3**
CSDDD **Art. 10**

DEFINITION

Company treats termination of supplier relationships as a last resort, only after genuine remediation efforts have failed.

WHY THIS MATTERS

Cutting ties with a supplier can harm the very workers whose rights were at stake by eliminating the jobs on which they depend. Under §7 Abs. 3 LkSG, termination should be preceded by genuine remediation attempts. At 30.3%, most companies that impose consequences do not explicitly document termination as a last-resort outcome.

GOOD PRACTICE EXAMPLE

thyssenkrupp AG requires business units to pursue collaborative problem-solving before severing supplier relationships, mandating that a corrective action plan be established and reasonable deadlines provided before any termination decision is taken, and explicitly encouraging units to find workable solutions in the spirit of the statutory last-resort principle.

“The business units are encouraged to find solutions with suppliers in the spirit of a long-term partnership and to only ever consider the termination of business as a last resort. [...] In these cases, thyssenkrupp decided to terminate the business relationship and impose an order freeze after a reasonable period of time and intensive efforts to influence the suppliers concerned.”

PRACTICE **P120**
Remediation – Own Business



ADOPTION RATE
19.7% (50/254)
WHEN TRIGGERED **87.7% (50/68)**

UNGP **GP 22**
LkSG **§7 Abs. 2**
CSDDD **Art. 12**

DEFINITION

Company documents actual remediation measures taken to address violations identified in its own business operations.

WHY THIS MATTERS

Documented remediation – as distinct from plans to remediate – is what closes the corrective-action cycle. At 19.7% population-wide, this figure rises to 87.7% among companies with own-business remediation activity, confirming that documentation follows once the §7 obligation is triggered.⁵

GOOD PRACTICE EXAMPLE

MAN Energy Solutions SE documents concrete environmental remediation within its own operations following identification of fire-extinguishing systems containing Stockholm Convention banned substances: targeted inventories were conducted, non-compliant materials safely disposed of, and compliant substitutes installed at affected sites.

“Identified prohibited extinguishing agents were, where possible, properly disposed of and replaced with legally compliant alternatives.”

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5 Conditional rates are computed on the relevant activity subset, not the full sample. Two conceptually distinct subsets recur in this report. **Detecting companies (n=74)** are those that reported a violation in the structured BAFA disclosure field – the population whose §7 obligation has been formally triggered. **§7-triggered remediators (n=99)** are those showing remediation activity at one or more tiers (own-business P120, direct-supplier P121 or P109, or indirect P122 = 1) – the population showing remediation outputs. The two groups overlap but are not identical: some §7-triggered remediators engage in collaborative or sector-level remediation without formal detection, and some detecting companies have no documented tier-flag activity. Three further activity-tier subsets are used for tier-specific rates: **own-business remediation n=57, supplier remediation n=68, indirect remediation n=45**. Population rates use the full n=254.

III. PRACTICE LANDSCAPE: SUPPLY CHAIN REMEDIATION

This section covers the practices that govern remediation in the supply chain: corrective action with direct suppliers, collaborative engagement, escalation, and indirect-tier reach.

A. Corrective action, collaboration, and indirect tier engagement

Section III covers **fifteen practices across direct and indirect supplier remediation**. Each conditional practice card outlines two rates: a population rate (all 254 companies) and a conditional rate within the acting conditional group – 68 companies with evidence of direct supplier remediation activity (P121 or P109) for direct-tier practices, and 45 companies with documented indirect remediation (P122) for indirect-tier practices. The 52-point population-level gap between violation identification (P118 at 99.6%) and corrective action (P107 at 47.2%) narrows substantially when conditioned: among direct-supplier §7-triggered remediators, P107 reaches 92.6%.

B. Direct Supplier Corrective Action

The seven practices in this subsection mirror [Section II.A](#) at the direct-supplier tier, adding a final verification step:



Population-level adoption drops from 99.6% at the identification stage to 11.8% at the on-site support stage.

Restricted to the 68 companies with direct-supplier remediation activity, the attrition softens considerably: corrective action plans (92.6%), progress monitoring (91.2%), and verification of completion (95.6%) are near-universal among actors, while time-bound deadlines (47.1%) and on-site support (44.1%) remain the least used practices.

PRACTICE **P118**

Procedures for Violation Identification – Direct Suppliers

ADOPTION RATE
99.6% (253/254)

UNGP **GP 22**

LkSG **§7 Abs. 1**

CSDDD **Art. 8**

DEFINITION
Company has procedures in place to identify human rights and environmental violations at its direct suppliers.

WHY THIS MATTERS
Near-universal adoption at the identification stage exposes the same gap as the own-business pattern: among companies with evidence of supplier remediation activity (n=68), corrective action plan adoption reaches 92.6% (P107) – the lower population rate of 47.2% reflects that most companies reported no direct-supplier violation to act upon. Most companies did not report detecting a direct supplier violation; for those that did, structured remediation follows in nearly all cases.

GOOD PRACTICE EXAMPLE
Zalando SE identifies violations at direct suppliers through a multi-layered process combining business partner background screening covering the full corporate structure for adverse media, sanctions, and corruption indicators, with active social media monitoring and locally accessible grievance mechanisms maintained with external partners.
"This service screens for the risk factors Sanctions, Anti-Bribery and Corruption, Adverse Media, Political Exposure, and Geo-Political Risk – covering not only business partners themselves but also their entire corporate networks."

PRACTICE **P107**
Corrective Action Plans – Direct Suppliers



ADOPTION RATE
47.2% (120/254)
WHEN TRIGGERED **92.6%** (63/68)

UNGP GP 22	LkSG §7 Abs. 2	CSDDD Art. 11
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DEFINITION
Company requires direct suppliers to develop and implement corrective action plans when violations are identified in their operations.

WHY THIS MATTERS
Corrective action plans at the supplier level translate violation findings into structured remediation obligations. Less than half the sample has a corrective-action mechanism on record despite near-universal identification capacity – again reflecting that most companies did not detect violations in the reporting year, rather than an absent mechanism.

GOOD PRACTICE EXAMPLE
Evonik Industries AG requires suppliers to submit a detailed corrective action plan within ten days of any Together for Sustainability (TfS) audit finding, regardless of severity category; the plan is evaluated by the audit team for adequacy of proposed measures and timelines before approval, after which formal re-audit verification closes each finding.
“For all violations identified in TfS audits – Minor, Major, and Critical Findings – the supplier must submit a corrective action plan within ten days of the audit.”

PRACTICE **P108**
Remediation Deadlines – Direct Suppliers



ADOPTION RATE
13.8% (35/254)
WHEN TRIGGERED **47.1%** (32/68)

UNGP GP 22	LkSG §7 Abs. 2	CSDDD Art. 11
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DEFINITION
Company sets explicit, time-bound deadlines for supplier corrective action plans, calibrated to violation severity.

WHY THIS MATTERS
Time-bound deadlines prevent remediation plans from drifting and give the company grounds to escalate when a supplier falls behind. Explicit deadline-setting for supplier corrective action is among the least-adopted practices in the domain, leaving most corrective plans without explicit enforcement timelines.

GOOD PRACTICE EXAMPLE
Evonik Industries AG applies a severity-calibrated deadline schedule: major and critical audit findings must be fully addressed and re-verified within twelve months, while minor findings carry a thirty-six month window – tying remediation urgency directly to the seriousness of the violation identified.
“Deficiencies must be remedied within a specified schedule. The more severe the deficiency, the sooner it must be resolved: Major and Critical findings must be addressed within twelve months.”

PRACTICE **P109**
On-Site Remediation Support – Direct Suppliers



ADOPTION RATE
11.8% (30/254)
WHEN TRIGGERED **44.1%** (30/68)

UNGP GP 22	LkSG §7 Abs. 2	CSDDD Art. 11
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DEFINITION
Company provides direct operational support to suppliers to help them implement corrective measures following identified violations.

WHY THIS MATTERS
Demanding corrective action without supporting its implementation places the full burden of remediation on suppliers who may lack the resources or expertise to deliver it. Companies predominantly rely on suppliers to remediate violations, with limited substantive operational engagement from the buyer.

GOOD PRACTICE EXAMPLE
Zalando SE responds to potential child labour findings at direct suppliers by engaging specialized external organizations – SaveTheChildren and The Centre for Child Rights and Business – to manage remediation directly, so that expert child welfare professionals rather than factory management lead the response to these sensitive violations.
“For the handling of potential cases of child labour, we involve the independent organizations SaveTheChildren and The Centre for Child Rights and Business.”

PRACTICE **P110****Remediation Progress Monitoring – Direct Suppliers**

ADOPTION RATE

45.7% (116/254)WHEN TRIGGERED **91.2%** (62/68)UNGP **GP 22**LkSG **§7 Abs. 2**CSDDD **Art. 11****DEFINITION**

Company monitors the progress of corrective action plans at direct suppliers, tracking completion against agreed timelines.

WHY THIS MATTERS

Progress monitoring closes the loop between a corrective action requirement and its verified implementation. Without it, remediated suppliers are indistinguishable from those who have not yet acted. At 45.7%, for the population level, most supplier corrective action plans go untracked – though among companies with active supplier remediation, the rate is 91.2%.

GOOD PRACTICE EXAMPLE

Evonik Industries AG holds every supplier audit finding formally open until a follow-up audit physically verifies that corrective measures have been fully implemented; documentary evidence submitted by suppliers is treated as insufficient for closure, so no finding is marked resolved without independent on-site verification.

"The affected suppliers carried out the measures and documented their resolution. However, we consider findings definitively closed only after a follow-up audit confirms that the corrective measures have been sustainably implemented."

PRACTICE **P116****Verification of Remediation**

ADOPTION RATE

60.2% (153/254)WHEN TRIGGERED **95.6%** (65/68)UNGP **GP 22**LkSG **§7 Abs. 2**CSDDD **Art. 15****DEFINITION**

Company assesses whether remedial measures taken by suppliers were appropriate to the nature and severity of the violation and verifies their implementation.

WHY THIS MATTERS

Verification distinguishes companies that close the remediation loop from those accepting supplier self-reporting at face value. It is among the more widely deployed substantive remediation tools – though two in five companies still have no mechanism to confirm that corrections have actually landed.

GOOD PRACTICE EXAMPLE

Nestlé Deutschland AG requires individual auditor assessment of the appropriateness of each proposed corrective measure before acceptance: if proposed actions are deemed insufficient, they are formally rejected and the supplier must revise and resubmit before any remediation plan is considered approved.

"The auditor first assesses, on a case-by-case basis, whether the remedial measures proposed by the supplier adequately and effectively address the identified deviations. If measures are deemed inadequate, they are formally rejected and new plans are demanded."

PRACTICE **P121****Remediation – Direct Suppliers**

ADOPTION RATE

22.4% (57/254)WHEN TRIGGERED **83.8%** (57/68)UNGP **GP 22**LkSG **§7 Abs. 2**CSDDD **Art. 12****DEFINITION**

Company documents actual remediation measures taken with direct suppliers following identified violations.

WHY THIS MATTERS

The move from planned to executed remediation is where rights-holders either experience a change in conditions or do not. The population rate of 22.4% rises to 83.8% among companies with direct supplier remediation activity – the population gap reflects the conditional nature of the §7 obligation rather than systematic non-completion of plans.

GOOD PRACTICE EXAMPLE

When **Delivery Hero SE** discovered that logistics partners in Qatar were withholding driver wages, the company provided immediate humanitarian relief including nutrition and housing support to affected drivers while simultaneously developing systemic changes – combining immediate victim-centred response with structural prevention.

"Support measures were provided for the drivers – including food and accommodation – and a nationwide awareness campaign was launched to inform drivers of their rights."

Boehringer Ingelheim – Risk-based audits, sustained dialogue, and collective leverage⁶

Boehringer Ingelheim is a global biopharmaceutical company active in both human and animal health, serving over 130 markets with approximately 54,500 employees. Boehringer Ingelheim applies a structured approach to the remediation of adverse human rights impacts within its supply chain. This approach is embedded in a broader human rights due diligence framework and encompasses both the identification of impacts – for instance through an externally accessible grievance mechanism, media screenings, or risk-based supplier audits – and subsequent remediation measures. These measures include corrective action plans, continuous supplier engagement, and clear escalation pathways. A central element is the use of audits based on the standards of the Pharmaceutical Supply Chain Initiative (PSCI), which serve as a key lever to identify and address human rights impacts.

Audits are conducted using a risk-based approach, considering country and sector risks as well as the supplier's individual risk profile. Where audits reveal findings, these are classified (e.g. minor, major, critical) and followed by the development of a Corrective (and Preventive) Action (CAPA) plan. This plan defines concrete measures, responsibilities, and timelines tailored to the specific situation. The use of PSCI standards creates an additional incentive for suppliers: audit results can be shared with other PSCI member companies, meaning improvements benefit multiple business relationships, which drives motivation to comply.

A key success factor is the continuous dialogue with selected higher risk suppliers. Boehringer Ingelheim regularly follows up on the implementation of agreed measures, discussing progress, challenges, and potentially, support needs. This ongoing exchange helps assess whether suppliers are implementing the required improvements and whether the company's leverage is sufficient to drive change. The German Supply Chain Act (LkSG) provides an important additional lever in these discussions, strengthening expectations towards suppliers and reinforcing the need for remediation.

Where appropriate and proportionate, Boehringer Ingelheim may support suppliers in implementing measures if insufficient supplier capacities hinder improvement. At the same time, escalation mechanisms are clearly defined. Particularly critical cases are brought to an internal Human Rights Working Group, where representatives from different functions jointly assess the situation and define next steps.

If progress remains insufficient despite engagement, further escalation options are considered. In cases where the company's individual leverage is limited – particularly with strategically important or hard-to-replace suppliers – the PSCI Secretariat can be involved to enable coordinated action by multiple member companies. This collective approach increases pressure while remaining compliant with antitrust requirements.

As a last resort, Boehringer Ingelheim may decide to terminate the business relationship. Such decisions follow careful consideration and are typically accompanied by an appropriate exit plan. One case, for example, involved excessive working hours at a supplier site. Despite a jointly agreed corrective action plan and repeated follow-ups over an extended period, this did not lead to sufficient improvements. Therefore, given the continued demonstrated lack of progress, Boehringer Ingelheim ultimately decided to disengage from the supplier relationship.

Overall, the approach illustrates that effective remediation requires a combination of clear standards, structured processes, and sustained dialogue. Risk-based audits are a key element, but it is the combination of continuous engagement, use of collective leverage, and defined escalation pathways that enable companies to address human rights impacts in a meaningful and scalable way.

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⁶ The report's quantitative findings chart the field-wide state of remediation practices: what is established, what is fragile, and what is absent across the 254 companies in the sample. They do not – and cannot – capture how well individual companies implement remediation in practice. This section presents a company case, contributed by the company itself as part of a UN Global Compact Network Germany initiative to feature at least one case study per domain report in this series. The case is a first-person account of the company's approach, not an independent assessment: it has not been coded against the study's 166-item framework, nor has it been externally verified. Subsequent domain reports in this series will feature equivalent company-contributed cases in governance, risk analysis, prevention, and grievance mechanisms. This case study draws on a structured interview with the company conducted by the research team.

C. Collaborative and Joint Remediation

The five practices in this subsection cover **three modes of collaborative engagement**, grouped by who the company works with. The **bilateral mode** (company plus one supplier) covers jointly developed corrective plans (P111, 40.6%) and capacity building for remediation (P112, 21.3%). The **multi-stakeholder mode** (company plus industry) covers collaborative problem-solving posture (P093, 57.5%) and **industry-level collaboration** (P099, 50.0%). The **internal mode** (company alone, learning structurally from violations) covers closing systemic gaps in the management system (P113, 45.7%). These are alternative or complementary modes rather than a single sequence; adoption ranges from 57.5% at collaborative problem-solving to 21.3% at capacity building.

PRACTICE P093		ADOPTION RATE	
Collaborative Problem-Solving		57.5% (146/254)	
UNGP GP 22	LkSG §7 Abs. 2	CSDDD Art. 12	
DEFINITION Company takes a collaborative approach to addressing supplier violations, working jointly with suppliers rather than relying solely on compliance demands.			
WHY THIS MATTERS Collaborative remediation treats violations as shared problems requiring joint solutions. It is better suited than compliance demands alone to address root causes, sustain the supplier relationship, and protect the livelihoods of workers who depend on it. That just over half the sample has adopted it points to a field still divided on whether supplier violations are problems to be jointly solved or infractions to be unilaterally sanctioned. <u>BAFA's Handreichung "Zusammenarbeit in der Lieferkette"</u> recommends joint approaches that address shared responsibility rather than outsourcing it to suppliers.			
GOOD PRACTICE EXAMPLE Nestlé Deutschland AG involves its purchasing department directly in supplier remediation for critical audit deviations: buyers accompany the supplier through the corrective action process and, where proposed measures appear inadequate, intervene to require revision – combining commercial leverage with practical support. <i>"In the event of critical and business-critical deviations, our purchasing team accompanies the affected supplier in implementing remedial measures."</i>			

PRACTICE P111		ADOPTION RATE	
Remediation Jointly with Supplier		40.6% (103/254)	
UNGP GP 22	LkSG §7 Abs. 2	CSDDD Art. 11	
DEFINITION Company co-develops corrective action plans together with suppliers and provides ongoing support throughout the remediation process.			
WHY THIS MATTERS Joint development of corrective plans incorporates supplier knowledge of operational constraints and builds internal capacity, producing more workable outcomes than unilateral demands. Among the 68 direct-supplier §7-triggered remediators, 79.4% co-develop plans with suppliers – consistent with the broader pattern at the direct-supplier tier: where there is a live case, the infrastructure shows up around it. At population level, joint development is reported by a minority (40.6%), reflecting that the practice is most visible where there is something to jointly remediate.			
GOOD PRACTICE EXAMPLE ZF Friedrichshafen AG co-creates corrective action plans with suppliers and schedules regular follow-up meetings to track progress; where suppliers encounter implementation obstacles, the company discusses solutions and adapts support rather than immediately escalating to sanctions. <i>"A corrective action plan is developed jointly with the supplier, and follow-up meetings are scheduled to review progress and address issues where support is needed."</i>			

PRACTICE **P113****Closing Systemic Gaps**

ADOPTION RATE

45.7% (116/254)WHEN TRIGGERED **73.5%** (50/68)UNGP **GP 17–18**LkSG **§5**CSDDD **Art. 15****DEFINITION**

Company examines individual violations to determine whether they indicate systemic gaps in management systems, and revises internal rules or processes accordingly.

WHY THIS MATTERS

Where root cause analysis (E013) asks what produced a specific violation, closing systemic gaps asks what the violation reveals about the company's own management architecture and revises the rules or processes that allowed it. It is the practice that turns a remediation case into an organisational lesson – the bridge between individual corrective action and structural change. Among the 99 §7-triggered remediators, 70.7% document this practice; at population level, fewer than half do.

GOOD PRACTICE EXAMPLE

Robert Bosch GmbH continuously evaluates each incident against existing preventive measures through a Plan-Do-Check-Act cycle: where a systemic gap or causal pattern is identified, internal rules and process specifications are adjusted to close it, rather than treating the incident as an isolated case.

"Where a systemic gap or causality emerges, this is closed by adjusting our regulations and process specifications."

PRACTICE **P112****Capacity Building for Remediation**

ADOPTION RATE

21.3% (54/254)WHEN TRIGGERED **51.5%** (35/68)UNGP **GP 22**LkSG **§7 Abs. 2**CSDDD **Art. 11****DEFINITION**

Company provides or facilitates capacity-building support to enable suppliers to remediate identified violations and prevent recurrence.

WHY THIS MATTERS

Capacity-building addresses the structural deficit that produces violations rather than only responding to specific incidents. With uptake at about one in five companies (21.3%), the sample has yet to build the institutional scaffolding that would shift remediation from reactive case-handling toward systemic prevention. P112 addresses capability and knowledge gaps; P113 (Closing Systemic Gaps) addresses the procedural and management-system gaps that allow violations to recur.

GOOD PRACTICE EXAMPLE

Bayer AG responds to critical audit findings at direct suppliers by enrolling them in its Sustainability Supplier Development Programme, investing in supplier operational capability so they can implement corrective actions and build the institutional capacity needed to prevent recurrence.

"Particularly critical audit reports from suppliers lead to inclusion in the internal Sustainability Supplier Development Program managed by Purchasing. [...] Bayer supports the suppliers with assistance in building knowledge, developing skills and structures – capacity building – and a monitoring process."

PRACTICE P099			ADOPTION RATE
Collaborative Problem-Solving			50.0% (127/254)
UNGP GP 22	LkSG §7 Abs. 2		
DEFINITION Company collaborates with industry initiatives, peers, or multi-stakeholder platforms to address systemic supply chain risks and support collective remediation.			
WHY THIS MATTERS Many violations are systemic across industries and individual company leverage is insufficient to drive change in deep-tier suppliers. Industry collaboration enables shared risk mapping, collective leverage, and norm-setting that no single buyer can achieve alone. That exactly half the sample has adopted this approach points to a field still divided between companies that treat human rights compliance as a collective problem and those that treat it as a company-level exercise.			
GOOD PRACTICE EXAMPLE MVV Energie AG participates in the energy sector dialogue initiated by the Federal Ministry of Labour and Social Affairs (BMAS), contributing to a multi-stakeholder process that produced a comprehensive cross-sector risk overview spanning six supply chain sub-sectors, and designing shared preventive and remediation approaches that individual companies could not sustain independently. <i>"Together with other participants in the sector dialogue, we developed a comprehensive overview of potential risks along the supply and value chains of six selected product groups."</i>			

D. Indirect Supplier Remediation

PRACTICE P119			ADOPTION RATE
Procedures for Violation Identification – Indirect Suppliers			53.9% (137/254)
UNGP GP 22	LkSG §7 Abs. 1	CSDDD Art. 8	WHEN TRIGGERED 73.7% (73/99)
DEFINITION Procedures to identify violations at indirect suppliers			
WHY THIS MATTERS Without identification procedures at this tier, the substantiated-knowledge trigger does not engage, so corrective action cannot begin – precisely where the hardest-to-see violations occur.			
GOOD PRACTICE EXAMPLE Zalando SE identifies violations at indirect suppliers by conducting proactive, unannounced on-site factory visits in collaboration with specialized NGOs. Instead of relying solely on desktop analyses or direct supplier reporting, the company partnered with 'The Centre for Child Rights and Business' to physically investigate the risk of child labour at the facilities of indirect business partners, which successfully uncovered an actual violation. <i>"We evaluated the results and verified them on-site in China through sample-based audits and site visits, during which we identified a case of child labour."</i>			

PRACTICE **P122**
Remediation – Indirect Suppliers



ADOPTION RATE
17.7% (45/254)
WHEN TRIGGERED **100% (45/45)**

UNGP GP 22	LkSG §7 Abs. 2	CSDDD Art. 12
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DEFINITION
Company implements remediation measures in response to violations identified at indirect (tier 2+) suppliers.

WHY THIS MATTERS
Remediation at the indirect tier requires companies to intervene beyond their contractual relationships. The population rate of 17.7% reflects that only 11.4% of companies detected indirect violations; among those that did, 81% document remediation (P122=1). This is the tier where the gravest risks – forced and child labour, hazardous conditions in raw-material and sub-tier production – are concentrated, so the low rate marks a shortfall at the point of greatest rights exposure rather than a simple maturity lag.

GOOD PRACTICE EXAMPLE
Otto (GmbH & Co KG) deploys trained internal or external experts directly to indirect suppliers' facilities to investigate and remediate reported violations, rather than delegating to direct suppliers; investigation findings determine specific measures implemented at the source of the violation.

"Investigations are conducted on-site at the relevant supplier by trained internal or external experts."

E. Remedial Action with Affected Parties

PRACTICE **P132**
Remedial Action with Affected Parties



ADOPTION RATE
46.1% (117/254)
WHEN TRIGGERED **60.6% (60/99)**

UNGP GP 22	LkSG §7 Abs. 2	CSDDD Art. 13
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DEFINITION
Company consults with or involves persons affected by violations in the design and implementation of remedial measures.

WHY THIS MATTERS
Remediation designed without input from those affected risks addressing the wrong harms or reinforcing existing power asymmetries. GP 22 requires companies to "consider the views of potentially affected stakeholders" – making participation foundational, not aspirational. Less than half of the sample meets this standard.

GOOD PRACTICE EXAMPLE
Klinikum Fürth mandates direct consultation with affected parties whenever violations are identified at direct or indirect suppliers: the organization's remediation framework requires that victims are engaged in defining the response to violations identified against them, so that remediation is developed with rather than imposed upon those who experienced the harm.

"Where specific violations are identified at direct or indirect suppliers, our remediation framework provides for consultation with the affected persons, with measures developed and implemented jointly."

IV. EFFECTIVENESS MEASUREMENT

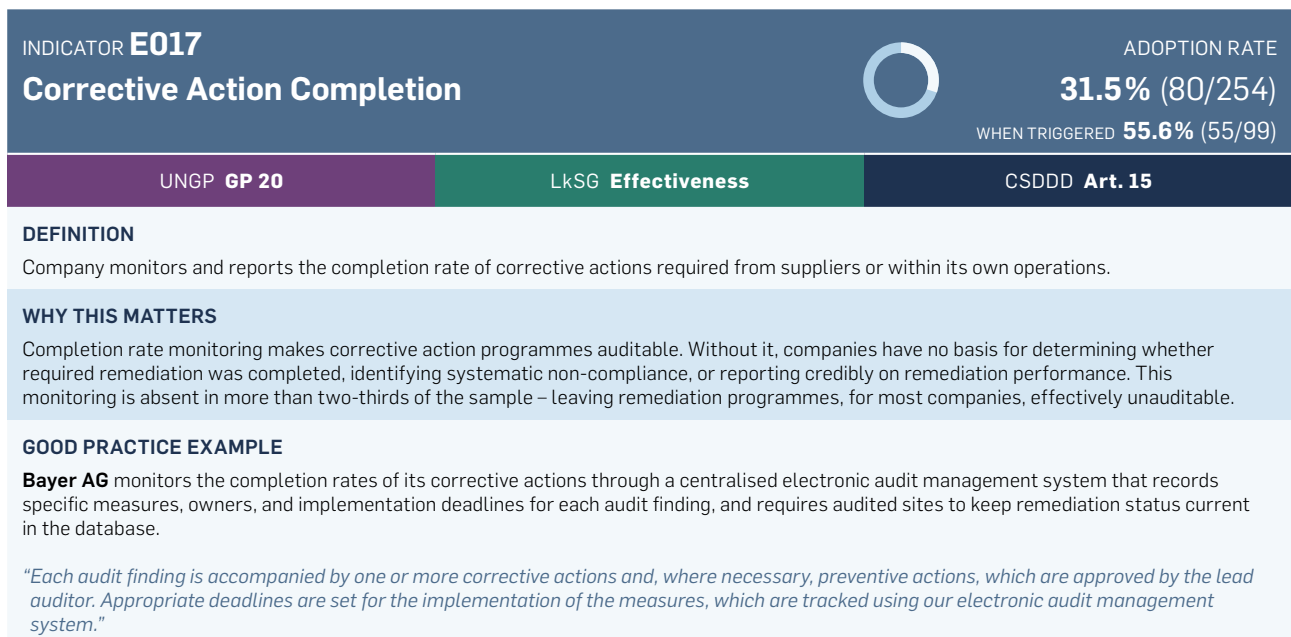
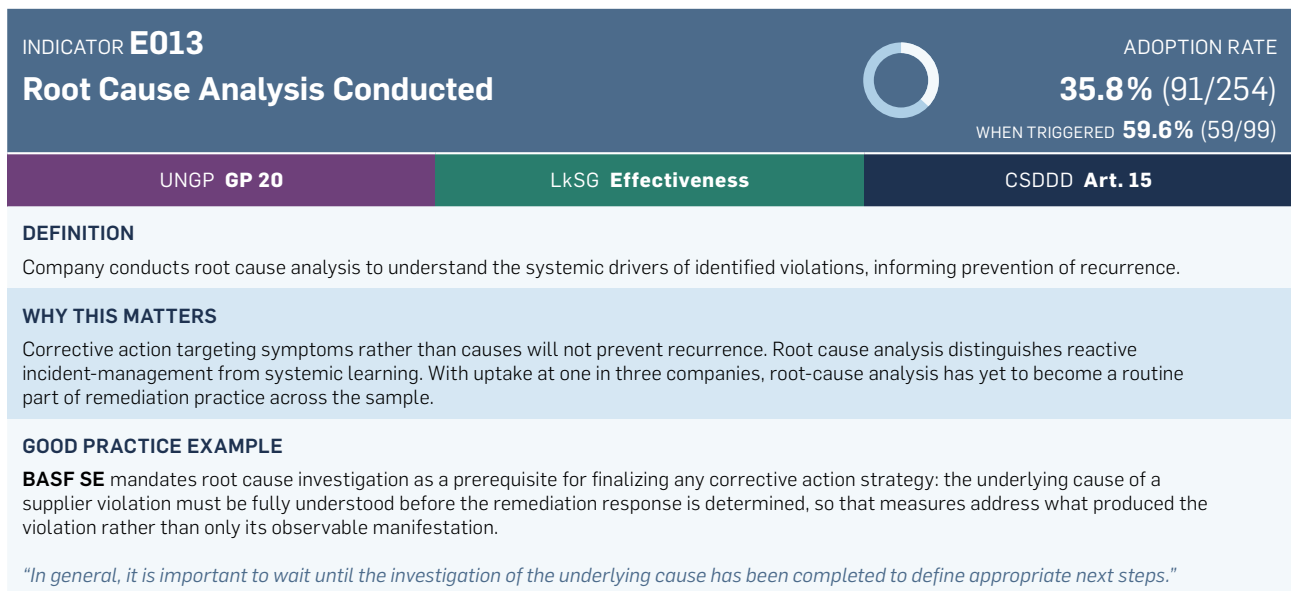
GP 20 requires companies to track the effectiveness of their human rights due-diligence responses. This section assesses four indicators that together capture whether remediation produces verifiable outcomes for affected parties.

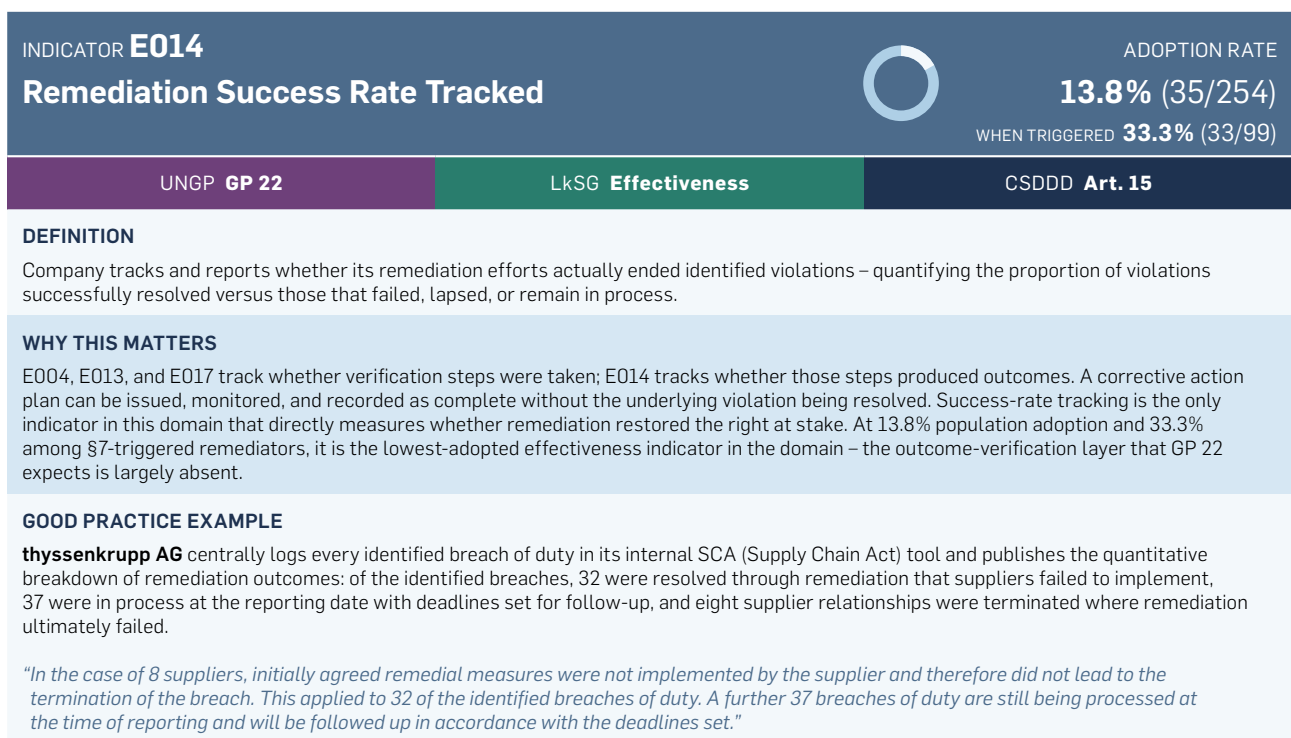
Follow-up audits, root cause analysis, corrective action completion, and remediation success tracking

The **four effectiveness indicators ask whether remediation infrastructure delivers verifiable outcomes**. Population-level adoption sits **between 13.8% and 37.8% – the lowest E-scores across the five domains**. Restricted to the 99 §7-triggered remediators, the rates rise to 33.3–59.6%: the three process-verification indicators (E004, E013, E017) cluster at 55–60%, while outcome verification (E014) stands apart at one in three. Even among §7-triggered remediators, then, process-verification is established for just over half – and verifying that remediation worked is rarer still.

The **gap between initiating corrective action** (P107: 92.6% conditional; 47.2% population) **and verifying its completion** (E017: 56% conditional; 31.5% population) is the structural signature of the domain: where corrective action plans exist, companies are markedly more likely to require them than to confirm they have been executed. Root cause analysis (E013, 35.8%) sits slightly above completion tracking but below follow-up auditing (E004, 37.8%). Verification, where it occurs, asks more often whether actions were taken than whether the conditions that produced the violation were structurally addressed. Outcome verification – whether remediation actually ended the violation (E014, 13.8% population; 33.3% conditional) – trails the rest: completion is tracked more often than whether the underlying condition was resolved.

INDICATOR E004			ADOPTION RATE
Follow-Up Audits Conducted			37.8% (96/254)
		WHEN TRIGGERED 58.6% (58/99)	
UNGP GP 20	LkSG Effectiveness	CSDDD Art. 15	
DEFINITION			
Company conducts follow-up audits to verify that corrective measures identified in prior audits have been implemented and sustained.			
WHY THIS MATTERS			
Follow-up audits are the verification mechanism that determines whether corrective action plans are implemented or merely filed. Without them, remediation cycles remain open and recurrence goes undetected. At population level, fewer than two in five companies verify what they asked suppliers to fix; among §7-triggered remediators the conditional rate is 58.6%.			
GOOD PRACTICE EXAMPLE			
Symrise AG mandates follow-up site visits or audits whenever an initial visit identifies risks: re-audit timelines are calibrated to violation severity, so that more serious findings are re-verified sooner, and supplier status is held open until the follow-up confirms that corrective measures have been genuinely implemented.			
<i>"If any risks are identified during a visit to or audit of a supplier, they must be remedied either immediately or within a period specified by the auditor, depending on their severity. The effectiveness of the measure is reviewed during the follow-up audit."</i>			





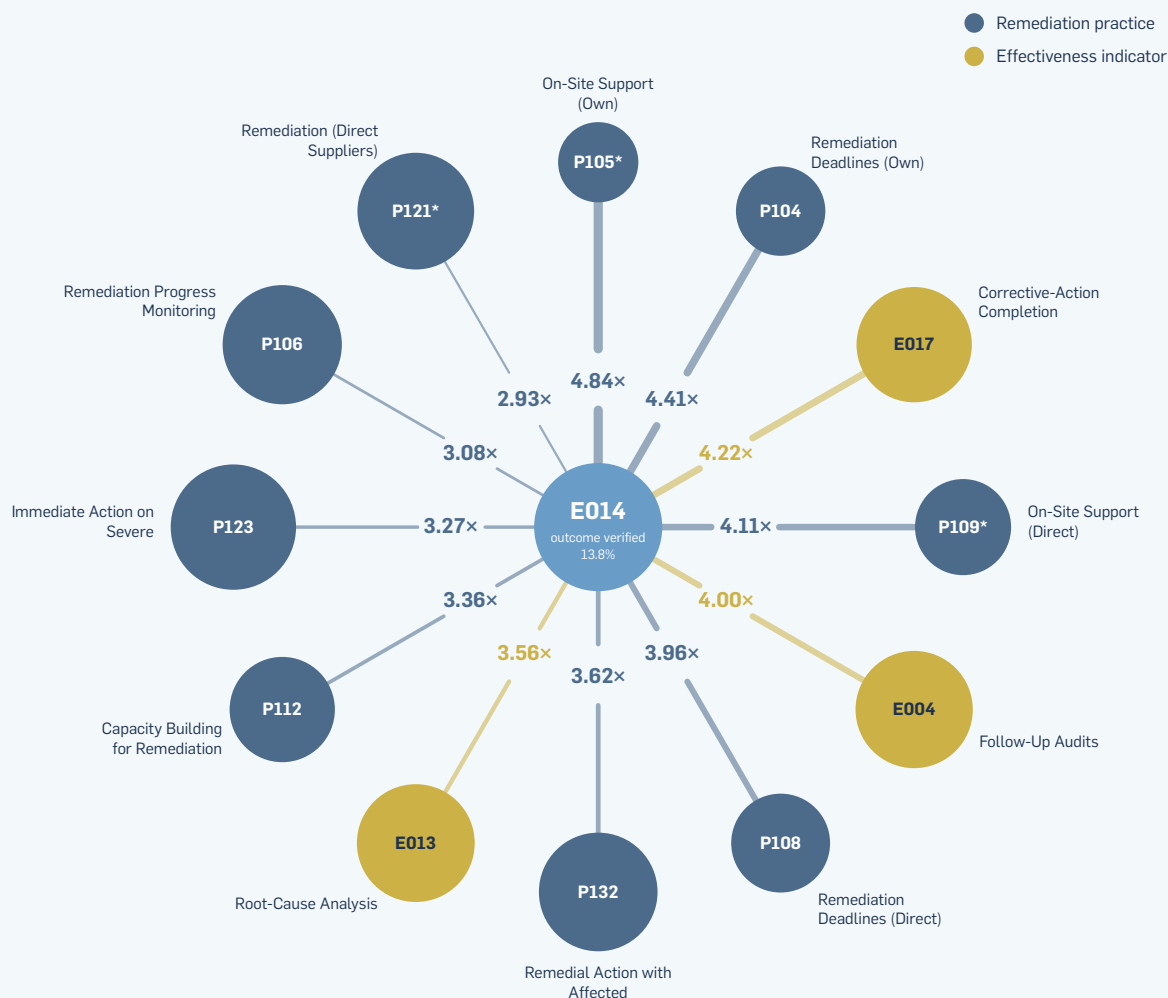
V. CORRELATES OF OUTCOME VERIFICATION

Of the four effectiveness indicators, E014 (Remediation Success Rate Tracked) is the most demanding. E004, E013, and E017 capture process verification – whether audits, root-cause work, and corrective actions were completed. **E014 captures outcome verification: whether the remediation actually ended the violation.** It is the indicator that asks not ‘did we do the work?’ but ‘did the work succeed?’. E014 also has **the lowest adoption** of the four (13.8% across the population; only 33 of the 99 §7-triggered remediators verify outcomes), making it the indicator that most sharply separates companies in the field. For these reasons, we treat E014 as the outcome of interest and ask: among companies doing active remediation, which co-adopted practices distinguish those that go on to verify outcomes from those that do not?

For each of the other 28 codes in the remediation domain, the lift on E014 – the share of a code’s adopters that verify outcomes, set against E014’s 13.8% population base – **measures how strongly that practice is associated with outcome verification** within the §7-triggered cohort. Figure 2 shows the result.

E014 sits at the centre. Each spoke connects E014 to one of the twelve practices most strongly co-adopted with outcome verification within the 99-company §7-triggered cohort. The number on each spoke is the ‘lift’ – how far a practice’s adopters exceed E014’s 13.8% population base. For example, 45% of companies with P123 (Immediate Action on Severe Violations) verify outcomes, a lift of 3.27×

FIGURE 2: Remediation practices associated with outcome verification (E014)



Spoke thickness reflects lift (adopter rate ÷ 13.8% population base); node size reflects the number of companies adopting the practice. Practices are excluded where fewer than 15 companies adopt them, or where adoption is near-universal in the cohort (P116, P117 and P118), leaving no comparison group. The three effectiveness indicators (E017, E004, E013) are mechanically co-tracked with E014 and should be read as structural rather than predictive. Source: LkSG disclosure analysis, normalised firm-level matrix, n = 254 companies (§7-triggered cohort n = 99).

On lift, it is the **procedural-intensity practices that lead**: on-site remediation support, in own operations (P105, 4.84x) and at direct suppliers (P109, 4.11x); firm remediation deadlines, own-business (P104, 4.41x) and direct (P108, 3.96x); and, lower down, capacity building (P112, 3.36x) and progress monitoring (P106, 3.08x). The causal-engagement practices — remedial action taken with affected parties (P132, 3.62x) and immediate action on severe violations (P123, 3.27x) — sit among this group rather than above it. Three process-completion indicators (E017 4.22x, E004 4.00x, E013 3.56x) rank near the top but are mechanically co-tracked with E014. (P105, P109 and P121 help define the cohort, so part of their lift is structural.)

Three practices share a causal-engagement logic – the analytical work that asks what produced a violation and whether the response actually resolved it. P123 brings in severity: **when something is serious enough to escalate, the company is also more likely to verify whether the response landed.** P132 carries the rights-holder dimension — where affected parties sit at the table during remediation design, completion gets measured against their position rather than internal sign-off. P113 reaches for structural drivers; the same analytical instinct that asks “why does this recur?” also asks “did our fix actually change the answer?”. The three practices and outcome verification draw on the same reasoning, and they travel together. The ϕ matrix reinforces it: P113 $\blacktriangleleft$ E013 sits at $\phi = 0.70$ — fourth-strongest pair-wise correlation across all 29 codes, and the only top-tier pair that spans a practice and an effectiveness indicator.

Lift measures co-adoption, not causation. Companies with P132 also tend to have E014, but the data cannot say whether P132 produces E014, whether both express overall programme maturity, or whether both reflect the same disclosure-style willingness to report. Averaged into orientations, the order flips: In-depth/Collaborative (3.36 $\times$) edges Formal Corrective Action (2.88 $\times$), and P123 (3.27 $\times$) sits with its orientation.

VI. SECTOR & SIZE PERFORMANCE

This section examines remediation performance across the 16-sector taxonomy and three employee-count size bands, isolating where adoption gaps concentrate.

Variation in remediation practice adoption across industry and company size

Key Findings

- ➔ **Sector spread runs from 70.7% to 12.0% on P-score, 62.5% to 0.0% on E-score.** Personal Goods (n=3) leads the P-score ranking but small-n caveats apply; Telecommunications (63.0%), Food Producers (60.7%), and Chemicals & Pharma (60.4%) follow. Food Producers is the only sector where the E-score exceeds the P-score (62.5% vs 60.7%) – supplier audit maturity in this sector outpaces practice adoption.
- ➔ **The widest verification gaps appear in Retailers, Real Estate, and Technology.** Retailers ($\Delta PE = 25.1$ points) and Technology ($\Delta PE = 19.4$ points) have corrective infrastructure in place but verification practices are thin. Real Estate ($\Delta PE = 29.5$ points) shows the largest gap, though n=2 limits confidence. In most other sectors, effectiveness verification consistently lags behind practice adoption.
- ➔ **Apparent size effects largely reflect who detects, not who remediates.** Population P-scores span 21.4 percentage points across the three size bands (38.2% small to 59.6% large); restricted to §7-triggered remediators, the spread compresses to 7 points. The bigger-is-better ordering also breaks on the P-axis under conditional restriction: small-band actors (63.0%) edge above mid-band actors (60.0%). Where companies detect, the composite size gap closes – though practice-by-practice variation remains substantial (deadlines, on-site support, and rights-holder consultation are still uneven across actors).

Sector P-scores range from 12.0% to 70.7%, with E-scores spanning a wider relative gap (0.0% to 62.5%) (Figure 1; methods note on small cells below). Two patterns warrant naming.

First, **sector capacity correlates more strongly with first-cycle variation than LkSG compliance status does.** The top of the ranking is occupied by sectors with mature supply-chain audit infrastructure (Telecommunications, Food Producers, Chemicals & Pharma, and Automobiles & Parts); the bottom by sectors that have not historically required it (Health Care, Financial Services, Construction, and Media). The implication is that **first-cycle LkSG performance correlates with pre-existing compliance machinery.**

Second, **one sector inverts the field-wide P > E pattern. Food Producers** (E=62.5%, P=60.7%) is the only sector where the two scores sit at parity – a margin too narrow to read as a substantive E>P inversion – likely reflecting decades of pre-LkSG supplier audit infrastructure in the food industry. The Deutsche Telekom corporate group accounts for most of the Telecommunications sector's strong E-score, illustrating the small-cell sensitivity that affects several of the higher-ranked sectors.

Sectors with fewer than five companies (Personal Goods n=3, Real Estate n=2, Media n=1) carry high uncertainty and should be interpreted with caution.

FIGURE 3: Size-Band Performance – P-Score vs E-Score



Three size bands shown as numbered bubble pairs (1–3) keyed to the legend table. Hollow bubbles show population P/E means across all companies in each band; solid bubbles show conditional means restricted to §7-triggered remediators within each band. Bubble area scales with company count in the relevant cohort. Arrows trace the shift from population to conditional view. Bubble area proportional to number of companies. LkSG Phase 1 threshold: 3,000 employees. Source: LkSG disclosure analysis, n=254 companies.

At the population level, **size band performance shows a consistent gradient**: companies with >50,000 employees (n=28) record a mean P-score of 59.6% and E-score of 48.2%, compared to 44.7% and 32.6% for the 10,000–50,000 band (n=72) and 38.2% and 25.0% for the 3,000–10,000 band (n=154). The population P-spread across bands is 21.4 percentage points and the E-spread 23.2 – a steep monotonic gradient by company size.

Restricted to the 99 §7-triggered remediators, the gradient flattens dramatically. Conditional P-scores are 63.0% (small), 60.0% (mid), and 67.1% (large); conditional E-scores 52.6%, 48.7%, and 55.7%. The P-spread compresses from 21.4 to 7.1 percentage points; the E-spread from 23.2 to 7.0. About two-thirds of the apparent size advantage is detection prevalence, not remediation behaviour. Two specifics matter. The population ordering on the P-axis breaks under conditional restriction – the 3,000–10,000 band (63.0%) edges above the 10,000–50,000 band (60.0%), and the “bigger is better” intuition does not survive once detection is held constant. And the effectiveness uplift only marginally exceeds the practice uplift (E/P uplift ratios of 1.11, 1.05, and 0.99 from small to large), since most of the P-codes that feed the composite are themselves conditional on detection. When companies detect, the composite size gap closes – though substantial practice-by-practice variation remains underneath (Figure 3).

VII. CONCLUSIONS

This section synthesises the empirical findings, identifies the systemic gaps that separate identification infrastructure from corrective action, situates the gaps against the forthcoming CSDDD, and translates them into implications for affected rights-holders.

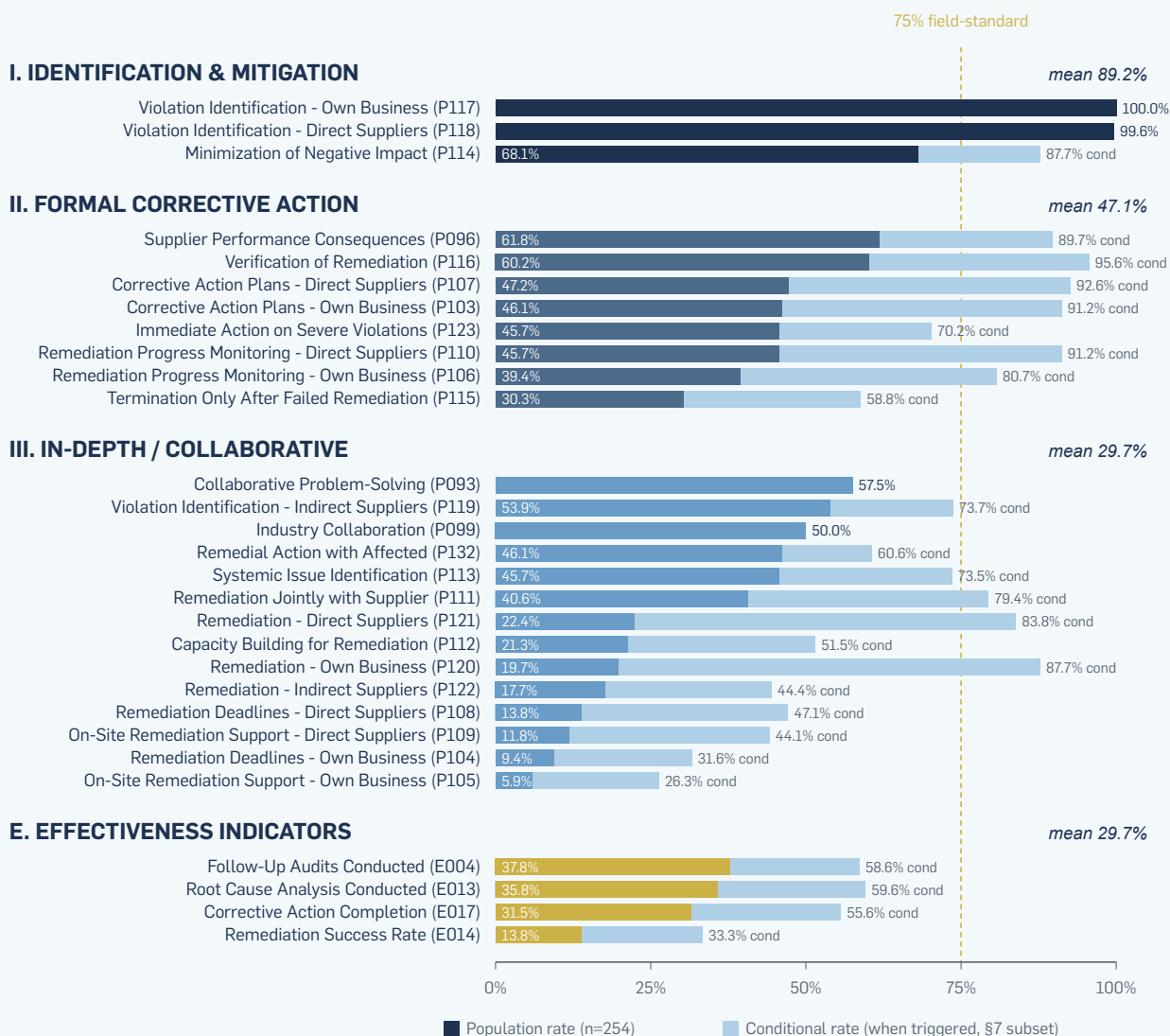
Cross-validation against the LkSG retrospective. The UN Global Compact's [LkSG retrospective](#) (June 2026)⁷, drawn from structured BAFA questionnaire fields rather than narrative inference, reports that 91% of detecting companies attempted remediation at any tier and 91% of those with indirect violations attempted indirect-tier remediation. Cross-checking the BAFA fields against this study's coding shows that 81% of companies self-reporting an indirect violation have P122 = 1 in this dataset – confirming that the two studies' figures are consistent once denominators and coding scope are aligned (full reconciliation in Appendix 1).

A. Critical Gaps

The gaps discussed below – between identification and corrective action, and between population-level coverage and substantive remediation depth – are visible in the practice-level distribution shown in Figure 4.

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⁷ Germany's Supply Chain Due Diligence Act (UN Global Compact, March 2026) reports 74 of 254 companies (29%) detected violations in their LkSG disclosure, based on direct parsing of the structured BAFA questionnaire fields. The conditional groups used in this report (57–99 companies) are derived independently from the HREDD typology database, in which retrieval-augmented inferential coding captures evidence of active remediation from disclosure narratives in addition to formal BAFA checkboxes; see the Appendix for a full reconciliation.

FIGURE 4: Remediation Practices and Indicators – Adoption at a Glance



Horizontal bar chart of 25 remediation P-codes and 4 E-indicators, grouped into the three practice orientations and the effectiveness indicators (Identification & Mitigation; Formal Corrective Action; In-depth / Collaborative; Effectiveness Indicators) and sorted by adoption rate within each group. Solid bars show population rate (n=254); lighter extensions show the conditional rate when the practice is triggered. Each group header reports its mean. The dashed vertical line marks the 75% field-standard threshold. Domain overview; individual practice cards follow in Sections II–IV.

Source: LkSG disclosure analysis, n = 254 companies.

What disclosure data cannot tell us is whether non-detection reflects genuine risk absence, effective upstream prevention, monitoring that has not yet reached operational depth, or remediation that flows through collaborative initiatives without traversing the §7 detection gate.

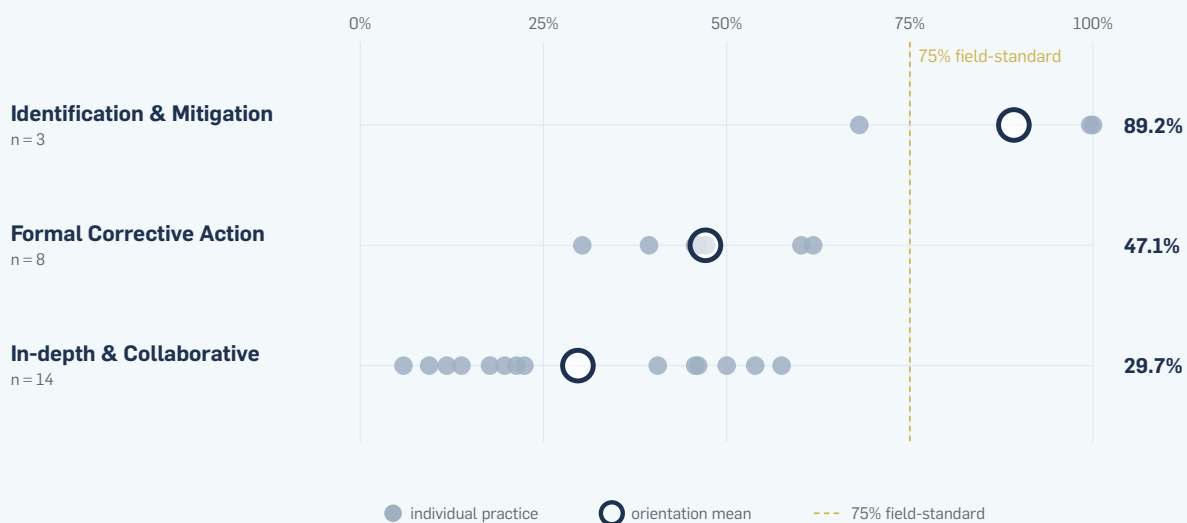
The **compliance gaps emerge not at the population level but within the group of companies remediating.** Among them, time-bound deadlines are set in fewer than one in three own-business cases (P104: 31.6%) and fewer than half of direct-supplier cases (P108: 47.1%). Deadlines are the practice in this domain with the highest internal commitment cost: setting a date creates accountability that an open-ended remediation plan does not. Affected-party consultation (P132) reaches 60.6% – two in five §7-triggered remediators design remediation without input from those harmed. Process verification (E004 follow-up audits, E013 root cause analysis, E017 completion tracking) reaches 56–60% among acting remediators, and procedural verification of remediation at the direct-supplier tier (P116) reaches 95.6%. **Among actors, the procedural verification scaffold is largely in place – but outcome verification (E014, whether remediation actually ended the violation) trails at 33%.** For two-thirds of corrective action among the most engaged remediators, the record shows that something was done, not that the underlying violation was resolved. These are the substantive shortfalls under GP 22: not whether corrective action is initiated, but whether it is time-bound, intensive, and rights-holder-centred.

The **identification gradient is steady at own-business (100%) and direct-supplier (99.6%) tiers, but breaks at the indirect tier** (53.9% population; 73.7% even among the 99 §7-triggered remediators, the only identification procedure that sits below field-standard at either denominator). The remediation gradient is less orderly. Documented remediation at direct suppliers (P121, 22.4%) edges out own-business documented remediation (P120, 19.7%) – likely because supplier audit processes generate more systematic records than internal compliance reviews. Indirect-supplier remediation (P122, 17.7%) records the lowest population rate in the domain – only 45 companies report any sort of indirect-tier remediation activity. Each tier further from own business pairs such weaker identification capacity with weaker remediation follow-through, and the indirect tier sits at the bottom on both. This gradient is consistent with the LkSG's staggered design: own operations carry full duties, direct suppliers carry risk-based duties, and indirect suppliers come within scope only where the company has substantiated knowledge of a violation (§9 LkSG).

B. Remediation Orientations: Identification, Formal Action, and In-depth Practices

The practices in this domain can be organized into **three orientations that reflect different levels of operational investment in remediation**. The mean adoption rates within each orientation reveal a steep gradient (Figure 5): identification and mitigation practices average 89.2% across the sample; formal corrective action practices average 47.1%; and in-depth or collaborative remediation practices average 29.7%.

FIGURE 5: Remediation Orientations – Mean Adoption by Orientation



Large dot = orientation mean. Small dots = individual practice adoption rates. Dashed line = 75% field-standard threshold. Source: LkSG disclosure analysis, n=254.

Orientation I. (Identification and Mitigation) captures the practices that establish that violations exist and impose immediate harm-reduction obligations. Their high adoption reflects statutory minimum requirements and the fact that identification – even where it requires proactive effort such as site visits and interviews – is a prerequisite that companies cannot credibly omit from their public LkSG disclosures.

Orientation II. (Formal Corrective Action) captures the practices that convert findings into structured remediation obligations: corrective plans, monitoring, verification, supplier performance consequences, and termination logic. Their adoption at 47.1% reflects the field-standard for companies that have moved beyond identification toward remediation management.

Orientation III. (In-depth and Collaborative Remediation) captures the practices that involve sustained operational engagement: on-site support, capacity building, deadline enforcement, indirect tier intervention, and consultation with affected parties. Their adoption below 30% indicates that substantive remediation depth remains exceptional across the sample.

At its first-cycle maturity, LkSG compliance in the remediation domain is principally an identification and mitigation system. Corrective infrastructure exists in close to half the sample; depth infrastructure in fewer than a third. This is a foundation, not yet the remediation system that GP 22 envisions. The challenge for the next reporting cycle is straightforward: **companies that identify violations should aim for comprehensive disclosure, namely in the areas of corrective action, monitoring, and stakeholder engagement.**

C. Implications for Rightsholders

Clearly defined remediation processes provide a rights-holder whose rights have been violated and identified as such with three forms of assurance: a deadline for correction, verification of completion, and consultation in designing the remedy.

Among §7-triggered remediators, 60.6% document consultation with affected parties (P132) – meaning **39.4% of §7-triggered remediators design remediation without input from those harmed.** This is a defining gap for rights-holders within the acting group: they bear the direct impact of remediation decisions they had no part in shaping. GP 22's requirement that companies "consider the views of potentially affected stakeholders" is among the clearest normative expectations in the remediation domain, and its partial adoption suggests a discrepancy between international standards and current rights-holder engagement.

Mitigation (68.1%) and immediate action on severe violations (45.7%) point to a clear pattern: **companies respond more readily to acute harm than to systemic or diffuse violations.** The slower-moving work – corrective action, monitoring, verification – that addresses chronic labour-rights conditions and cumulative environmental degradation trails the capacity to respond to visible crises.

D. CSDDD Outlook

The gaps documented here are not artefacts of the LkSG: **identification-heavy first-cycle patterns are likely to recur in any mandatory remediation regime,** including the CSDDD as it applies across the EU from 26 July 2029. In Germany, the 280 corporate groups identified by SOMO⁸ as in scope of the post-Omnibus CSDDD are a subset of this study's sample, so the adoption rates reported here can be read as a forward baseline for Articles 11–12 compliance. Two features of the CSDDD will press hardest on the gaps documented here. Its risk-based **"chain of activities" scope reaches beyond the direct-supplier tier where LkSG remediation currently concentrates, and its explicit attention to whether measures are effective – not merely adopted – will require companies to close the outcome-verification gap this report documents.** The CSDDD's narrower scope (5,000+ employees, >€1.5bn) selects for companies with higher §7-trigger rates than LkSG covers. The population/conditional gap documented in [Section VI](#) will compress accordingly: as the scope filter selects for companies that already detect, the detection-gradient share of cross-company variation falls, and what remains is variation in remediation behaviour itself. The challenge for the next reporting cycle is to convert identification capacity into verified correction: to move from a remediation system that documents response into one that confirms outcome.

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⁸ SOMO (April 2026), *Updated Datahub shows 1,400 corporate groups covered by weakened CSDDD*. The Datahub identifies 2,907 individual companies in 1,447 corporate groups worldwide that meet the post-Omnibus CSDDD thresholds (more than 5,000 employees and over €1.5 billion turnover). Germany hosts the largest EU cohort at 280 corporate groups.

APPENDIX 1: METHODS REFERENCE

SAMPLE COMPOSITION

- **N = 254 companies** drawn from LkSG disclosure registry (all companies $\geq 3,000$ employees, Phase 1 LkSG threshold)
- **16 sectors** (aggregated from 25 raw industry classifications based on NACE codes sourced from Moody's Orbis)
- **Size distribution:** 3,000 – 10,000 employees (n=154), 10,000 – 50,000 (n=72), >50,000 (n=28)
- **Data collection:** June – July 2025 (report identification and coding); analysis period January – March 2026

CODING APPROACH

- Binary presence/absence coding for all 141 practices (P001–P141) and 25 effectiveness indicators (E001–E025)
- Double-coded for Database 2 (typology database); single-coded for Database 1 (LkSG implementation analysis)
- LLM-assisted extraction with human review; latent content analysis applied to maturity scoring
- The LkSG §10 disclosure itself is the GP 21 compliance act; it is not coded as a separate practice

MATURITY TYPOLOGY

Companies are classified into four maturity tiers based on P-score (proportion of all 141 P-series practices disclosed) and E-score (proportion of all 25 E-series indicators disclosed). Thresholds (70%/40%) determined empirically; see the full Methods paper for sensitivity analysis.

LIMITATIONS

- **Disclosure $\neq$ Implementation:** Presence in disclosures does not establish operational reality
- **Non-response bias:** Early filers over-represent high-risk sectors and larger companies with more mature HREDD systems
- **E-series framing:** E-series indicators measure whether companies have adopted practices to track effectiveness – not whether due diligence structures are actually effective
- **Binary coding:** Scores reflect disclosure breadth, not implementation depth or quality

SAMPLE REPRESENTATIVENESS

The sample of 254 companies is drawn from the LkSG disclosure registry and represents the set of Phase 1 filers ($\geq 3,000$ employees) whose 2023 or 2024 disclosures were available for coding at the time of data collection (June–July 2025). Phase 1 covers approximately 900 companies in scope in year one per LkSG reporting, and the sample therefore represents a non-random subset of that population. Early filers tend to over-represent high-risk sectors and larger companies with more mature HREDD systems; the sample is accordingly biased toward the upper end of the field on both practice adoption and effectiveness tracking. Findings should be read as a characterisation of *filed disclosure practice among German Phase 1 LkSG filers*, not as a population-level estimate of HREDD practice in German companies more broadly.

SECTOR ATTRIBUTION

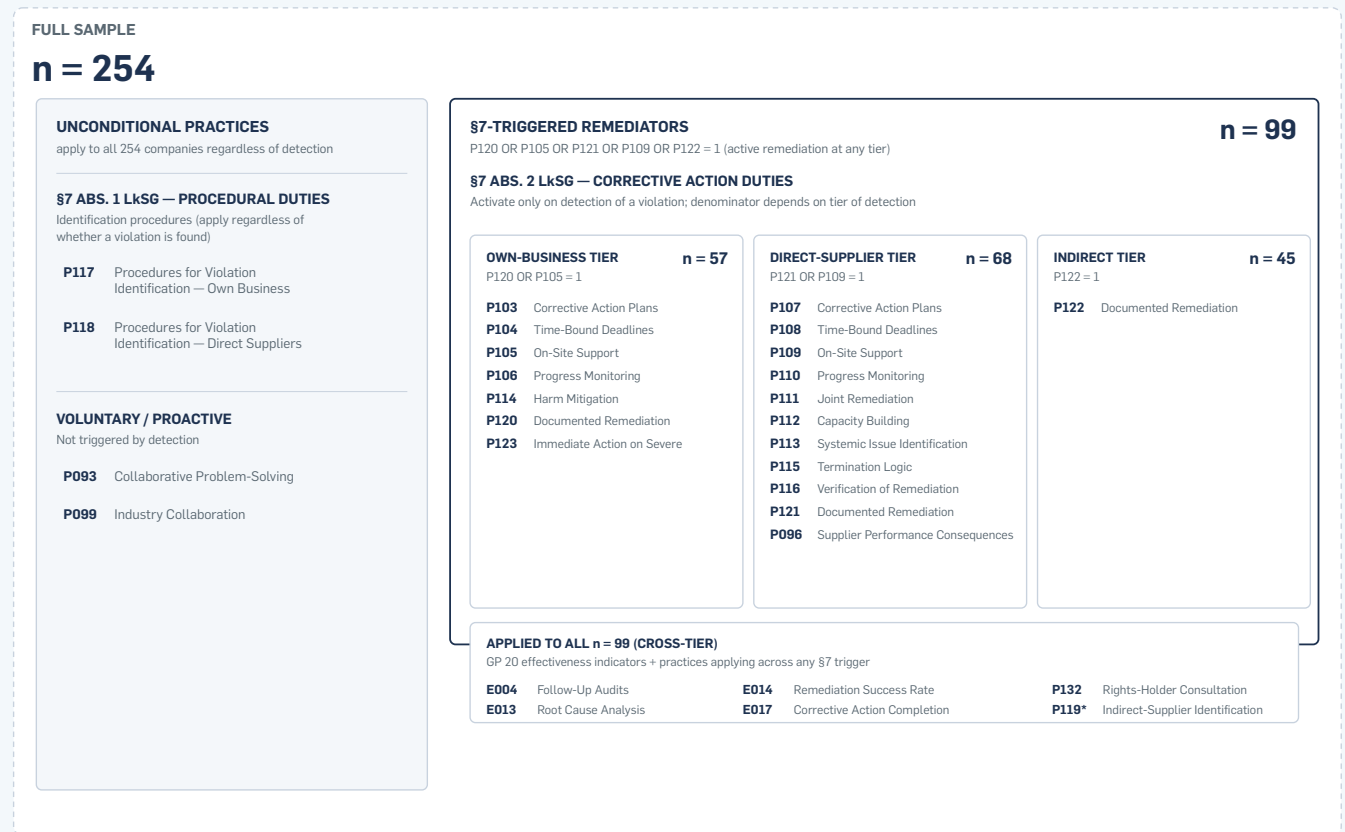
Every company in the sample is assigned to one of 25 granular industry categories and one of three employee size bands (3,000 – 10,000; 10,000 – 50,000; > 50,000). The granular categories are aggregated to the 16 sectors shown in Figures 1 and 3 using a fixed rule applied consistently across all five domain reports in this series. Six industrial categories – Aerospace & Defense, Electronic & Electrical Equipment, Industrial Engineering, Industrial Support Services, Industrial Transportation, and Industrial Metals & Mining – aggregate to “Industrial Goods”; Chemicals and Pharmaceuticals & Biotechnology aggregate to “Chemicals & Pharma”; Software & Computer Services and Technology Hardware & Equipment aggregate to “Technology”; and Diversified, Research & Education, and Social Services aggregate to “Other Services”. Each remaining category maps to a single report sector, several under a shortened label: Food & Beverages to “Food Producers”, Gas, Water & Multiutilities to “Utilities”, Medical equipment & services / Health care providers to “Health Care”, Construction & Materials to “Construction”, Real Estate Investment & Services to “Real Estate”, and Telecommunications equipment & service providers to “Telecommunications”. Automobiles & Parts, Financial Services, Media, Personal Goods, Retailers, and Travel & Leisure retain their labels.

Conditional Rate Architecture

The report uses conditional adoption rates because most remediation practices under LkSG §7 activate only when a violation has been detected. Reporting the share of all 254 companies that set time-bound deadlines for own-business remediation, for example, would include the 197 companies with no detected violation triggering that obligation – depressing the rate to a figure that tracks the rarity of detection rather than the depth of corrective practice. Conditional rates measure each practice within the subset of companies where the obligation actually applies.

Four conditional denominators are used. Among the 254 companies in the sample, 99 show evidence of active remediation at any tier – defined as P120 or P105 or P121 or P109 or P122 = 1, the five codes used to identify active §7-triggered remediation across the own-business (P120, P105), direct-supplier (P121, P109), and indirect-supplier (P122) tiers. Within this group of §7-triggered remediators, three tier-specific subsets are used: 57 companies acting at the own-business tier (P120 or P105 = 1), 68 acting at the direct-supplier tier (P121 or P109 = 1), and 45 with documented indirect-tier remediation (P122 = 1). Effectiveness indicators (E004, E013, E014, E017) and cross-tier practices (P132 rights-holder consultation; P119 indirect identification procedures) are computed against the n=99 group.

Figure A1: Conditional rate architecture for the remediation domain. Each P-code and E-code is mapped to its denominator group; conditional cards in Sections II–IV display the When-triggered rate computed against the indicated subset.



The conditional/unconditional distinction tracks the LkSG §7 structure. Procedural duties under §7 Abs. 1 – identification procedures at the own-business (P117) and direct-supplier (P118) tiers – apply regardless of whether a violation is found, and are reported at the population level only. Industry collaboration (P099) and collaborative problem-solving (P093) are voluntary practices not triggered by detection, also reported at the population level only. Corrective action duties under §7 Abs. 2, together with effectiveness tracking under GP 20, activate on detection of a violation and carry both a population and a conditional rate.

APPENDIX 2: ACRONYMS

BAFA	Bundesamt für Wirtschaft und Ausfuhrkontrolle (Federal Office for Economic Affairs and Export Control)
BMAS	Bundesministerium für Arbeit und Soziales (Federal Ministry of Labour and Social Affairs)
CSDDD	Corporate Sustainability Due Diligence Directive (EU)
E-score	Effectiveness score – proportion of 25 E-series effectiveness indicators disclosed by a company
GP	Guiding Principle (UN Guiding Principles on Business and Human Rights)
HREDD	Human Rights and Environmental Due Diligence
LkSG	Lieferkettensorgfaltspflichtengesetz – German Supply Chain Due Diligence Act (2023)
NGO	Non-Governmental Organisation
P-score	Practice score – proportion of 141 P-series practice codes disclosed by a company
PSCI	Pharmaceutical Supply Chain Initiative
RAG	Retrieval-Augmented Generation (AI extraction technique used in coding disclosures)
SOMO	Centre for Research on Multinational Corporations
UN	United Nations
UNGP/UNGPs	UN Guiding Principles on Business and Human Rights (Ruggie Framework, 2011)

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