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Reporting Beyond Process: How Corporate Human Rights Disclosure Evolves with Mandatory HRDD Legislation in German Multinationals

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Abstract

Companies increasingly report on human rights, but it remains unclear whether corporate disclosures reflect outcomes. This research analyses how Human Rights Due Diligence (HRDD) has been publicly reported between 2017–2024 and to what extent 5 German companies reported outcomes rather than procedures. Through a text analysis of 85 corporate reports, disclosures are mapped against the United Nations Guiding Principles (UNGPs) six HRDD stages and classified as process- or outcome-oriented. The findings demonstrate formal alignment with national and international standards and an increase in procedural detail after 2023. However, outcome disclosure remains limited and fragmented, confined to grievance and remediation.

Keywords: Human Rights Due Diligence (HRDD); Corporate Reporting; Outcome-Oriented Disclosure; German Supply Chain Act (LkSG); Mandatory Due Diligence; EU Multinationals; Longitudinal Document Analysis.

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1. Introduction

Multinational enterprises are expected to conduct Human Rights Due Diligence (HRDD) – the process by which firms identify, prevent, mitigate and account for adverse impacts related to their own operations or business relationships (Hess, 2025) - yet persistent concerns remain about whether corporate reporting reflects meaningful protection of rightsholders or primarily describes internal procedures (Park 2024). Companies increasingly publish policies, risk assessments and governance structures, but it is far less clear whether these disclosures demonstrate concrete prevention, mitigation or remediation of adverse impacts (McCorquodale and Nolan 2021; Rogerson et al. 2024). This tension between extensive procedural transparency and limited evidence of outcomes motivates growing academic and regulatory scrutiny (Deva 2023).

In this debate, it is important to distinguish between process-oriented and outcome-oriented HRDD. While the establishment of due diligence systems may itself be regarded as an achievement, international standards such as the UN Guiding Principles on Business and Human Rights frame HRDD primarily as a set of processes whose underlying purpose is to prevent, mitigate and remediate adverse human rights impacts (McCorquodale and Nolan 2021). Thus, in this study, process-oriented disclosure refers, namely, to the reporting of policies, governance structures, system descriptions and training, or audits that indicate formal compliance or managerial diligence. On the other hand, outcome-oriented disclosure refers to evidence that these processes have led to identifiable prevention, mitigation, or remediation effects for affected rightsholders, including concrete risk assessment scores, verified improvements, or remediation consequences (Rogerson et al. 2024).

The importance of this distinction extends beyond conceptual clarity. For rights-holders, the value of HRDD lies not in corporate promises but in measurable reductions in exploitation and abuse (World Benchmarking Alliance 2023). For policymakers, understanding whether disclosure requirements generate actionable information or merely “tick-box” reports is essential to refining the EU Corporate Sustainability Due Diligence Directive (CSDDD) and future national measures (Deva 2023; Gonzalez and Aguinaga 2024). If mandatory laws produce only procedural transparency, they risk legitimizing business models that perpetuate harm while cloaking them in the language of responsibility (Fasterling 2016). For corporations, the study offers a mirror: it reveals how leading German firms are translating legal requirements into ethically meaningful human rights practices, and which approaches may help strengthen this alignment (Hess 2025; Lambooy 2010).

Although HRDD is now mandated in several European jurisdictions, including France’s Duty of Vigilance Act and Germany’s Supply Chain Due Diligence Act (LkSG), existing research has not systematically examined how such laws may influence the balance between process-oriented and outcome-oriented disclosure, particularly how reporting practices evolve across sectors over time. As European legislation shifts from voluntary guidelines to binding obligations, understanding what companies actually disclose, and whether regulatory change may alter disclosure behaviour, remains an open empirical question (Dupont, Pietrzak, and Verbrugge 2024).

The German LkSG offers a particularly relevant setting for this analysis: as a detailed national regime that requires companies to establish risk-management systems, conduct regular risk assessments, take preventive and remedial measures and report publicly on their due diligence (Federal Ministry of Labour and Social Affairs 2021), it provides a structured context in which to assess how firms communicate HRDD. Examining five large German-headquartered multinationals across diverse sectors from 2017–2024 enables a longitudinal, cross-company assessment of disclosure patterns before and after the Act’s entry into force.

The Work Project begins by outlining the development of HRDD standards and the documented gap between procedural disclosure and demonstrated outcomes, setting the foundation for the research question. It then explains the qualitative document-analysis approach, the rationale for selecting five German-headquartered multinationals. The empirical analysis examines how companies disclose HRDD practices across the UNGP (United Nations Guiding Principles on Business and Human Rights) stages, revealing strong procedural alignment but limited outcome evidence. The discussion interprets these patterns in light of legal design, methodological constraints and supply-chain structures, while also discussing sectoral variation and the possible influence of the LkSG. It concludes by summarizing the key insights and identifying implications for research, practice and policy.

2. Literature Review

This literature review examines how Human Rights Due Diligence (HRDD) has been conceptualized, implemented, and evaluated in corporate practice. It first outlines the normative foundations of HRDD and the expectations embedded in international standards. It then reviews empirical research on corporate disclosure practices, focusing on the distinction between procedural reporting and evidence of outcomes. The review further examines institutional, legal, and structural explanations for persistent gaps between process and impact, before tracing how these dynamics have evolved as European regulation has shifted from soft-law guidance to binding obligations.

2.1. Foundation: HRDD Norms and Expected Practice

The United Nations Guiding Principles on Business and Human Rights (2011) establish HRDD as the mechanism by which firms fulfil their responsibility to respect human rights (McCorquodale and Nolan 2021). The UNGPs framework defines four core stages: (i) conducting human rights impact assessments to identify actual and potential harms; (ii) integrating assessment findings into corporate decision-making and operations; (iii) tracking the effectiveness of responses through monitoring and measurement; and (iv) communicating externally to demonstrate how impacts are being addressed (McCorquodale and Nolan 2021;

Rogerson et al. 2024). This framework is reinforced by complementary standards, such as the OECD Guidelines for Multinational Enterprises, which reinforce a risk-based, stakeholder-informed approach (McCorquodale and Nolan 2021; OECD 2023).

The normative expectation seems clear: HRDD is not a disclosure exercise but an outcome-oriented operational process (McCorquodale and Nolan 2021; Kvalø, Mortensen, and Berge 2023; Deva 2023). As Park (2024) argues, HRDD "requires that companies identify, prevent, mitigate, and account for how they address actual and potential violations of human rights" with the intent that firms demonstrate they "know and show" their responsibility to respect rights through tangible prevention, mitigation and remediation. The literature thus treats HRDD as a standard measured by effects on people, whether harms are actually prevented, reduced or remedied, not merely by the presence of policies or audits.

2.2. The Process/Outcome Gap: Empirical Evidence

Despite the apparent normative clarity, empirical research documents a systematic disjunction between process and outcome in corporate HRDD disclosures. McCorquodale and Nolan (2021) and the Corporate Human Rights Benchmark´s 2020 assessment report a consistent pattern: firms frequently disclose HRDD policies, risk matrices, supplier codes, training programmes and grievance mechanisms, yet offer weak or non-comparable evidence of whether harms were actually prevented, reduced or remedied (McCorquodale and Nolan 2021; Rogerson et al. 2024). Similarly, content analysis of EU-listed firms' 2019 disclosures shows that while 51% of the companies report medium to high levels of policy and commitment statements, their disclosures on the actions underpinning HRDD remain sparse, leaving unclear how potential or actual risks are managed in practice (Rogerson et al. 2024).

The gap persists even under early mandatory regimes: the German government´s own 2020 monitoring of the National Action Plan (NAP) (the Federal Government's comprehensive policy strategy to implement the UNGPs, adopted in 2016) found that only 13–17% of large

German enterprises had adequately incorporated HRDD elements (Federal Foreign Office 2017; McCorquodale and Nolan 2021).

2.3. Why the Gap Persists: Institutional and Legal Mechanisms

Three overlapping explanations account for this persistent pattern. First, organizational incentives. HRDD process measures are easier to routinize, document and report than the systemic purchasing changes, supplier investment and remedial interventions needed to produce outcomes (Park 2024). Second, legal design. Disclosure-oriented regimes and laws that mandate procedural statements without specifying outcome requirements create incentives to prioritize reportable steps over substantive change (Rogerson et al. 2024). Where enforcement is weak, liability pathways are burdensome for claimants, or where laws frame HRDD as an obligation of "means" (process) rather than an obligation of "result" (outcome), firms face reduced pressure to demonstrate impact (Deva 2023). Both the French Duty of Vigilance Act (2017) and the German Supply Chain Due Diligence Act (2023) (LkSG) frame HRDD as a risk-based, process-oriented obligation. Firms must conduct assessments and take steps to prevent harm, but the laws do not typically require proof that harms were actually prevented or remedied (Légifrance 2021; Federal Ministry of Labour and Social Affairs 2021). The EU Corporate Sustainability Due Diligence Directive (2024) (CSDDD), similarly structured as a process mandate, signals that future European regulation will likely maintain this pattern unless explicitly linked to outcome-verification mechanisms (Correia 2024). This design allows firms to fulfil legal obligations by executing procedures rather than by demonstrating outcomes. Third, power asymmetries and leverage constraints. Many multinational enterprises lack sufficient leverage or willingness to enforce human rights standards across fragmented supply chains, particularly where suppliers are numerous, geographically dispersed or serve multiple clients (Deva 2023; Smit et al. 2020). The gap between disclosure and action thus coexists with institutional incentives but also the structural difficulty of achieving outcomes in complex, globalized value chains where no single actor bears sole responsibility (Deva 2023; Smit et al. 2020).

2.4. Temporal Evolution: From Soft Law to Hard Law (2017–2024)

A critical dimension of this gap is its temporal evolution across the transition from soft-law encouragement to binding legal obligations.

In the context of soft-law (2011–2016), under the UNGPs and NAPs alone, HRDD adoption was voluntary and reporting sparse. While leading firms began piloting Human Rights Impact Assessments (HRIAs) and stakeholder engagement, broad uptake remained limited and inconsistent (McCorquodale and Nolan 2021; Deva 2023; Faracik 2017). France´s Duty of Vigilance Law (2017) marked the first binding HRDD obligation in Europe, requiring large firms to disclose vigilance plans that identify risks and preventive measures (Park 2024; Gonzalez and Aguinaga 2024; Bright 2021). This law introduced civil liability for negligence in due diligence, signalling that procedural failure could trigger legal exposure (McCorquodale and Nolan 2021). Empirical research shows that the period (2017–2022) is characterized by expanded disclosure volumes and more formalized HRDD processes. However, the emphasis remained procedural and even under the French law´s liability threat, firms often disclosed process elements while offering limited evidence of actual harm prevention or remediation (Rogerson et al. 2024). Germany´s LkSG (adopted June 2021, implemented for firms with more than 3,000 employees in January 2023 and then 1,000 employees in January 2024) extended mandatory HRDD further, requiring risk assessments, preventive action planning, grievance mechanisms and annual monitoring (Federal Ministry of Labour and Social Affairs 2021). Early evidence indicates renewed disclosure activity following the LkSG's entry into force, with the pattern of process-over-outcome reporting persisting (Federal Foreign Office 2017; McCorquodale and Nolan 2021; Holst et al. 2021).

2.5. Research Gap and Research Question

Taken together, this literature highlights a persistent gap between procedural HRDD disclosure and evidence of substantive outcomes. Existing empirical research has examined disclosure practices within single regulatory moments or under individual legal regimes. However, less attention has been paid to how corporate HRDD disclosures evolve over time as regulatory expectations harden from soft-law guidance to binding legal obligations. This temporal perspective is important because it enables comparison of corporate HRDD disclosure patterns over time, particularly the balance between procedural compliance and outcome-oriented accountability under mandatory legal frameworks. How do corporate HRDD disclosure patterns under mandatory laws like the German LkSG differ in their emphasis on outcome-oriented versus procedural reporting? How have leading EU-headquartered firms adjusted their reporting in response to liability exposure and legislative hardening? This study explores these questions through the following research question: To what extent do EU-headquartered multinational enterprises´ public HRDD disclosures demonstrate outcome-oriented action (prevention, mitigation, and remediation) versus process-focused reporting? How have these disclosure patterns evolved before and after the entry into force of mandatory HRDD laws, specifically the German Supply Chain Due Diligence Act (2023–2024)?

3. Methodology

This research is guided by the question of how EU-headquartered multinational enterprises publicly disclose HRDD, particularly the balance between process-oriented and outcome-oriented reporting, and how these disclosure patterns vary across the LkSG regulatory period (2017-2024). These questions justify the choice of an interpretive qualitative design that embraces contextual understanding over measurement (Thorne 2025; Bryman 2008).

Thus, this paper adopts a qualitative and interpretive research design to explore how European multinational enterprises disclose their HRDD practices between the years 2017–

2024. This research is interpretive in that it moves beyond mere description to systematically analyze the gap between firms' stated commitments ('talk-disclosure') and evidence of practical action ('action-disclosure') to discern strategic intent and latent patterns in corporate accountability. This process, consistent with the foundational idea of qualitative inquiry, requires the researcher to interpret meanings ascribed by the texts rather than solely reporting surface data (Creswell and Poth 2018; Bryman 2008). Text analysis is particularly suitable for this aim (Thorne 2025), as it allows a close reading of textual materials in order to understand how companies communicate their human rights responsibilities and whether these communications reflect genuine outcome-oriented engagement or remain at the level of procedural compliance (Rogerson et al. 2024). In this sense, the research treats corporate disclosures as social artefacts that communicate institutional self-presentation and evolving understandings of business responsibility. Consistent with Rogerson et al. (2024), this analysis assumes that reporting practices function as strategic responses to institutional expectations, revealing how firms conceptualize their human rights responsibilities and the maturity of their HRDD engagement and adopts the distinction between process-oriented and outcome-oriented disclosure to characterize the strategic nature of reporting practices.

3.1. Empirical Setting

The analysis is situated within the legal context created by the LkSG and the broader European legislative developments, such as the forthcoming Corporate Sustainability Due Diligence Directive (CSDDD). This context outlines evolving regulatory expectations governing corporate human rights conduct and reporting. In line with the study’s human rights focus, the analysis is limited to the human rights components of the LkSG, deliberately excluding the environmental due diligence obligations that the Act also encompasses.

Following a purposeful case selection strategy aimed at ensuring both regulatory comparability and sectoral diversity (Thorne 2025), five German-headquartered multinational enterprises were selected: Allianz SE, Adidas AG, Merck KGaA, Siemens AG and Volkswagen Group. These companies were chosen for their comparability because they fall within the scope of the LkSG, have extensive international operations, and publish comprehensive sustainability or human rights reports accessible in English. Concentrating on German firms provides a coherent legal and regulatory context, allowing the analysis to identify disclosure practices in relation to a single national legislative framework while still capturing cross-sector variation. The selected companies represent a wide range of sectors, including financial services, industrial manufacturing, consumer goods, automotive, and pharmaceuticals. This diversity enables a comparative examination of how HRDD is articulated in different industry settings with distinct risk profiles and supply-chain structures (Rogerson et al. 2024). The sample was partly shaped by convenience considerations, as only firms with accessible, sufficiently detailed public HRDD disclosures could be included. Convenience sampling is considered acceptable in qualitative research when access and feasibility limit the available data (Thorne 2025).

3.2. Data Sources

The analysis draws exclusively on publicly available corporate and regulatory documents. The main sources comprise a total of 85 corporate documents (with an average of 17 per company; see **Appendix 1**), including annual and sustainability reports, non-financial statements prepared in accordance with the German Commercial Code and the LkSG, as well as governance or compliance materials published on companies' official websites. Supplementary sources, including benchmark studies such as the Corporate Human Rights Benchmark and selected academic or policy commentaries, were consulted for contextual understanding but were not part of the core dataset. Inclusion was limited to documents officially issued or endorsed by the selected companies to ensure the authenticity of the analysed material. The analysis covers corporate human rights reports published between 2017 and 2024. The starting point of 2017 reflects the emergence of a qualitatively new HRDD reporting environment following France's

Corporate Duty of Vigilance Law, the first mandatory and liability-backed HRDD statute (Gonzalez and Aguinaga 2024; Bright 2021), which catalyzed subsequent EU developments, including the German LkSG and the CSDDD proposal (Smit et al. 2020; Bright et al. 2020; Bright 2021). Prior disclosures (2011–2016) were predominantly voluntary and insufficiently comparable to later, more structured practices for systematic analysis. The end point of 2024 corresponds to the most recent reporting cycle for which complete corporate disclosures are publicly available. This 2017–2024 window thus provides a coherent and feasible dataset for examining HRDD reporting trends and establishing a relevant pre- and post-LkSG basis for comparison (McCorquodale and Nolan 2021). All data were collected between October and November 2025 and systematically archived in digital format for reference and traceability.

3.3. Data Analysis

To categorize disclosure content into procedures and displayed outcomes, the analysis draws on the HRDD cycle established in the United Nations Guiding Principles on Business and Human Rights (UNGPs) and further elaborated in the OECD Guidelines for Multinational Enterprises. The HRDD process is fully understood as encompassing six interrelated stages: (1) policy commitment, (2) risk and impact assessment, (3) integration of findings into management action, (4) tracking of outcomes, (5) external communication, and (6) access to remedy (United Nations 2011; OECD 2023; see **Appendix 2**).

The data were analysed through qualitative, manual coding guided by the stages of the HRDD cycle. Each company's disclosure materials were reviewed repeatedly to identify statements corresponding to the six HRDD elements (Rogerson et al. 2024; Bryman 2008). The analysis employed a dual interpretive lens, distinguishing between process-oriented and outcome-oriented evidence, as explained above (see **Appendix 3**).

Document analysis was conducted manually. Relevant excerpts from the reports were extracted and organized in tabular form (see **Appendix 4**) using Google Sheets to facilitate comparison across companies (Bryman 2008). No formal qualitative coding scheme was applied. The aim was not to generate quantitative counts but to capture patterns and qualitative distinctions across companies (Bryman 2008). Once the material was systematized, the findings were examined comparatively to identify similarities, differences, and sector-specific tendencies. Interpretation was drawn on the substantive requirements of the LkSG, particularly regarding risk management, preventive and remedial measures, and reporting obligations, as well as the broader normative standards of the UNGPs and OECD Guidelines. The analysis thus examined whether corporate disclosures indicate compliance-driven proceduralism or provide outcome-oriented evidence regarding HRDD practices.

The study addresses reliability through consistent application of the analytical framework and transparent documentation procedures, and validity through coherent alignment between the research questions, coding categories, and the textual evidence used to support interpretations (Thorne 2025).

4. Presentation of Findings

4.1. HRDD Implementation Across the Six UNGP Stages

Disclosures across the five companies from 2017–2024 show three recurring patterns. First, (a) reporting is strongly aligned with the UNGPs and extensively describes HRDD procedures, while providing limited evidence of concrete outcomes (**Appendix 5**). Second, (b) reporting becomes more structured and formalized after 2023, with strengthened procedural detail rather than expanded outcome-oriented disclosure. Third, (c) sectoral differences persist, with firms in higher-risk or more complex supply chains providing more detailed procedural reporting than those with lower direct exposure.

Analytical dimension	Observed pattern
Process vs Outcome orientation	Across all five companies, HRDD disclosures are predominantly process-oriented, with extensive reporting on policies, governance structures, risk assessments, and procedures, while evidence of concrete prevention, mitigation, or remediation outcomes remains limited.
HRDD Stages with Outcome Evidence	Outcome-oriented information appears most consistently at the access to remedy stage, primarily through grievance data. Even here, disclosures are typically aggregated and provide limited detail on the nature of harms, remedies provided, or effectiveness of redress.
Temporal Structuring of Disclosure	Disclosures published after 2023 display more structured and formalized reporting, particularly regarding risk analysis, governance responsibilities, and grievance mechanisms. This increased structuring is not accompanied by an expansion of outcome-oriented disclosure.
Sectoral Variation	Firms operating in higher-risk/more complex supply chains disclose more extensive procedural detail, particularly on supplier audits and risk screening. Sectoral variation affects the form and volume of disclosure rather than producing substantively richer outcome-oriented reporting.

Table 1. Overview of HRDD Disclosure Patterns (2017-2024)

4.1.1. Policy Commitment (Stage 1)

Disclosures are uniformly mature and highly process-oriented. All companies articulate alignment with major frameworks such as the UNGPs, OECD Guidelines and ILO Conventions, often embedding these into internal codes of conduct or policy statements. Adidas and Merck formalized their commitments early and review them regularly, while Allianz, Siemens and Volkswagen strengthened policy specificity in later years. These statements demonstrate institutional commitment but provide little evidence of operational impact, reflecting the declaratory nature of this HRDD stage and aligning with broader critiques of "talk-heavy" (McCorquodale and Nolan 2021; Rogerson et al. 2024).

4.1.2. Risk and Impact Assessment (Stage 2)

Disclosures are among the most structurally detailed yet remain largely procedural in nature. Companies describe risk-assessment tools, screening mechanisms and mapping exercises, such as Siemens' use of an ESG risk-scanning tool and risk matrices (see **Appendix 6**), Volkswagen's regional assessments or Adidas' high-risk country mapping. Allianz reports an expanding number of transactional assessments and increasingly formalized methodologies, while Merck outlines supplier-focused risk models. However, across the sample, disclosures rarely specify the severity of identified risks, the number of affected rightsholders, or whether risk exposure changed as a result of these assessments.

4.1.3. Integration of Findings (Stage 3)

Firms describe a wide range of preventive and mitigation actions, but again with a strong procedural emphasis. Adidas reports the introduction of Corrective Action Plans[1] in high-risk contexts, Volkswagen and Siemens describe extensive supplier improvement measures, and Allianz highlights mitigation steps taken in response to transactional risks. Merck integrates findings into updated supplier codes and internal responsibilities. Yet disclosures typically

[1] A formal, time-bound set of remedial measures that a supplier must implement to address identified risks or violations and prevent their recurrence (Fair Working Conditions 2024).

describe what systems exist (training programmes, contractual clauses, escalation pathways) rather than evidence of whether these interventions improved human rights conditions. Outcome-oriented disclosure remains minimal, and companies seldom demonstrate causal links between identified risks and effective mitigation.

4.1.4. Tracking of Outcomes (Stage 4)

This remains the least substantively developed stage across all companies. Firms describe monitoring procedures (audits, dashboards or internal reviews) but rarely report whether risks diminished. Adidas provides somewhat more detailed information through established supplier audits, and Siemens and Volkswagen introduce more quantitative indicators after 2023, such as the number of Corporate Responsibility Self-Assessments (CRSAs) or types of supplier breaches. Yet even these figures describe activity volumes rather than outcomes for workers or affected communities.

4.1.5. External Communication (Stage 5)

All companies regularly publish public-facing reports that describe their HRDD approach, typically in the form of annual sustainability reports, non-financial statements or stand-alone human rights / due diligence reports. These documents usually contain a dedicated section on human rights, explaining the company's policies, risk assessment methods, supplier standards and grievance mechanisms. In the later years of the period, some reports are explicitly framed as fulfilling legal disclosure requirements (for example, by referring to the LkSG or non-financial reporting obligations), but the substantive content remains largely descriptive of systems rather than outcomes.

4.1.6. Access to Remedy (Stage 6)

Finally, all companies disclose grievance channels (whistleblowing systems, hotlines or third-party platforms) and several report the number of complaints received. Adidas provides the most detailed remediation information, describing some specific grievance outcomes. Siemens and Volkswagen report on LkSG-related complaint mechanisms and Allianz repeatedly notes that no severe violations were substantiated. Across the sample, remediation is the only HRDD stage where outcome-oriented data appear consistently, but even here disclosures are typically aggregated and lack detail on the nature of harms, remedies provided or whether redress was effective, with very few exceptions. As such, the remedy stage demonstrates not an absence of remediation, but an absence of substantive transparency, maintaining the broader talk–action gap characteristic of the dataset.

4.2 Regulatory Alignment

All selected companies fall within the scope of the LkSG, which applies to firms with at least 3,000 employees from 2023 and 1,000 from 2024 (Federal Ministry of Labour and Social Affairs 2021). The Act requires, *inter alia*, companies to issue a policy statement, establish risk-management systems, conduct regular risk analyses, take preventive and remedial measures, operate a complaints mechanism and report annually on the fulfilment of these obligations.

A distinctive feature of the LkSG's original design was its combination of substantive due diligence requirements with a dedicated statutory reporting duty. Section 10 (2) required (until September 2025) companies to prepare an annual report on the fulfilment of their due diligence obligations, submit it to BAFA (Federal Office for Economic Affairs and Export Control) and make it publicly available. In practice, companies responded in different ways: some, such as Adidas, Siemens and Volkswagen, produced complementary, autonomous LkSG or BAFA reports structured around the regulator's questionnaire, while the others chose to integrate the required elements into existing sustainability or non-financial reports rather than issuing a separate LkSG-labelled document. The absence of a standalone LkSG report was not treated as evidence of non-compliance. Instead, the analysis examined whether the substantive elements required by the Act were disclosed through any reporting channel the company adopted.

The content and framing of disclosures increasingly reflect the categories and terminology introduced by the LkSG. Across all five companies, reports published from 2023 onwards show a clear increase in procedural specificity. Firms describe risk-analysis methodologies in greater detail, identify responsible governance actors more explicitly and expand the description of preventive and corrective measures. This regulatory alignment is also evident in the rise of more standardized and quantitative reporting practices: Siemens expands its monitoring figures (e.g., CRSAs - Country and Risk Specific Assessments - and corrective measures), Volkswagen reports supplier ratings, audit outcomes and risk-screening coverage, and Merck consolidates LkSG obligations through updated group policies and supplier codes.

Taken together, these patterns indicate a convergence toward procedural standardization within HRDD reporting that mirrors the structure and expectations of the LkSG. Differences in reporting are therefore most visible in the form, detail, and framing of disclosures rather than in an expansion of verified outcome-oriented reporting, which remained comparatively limited across the entire sample.

4.3 Cross-Company Comparison

Cross-company comparison reveals clear variation in the maturity of HRDD implementation. Adidas and Merck show the most consistent maturity across HRDD stages by 2022, with full implementation of risk assessment, integration, tracking and remedy processes. Allianz exhibits strong governance and systematic risk screening, though with less detailed evidence of the effectiveness of mitigation or remediation. Adidas provides the clearest outcome information (e.g., grievance resolutions) out of all and Siemens and Volkswagen begin reporting outcome-adjacent metrics (such as corrective measures or supplier ratings), but these generally reflect activity volumes rather than demonstrated improvements in rights conditions.

A persistent talk–action gap is evident in the distance between detailed descriptions of due diligence systems and the scarcity of information on whether these systems have prevented, mitigated or remedied adverse impacts. Firms describe extensive risk analyses but rarely disclose the severity or materiality of identified risks. Preventive measures, such as training, contract clauses or supplier engagement, are described in relative detail, but their impact on harmful practices remains unclear. Remedy disclosure is the clearest example: although procedural elements of grievance mechanisms are elaborated, confirmed remediation outcomes are few, brief or absent, depending on the company analyzed.

Sectoral variation seems to further shape disclosure practices. Companies with complex or high-risk supply chains (Adidas, Siemens, Volkswagen) disclose more information on supplier audits and risk screening (see **Appendix 7** for an example of supply-chain system visualization in high-risk sectors), while firms with lower direct leverage over suppliers (Allianz, Merck) emphasize governance structures, screening tools and internal risk-management frameworks. These distinctions are associated with differences in the form and volume of disclosure but do not completely overcome the general tendency toward proceduralism.

5. Interpretation of Findings

5.1 Interpreting the Process-Outcome Gap

The persistent disjunction between procedural transparency and outcome demonstration observed across the five companies extends beyond disclosure choices. It can be interpreted in light of the interaction between procedural design of HRDD frameworks, methodological constraints, corporate incentive structures, and structural features of global value chains that limit both the production and verification of outcomes.

The procedural architecture of both the UNGPs and the German LkSG itself contributes to this dynamic in subtle but significant ways. While the UNGPs define HRDD as a process to "identify, prevent, mitigate and account for how they address their impacts on human rights," its interpretation focuses heavily on establishing systems for assessment, integration, and tracking rather than prescribing specific outcome metrics (McCorquodale and Nolan 2021). Similarly, the LkSG mandates risk analysis, preventive measures, and grievance mechanisms, but its reporting requirements emphasize procedural conformance (describing how enterprises fulfil obligations) rather than quantitative outcome targets (Federal Ministry of Labour and Social Affairs 2021). This design reflects a deliberate regulatory choice to provide flexibility across diverse business contexts, yet it inadvertently frames compliance as the successful implementation of processes rather than demonstrable harm reduction (Quijano and Lopez 2021; Deva 2023).

Compounding this design feature are profound data and methodological challenges in capturing HRDD outcomes. While companies can readily report on the existence of audits, training sessions, or grievance mechanisms, measuring whether these interventions actually prevented a forced labour case or reduced exposure to hazardous conditions requires baseline data, counterfactual analysis, and access to affected workers, information that remains notoriously difficult to obtain in multi-tier supply chains (Quijano and Lopez 2021; McCorquodale and Nolan 2021; Harrison 2023). Moreover, the lack of standardized, cross-industry operational metrics for what constitutes a “prevented” violation further enables firms to report activity volumes (such as audits or suppliers trained) rather than rights-holder outcomes (Holly et al. 2023; Harrison 2023).

This asymmetry is observed alongside corporate incentives rooted in risk management logic. The UNGPs explicitly encourage integrating HRDD into enterprise risk management systems, but this embedding carries an inherent tension: if human rights due diligence is absorbed into this managerial template, the underlying framing shifts and risks are interpreted primarily as potential harms to the company (exposure to liability, reputational damage, operational disruption) rather than harms to people. If the central risk being managed is corporate exposure rather than adverse human rights impacts, the markers of “successful” due diligence become procedural completeness and defensibility, not demonstrable improvements in the conditions of rightsholders (Fasterling and Demuijnck 2013). This dynamic helps contextualize firms´ heavy investment in documenting processes while remaining cautious about disclosing substantive impacts (Rogerson et al. 2024).

Finally, structural constraints within global value chains create genuine limits on both leverage and visibility that make outcome reporting substantively difficult (Harrison 2023). Multi-tier supply chains, particularly in industries like apparel or electronics, involve thousands of subcontractors beyond the first tier where direct contractual control is weak or non-existent (Lindsay 2021; World Benchmarking Alliance 2023). Harrison's interviews with practitioners confirm that even leading companies struggle with cascading responsibilities upstream, often lacking leverage to compel corrective action from smaller suppliers who operate on thin margins and possess limited capacity for compliance (Harrison 2023). The LkSG's limitation to direct suppliers institutionalizes this constraint, formally narrowing the scope of mandatory diligence and implicitly legitimizing outcome reporting only within that bounded perimeter (Federal Ministry of Labour and Social Affairs 2021; Dupont, Pietrzak, and Verbrugge 2024). However, one can certainly understand that non-monitored impacts from suppliers further below in the downstream supply chain may directly affect the binding assessments of direct suppliers, which ends up not being accounted for.

These interpretive lenses provide a framework for understanding the patterns identified in the findings and are revisited below in relation to regulatory context and sectoral variation.

5.2 Regulatory Contexts and Disclosure Patterns

Building on the interpretive framework outlined above, a high degree of structural and procedural standardization is evident in HRDD reporting among covered firms, particularly in the period following the LkSG's entry into force, while outcome-oriented disclosure remains modest. One plausible explanation is the LkSG's design as a procedural compliance statute which, following the UNGPs' architecture, imposes obligations of conduct ("obligation to make an effort") rather than result ("obligation to obtain a successful result") (Gonzalez and Aguinaga 2024; McCorquodale and Nolan 2021). Within this regulatory context, firms extensively document the existence of systems, rather than investing in the more demanding work of measuring and reporting whether those systems have prevented human rights harm (Dupont, Pietrzak, and Verbrugge 2024).

This limitation is observed alongside a recent shift in Germany's regulatory stance, within a regulatory environment characterized by proceduralism. In September 2025, the German government proposed eliminating the LkSG's external reporting obligation with retroactive effect from January 2023 and announcing that BAFA (Federal Office for Economic Affairs and Export Control) would discontinue its practice of systematically reviewing submitted reports (which would have only started in January 2026) (Beiten 2025). The reform was explicitly defended as a response to concerns about administrative burden and competitive disadvantage for German companies (Munich Re 2025). However, it directly curtails the transparency mechanism that had begun to institutionalize consistent HRDD disclosure and risks reinforcing a pattern where companies focus on procedural compliance, while outcome-oriented disclosures remain scarce.

The announced abolition of the LkSG's reporting duty raises broader questions about the relationship between transparency and accountability in HRDD regulation, as well as a broader tension within the emerging EU due diligence regime. The shift from Germany's national transparency model to a future framework anchored in the CSDDD and CSRD promises a more harmonized and potentially far-reaching HRDD law. However, in the short term, this transition may be redistributing and fragmenting transparency obligations across different legal instruments, reporting standards, and company-size thresholds, making it more difficult to monitor how companies identify and address adverse human rights impacts (Harrison 2023).

This transitional regulatory landscape coincides with both the verified convergence in reporting style around 2023–2024 and the variability in firms' anticipation of future requirements. Companies face overlapping and sometimes conflicting signals: the LkSG's reporting obligation may be withdrawn, yet the CSDDD will impose new due diligence duties, while the CSRD already demands human rights disclosures under a different - the European Sustainability Reporting Standards (ESRS) - framework (Hess 2025).

Ultimately, the German case features limited EU-level harmonization and the coexistence of parallel reporting regimes, alongside a regulatory framework that is proceduralist in orientation and increasingly constrained.

5.3 Sectoral and Company-Level Variation

The sectoral variations identified in the findings illustrate how these structural constraints manifest differently across industries. Manufacturers like Adidas, Siemens and Volkswagen, operating extensive multi-tier networks extending into high-risk regions, naturally confront greater complexity in mapping and monitoring human rights conditions than firms in financial services or pharmaceuticals, where value chains are shorter and more concentrated among professional suppliers. Empirical research confirms that supply chain complexity directly constrains methodological choices: tracing impacts across thousands of subcontractors makes robust rightsholder engagement demand extensive screening and outcome verification substantially more difficult (Harrison 2023).

Risk salience further distinguishes sectors. Labour-intensive industries face immediate, severe human rights risks (forced labour in apparel supply chains and hazardous conditions in electronics manufacturing) that attract regulatory scrutiny (Rogerson et al. 2024). By contrast, R&D-intensive sectors such as pharmaceuticals encounter more indirect, diffuse risks (clinical trials, raw material sourcing), making impacts harder to attribute and less salient to external stakeholders. The pattern persists: high-risk sectors disclose more supplier audit protocols, while lower-risk sectors emphasize governance frameworks, yet neither produces richer outcome reporting. Public scrutiny and brand visibility may act as a further differentiating force. Consumer-facing brands face heightened public and investor scrutiny, within which procedural disclosure is particularly prominent in corporate reporting (McCorquodale and Nolan 2021). Consequently, more scrutinized sectors report extensively on activities conducted but remain silent on effectiveness, with the process–outcome gap reproduced across all company types.

6. Discussion and limitations

This research examined how German multinational enterprises disclose Human Rights Due Diligence (HRDD) practices, asking: To what extent do these disclosures demonstrate outcome-oriented action rather than process-focused reporting, and how have patterns evolved since the German Supply Chain Due Diligence Act (LkSG) entered into force? The analysis of five firms from 2017 to 2024 yields a clear answer: while procedural standardization and increased reporting volume are observed under mandatory legislative regimes, outcome-oriented disclosure remains minimal and narrowly confined to aggregated remediation data. Companies have, after legal obligations of conduct, documented mostly systems, risk assessments and governance structures, but they have not invested proportionally in measuring or reporting whether these systems actually prevent, mitigate or remediate adverse human rights impacts. This gap seems to reflect misalignments between legal design, limited available impact measurement methods and risk-management incentives that together reinforce procedural compliance over substantive accountability.

These findings carry important implications across the academic, practice and policy domains. For the academic literature, existing evaluative frameworks tend to focus on compliance patterns, with comparatively limited attention to the perspectives of affected rightsholders (Harrison 2023; World Benchmarking Alliance 2023; McCorquodale and Nolan 2021). Future research must move beyond corporate self-reports to incorporate worker-driven data, community assessments, and independent third-party verification as primary sources for evaluating HRDD effectiveness (Rogerson et al. 2024). For corporate practice, the evidence suggests that genuine progress requires three shifts: first, investing in rigorous Human Rights Impact Assessments (HRIAs) that generate baseline data and track changes over time rather than one-off risk screenings; second, replacing internal audits with independent verification mechanisms that can credibly assess supplier conditions without commercial conflicts of interest; and third, integrating HRDD considerations directly into commercial decision-making processes (procurement, pricing, sourcing), rather than treating human rights as a compliance overlay separate from core business logic and only tied to the supply chain (McCorquodale et al. 2017; Lambooy 2010; Kvalø and Mortensen 2023). For policy, the German experience illustrates that binding due diligence obligations must be paired with clearly defined outcome-reporting standards and robust enforcement mechanisms (McCorquodale and Nolan 2021; Deva 2023; Gonzalez and Aguinaga 2024). The LkSG's procedural design, combined with the recent withdrawal of its external reporting requirement, risks institutionalizing a "tick-box" culture that satisfies legal form while leaving rightsholders' conditions largely unchanged (McCorquodale and Nolan 2021; Deva 2023).

As with any document-based qualitative study, this research faces certain limitations. Because it relies exclusively on publicly available reports, the analysis is inherently constrained by what companies choose to disclose. This limitation should therefore be kept in mind when interpreting the findings. Notwithstanding, this approach is appropriate because the study does not seek to evaluate actual HRDD performance but to analyze how firms publicly construct and justify their human rights responsibilities. Public disclosures are therefore treated as meaningful empirical material in their own, revealing strategic priorities, institutional responses, and the balance firms strike between procedural compliance and outcome-oriented accountability (Rogerson et al. 2024). A further limitation concerns the temporal context of the study. The

German LkSG entered into force in 2023, and many companies remain in the early stages of adapting their reporting structures to its requirements. Nevertheless, examining textual disclosures provides valuable insight into how companies conceptualize and communicate their HRDD responsibilities during this formative regulatory period. Ethical considerations in this research are minimal, as the study draws entirely on publicly available information and does not involve human participants. Nevertheless, attention has been paid to accurate citation, transparency of method, and neutrality of interpretation. This research aims not to critique specific companies but to advance understanding of corporate human rights accountability within an evolving regulatory landscape and the relationship between disclosure practices, legal compliance, and the representation of substantive outcomes in corporate reporting.

Whether the combination of lighter national reporting duties under the LkSG, eventual CSDDD implementation, and CSRD-based sustainability reporting may ultimately enhance or dilute public accountability for corporate human rights due diligence remains an open empirical question, one that this research can only begin to address. Future research should therefore examine the impact of these regulatory shifts through longitudinal studies, sector-specific analyses that account for distinct supply chain architectures, and comparative assessments of outcome-reporting quality under the CSDDD versus the LkSG, as well as throughout the imminent transition period with the LkSG requirements becoming lighter. Only by directly investigating what changes for workers and communities, rather than what companies claim to have changed, can scholarship and policy move toward HRDD regimes that deliver on their promise of preventing corporate human rights harm.

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8. Appendices

Appendix 1. Document Sampling List

Company	Year	Document Type
Allianz SE	2024	Supplementary Information on Sustainability & Annual Report 2024
	2023	Sustainability Report 2023 & Annual Report 2023
	2022	Sustainability Report 2022 & Annual Report 2022 & People Fact Book 2022
	2021	Sustainability Report 2021 & Annual Report 2021
	2020	Sustainability Report 2020 & Annual Report 2020

	2019	Sustainability Report 2019 & Annual Report 2019
	2018	Sustainability Report 2018 & Annual Report 2018
	2017	Sustainability Report 2017 & Annual Report 2017
Adidas AG	2024	ANNUAL REPORT 2024 & MODERN SLAVERY PROGRESS REPORT 2024 & Summary of Human Rights Complaints Handled by adidas in 2024 & Modern Slavery Risk Assessment Review 2024
	2023	ANNUAL REPORT 2023 & MODERN SLAVERY PROGRESS REPORT 2023 & Summary of Human Rights Complaints Handled by adidas in 2023
	2022	ANNUAL REPORT 2022

		& MODERN SLAVERY PROGRESS REPORT 2022 & Summary of Human Rights Complaints Handled by adidas in 2022 & Modern Slavery Risk Assessment Review 2022
	2021	ANNUAL REPORT 2021 & MODERN SLAVERY PROGRESS REPORT 2021 & Summary of Human Rights Complaints Handled by adidas in 2021
	2020	ANNUAL REPORT 2020 & MODERN SLAVERY PROGRESS REPORT 2020 & Summary of Human Rights Complaints Handled by adidas in 2020 & Modern Slavery Risk Assessment Review 2020
	2019	MODERN SLAVERY PROGRESS REPORT 2019 & Summary of Human Rights Complaints Handled by adidas in 2019 & Modern Slavery Risk Assessment Review 2019

	2018	MODERN SLAVERY PROGRESS REPORT 2018 & Summary of Human Rights Complaints Handled by adidas in 2018
	2017	MODERN SLAVERY PROGRESS REPORT 2017 & Summary of Human Rights Complaints Handled by adidas in 2017
Merck KGaA	2024	Annual Report 2024 Merck Group Policy Statement on Compliance with Human Rights and Environmental Due Diligence Obligations
	2023	Sustainability Report 2023 & Annual Report 2023
	2022	Sustainability Report 2022 & Annual Report 2022
	2021	Sustainability Report 2021 & Annual Report 2021
	2020	Sustainability Report 2020 & Annual Report 2020
	2019	Corporate Responsibility Report 2019 & Annual Report 2019

	2018	Corporate Responsibility Report 2018 & Annual Report 2018
	2017	Corporate Responsibility Report 2017 & Annual Report 2017
Siemens AG	2024	Sustainability Report 2024 + Report on the LkSG (Supply Chain Due Diligence Act) 2024
	2023	Sustainability Report 2023 + Report on the LkSG (Supply Chain Due Diligence Act) 2023
	2022	Sustainability Report 2022
	2021	Sustainability Report 2021
	2020	Sustainability Information 2020
	2019	Sustainability Information 2019
	2018	Sustainability Information 2018
	2017	Sustainability Information 2017
Volkswagen Group	2024	Annual Report 2024 + Report on the LkSG (Supply Chain Due Diligence Act) 2024

	2023	Sustainability Report 2023 & Annual Report 2023
	2022	Sustainability Report 2022 & Annual Report 2022 & Slavery and Human Trafficking Statement 2022
	2021	Anual Report 2021 & Sustainability Report 2021
	2020	Anual Report 2020 & Sustainability Report 2020
	2019	Anual Report 2019 & Sustainability Report 2019
	2018	Anual Report 2018 & Sustainability Report 2018
	2017	Anual Report 2017 & Sustainability Report 2017

Appendix 2. Human Rights Due Diligence Stages Comprehensive Scheme

Appendix 3. Coding Framework Overview

1. **HRDD Stages**

HRDD Stage	**Description**	**Purpose in Analysis**
(1) Policy Commitment	Existence of a formal statement committing the company to respect human rights, referencing international standards and internal (and external) responsibility expectations.	To assess the normative foundation and degree of alignment with LkSG section 6 (2).

(2) Risk & Impact Assessment	Processes for identifying, analysing and prioritizing actual and potential human rights risks in own operations and supply chains.	To evaluate compliance with LkSG section 5 and the maturity of risk mapping practices.
(3) Integration of Findings into Management Action	Measures taken to prevent, mitigate or remediate identified risks; allocation of responsibilities; integration into business processes.	To determine whether companies operationalize HRDD beyond high-level statements.
(4) Tracking & Evaluation of Effectiveness	Systems for monitoring whether measures achieve intended outcomes: KPIs, audits, monitoring cycles.	To assess whether HRDD is iterative and evidence-based, as required by UNGP 20.
(5) External Communication	Public reporting on risks, measures and outcomes, transparency of disclosures or references to regulatory reporting duties.	To examine whether companies meet expectations for meaningful communication (UNGP 21) and the alignment with LkSG section 10.

(6) Grievance & Remedy Mechanisms	Access to remedy via complaint channels, hotlines, processes for remediation and follow-up.	To assess alignment with UNGP 22 and LkSG sections 7 and 8.

2. **Orientation of Disclosure (Process vs. Outcome)**

Orientation Type	**Description**	**Purpose**
Process-Oriented	Describes policies, systems, frameworks, procedures, governance structures or quantitative findings of actions conducted that do not reflect in actual harm reduction (e.g. participation in human rights-related training courses).	Shows formal compliance and institutionalization of HRDD.
Outcome-Oriented	Provides verified outcomes, such as documented results of impact assessments, measured changes in	Captures effectiveness and real-world implementation beyond procedural compliance.

	human rights performance over time, the results of assessments and concrete corrective actions taken.	

3. **Specificity Level of Disclosure**

Level	Description	Analytical Value
Generic	Broad, aspirational statements without detail, evidence or examples.	Indicates minimal maturity level of compliance when used often.
Descriptive	Provides some detail on processes or responsibilities, but lacks concrete data or examples.	Shows intermediate maturity. Useful for mapping practices.
Specific	Detailed explanations of measures, responsibilities, procedures, tools, risk categories and mesurable actions or results.	Shows higher degree of implementation, tracking and transparency.
Evidence-Based	Includes quantitative data, case outcomes, KPIs, year-on-year comparisons or verified assessments.	Strong indicator of meaningful HRDD and mature reporting.

4. Alignment with the LkSG

Category	Description
Yes	Clear references to LkSG requirements, BAFA reporting, internal re-structuring to meet legal duties.
Partial	Elements of HRDD correspond to LkSG obligations, even if not explicitly attributed to the law. Some allusion to tracking the legislative evolution/updates is made.
No	No indication of alignment (typically pre-2023 reports), even if materialistically aligned due to UNGPs framework adoption, thus showing a baseline of partial compliance with the LkSG's HRDD cycle already existed in the pre-legislative reporting era.

5. Stakeholder Involvement

This code records which stakeholder groups are engaged in risk identification, mitigation or governance and to what extent.

Appendix 4. Extract from Coding Table

Company	Year					Orientation		LkSG Alignement	
		(2) Risk and Impact Assessment	(3) Integration of Findings into Management Action	(4) Tracking of Outcomes	(6) Access to Remedy	Process-Oriented	Outcome-Oriented	Com-pliance	Justification
Adidas AG	2023	"In 2023, we took further steps to advance our Human Rights and Environmental Due Diligence ('HREDD') efforts in support of our ambition to have a system in place to identify and	"As part of our ongoing engagement with Tier 2 manufacturers in our supply chain in Asia on the responsible recruitment and employment of foreign migrant workers, we piloted a digital worker voice tool with ten material suppliers in Taiwan." "Based on the audit results, the Sourcing and SEA teams	"We follow up on all non-compliance and require our manufacturing partners to remediate these findings within a specified timeframe." "We regularly assess our manufacturing partners on their ability to provide fair, healthy, and environmentally sound workplace conditions by conducting announced and unannounced audits by our	"We are committed to providing for or cooperating in the remediation of adverse human rights and environmental impacts that we have caused or contributed to." "In 2023, to strengthen this approach and complement our due diligence processes, we updated our Third	"In 2023, we took further steps to advance our Human Rights and Environmental Due Diligence ('HREDD') efforts in support of our ambition to have a system in place to identify and manage high-risk human rights issues across the entirety of our value chain by 2025. This included expanding the scope of our human	"In 2023, almost 84% of our 108 key manufacturing facilities achieved a rating of 4S or better, which is a significant improvement compared to 2022" "The case satisfaction rate... has almost doubled from 39% in 2019 to 77% in 2023." "Close to 42,000 human and labor rights complaints	Yes	"The Act, which went into effect on January 1, 2023, regulates the responsibility of German companies to respect human rights in their global supply chains and calls on companies to identify, assess, and prioritize risks and address them by taking steps to minimize or eliminate adverse impacts. To the best of our knowledge and belief, we have aligned our internal due diligence processes and reporting systems to comply with the requirements of the Act. This included expanding the scope of our human rights and environmental risk management system to encompass other business areas such as Global Brands, Procurement, and Human Resources. In the first half of 2024, adidas will submit a Human Rights and Environmental Due Diligence Report to the German authorities and publish it on its

		manage high-risk human rights issues across the entirety of our value chain by 2025. This included expanding the scope of our human rights and environmental risk management system to encompass other	jointly decide on the course of action, ranging from training to enforcement actions, such as sending warning letters or hiring external consultants to help improve workplace systems or practices." "If there are any findings or indications of forced labor, triggered through audits, third-party complaints, or other sources, we ensure rapid	own team and by accredited external auditors." "In 2023, almost 84% of our 108 key manufacturing facilities achieved a rating of 4S or better, which is a significant improvement compared to 2022" "The overall target seeks to achieve 100% adherence to or 90% overachievement against these foundational social impact measures,	Party Complaint Procedure for Human Rights and Environmental Impacts." "We also operate several grievance channels allowing workers or third parties to submit complaints about violations of the adidas Workplace Standards and human rights generally." "Since 2017, adidas has	rights and environmental risk management system to encompass other business areas such as Global Brands, Procurement, and Human Resources, in addition to our product sourcing activities. As part of this expanded risk management system, we have further developed our governance framework to assign accountability for human rights and	(2022: around 48,000) were filed through the Workers Voice platform in 2023, with 99% of these complaints being closed by the end of 2023." "The first-time rejection rate of new factories visited was 29% and thus lower than in the previous year (2022: 34%)." "We are ranked among the top ten apparel and footwear companies in		corporate website to fulfill its annual public reporting obligation." "Through our annual UK and Australia Modern Slavery Statements, annual modern slavery progress reports, and other public disclosures to comply with regulations such as the LkSG and Norwegian Transparency Act, we regularly share and communicate the actions we have taken to address forced labor and modern slavery in our supply chain." "In 2023 we began to integrate this assessment into our broader Human Rights and Environmental Due Diligence (HREDD) risk management efforts, as part of our ambition to have a system in place to identify and manage high risk human rights issues across 100% of our value chain by 2025 - an ambition which is linked to the fulfilment of our obligations, as a publicly listed company, under the German

		business areas such as Global Brands, Procurement, and Human Resources, in addition to our product sourcing activities. As part of this expanded risk management system, we have further developed our governance framework to	follow-up with in-depth investigations to determine the facts and possible remedial steps." "Should instances of child labor be identified, we have issued guidance to suppliers on immediate measures to be taken, such as: verifying the identify and age of the child, removing the child from the production area and providing accommodati	with '3S' being the minimum expected supplier performance."	utilized the digital worker voice tool, 'Worker Voice (WOVO)' which serves as an operational grievance mechanism at all our strategic supplier sites. Our third-party complaints mechanism, established in 2014, offers a channel for the reporting of any potential, or actual, human rights or environmental harm	environmental risk management at a functional level and established internal risk assessment and reporting procedures." "In 2023, we introduced additional tools and systems to enhance our assessment of high-risk issues such as forced labor and child labor in upstream supply chains and other human rights risks arising from business activities	the Corporate Human Rights benchmark of the World Benchmarking Alliance ('WBA') and maintain a leadership position in third place in the Know TheChain benchmark on forced labor." "The factory took corrective action and IDR85,000 was paid via bank transfer to all eligible workers" "In 2023, adidas handled a total of 21		Supply Chain Due Diligence Act of 2021 (Lieferkettensorgfaltspflichtengesetz, hereafter LkSG)."

		assign accountability for human rights and environmental risk management at a functional level and established internal risk assessment and reporting procedures." "In 2023, we introduced	on, food and care until a solution is found"		linked to adidas's operations."	undertaken in conflict-affected countries." "We follow up on all non-compliance and require our manufacturing partners to remediate these findings within a specified timeframe." "Based on the audit results, the Sourcing and SEA teams jointly decide on the course of action, ranging from training to enforcement actions, such	cases , of which 14 cases were successfully closed in 2023, and 7 cases remain ongoing pending further action or resolution." "In the 2023 Corporate Human Rights Benchmark... we are one of only two apparel companies that disclose the outcomes of our grievance mechanism and the changes made to our human rights management		

		additional tools and systems to enhance our assessment of high-risk issues such as forced labor and child labor in upstream supply chains and other human rights risks arising from business activities				as sending warning letters or hiring external consultants to help improve workplace systems or practices." "We regularly assess our manufacturing partners on their ability to provide fair, healthy, and environmentally sound workplace conditions by conducting announced and unannounced audits by our own team and by	system as a result of grievances received." "In 2023, a total of 57 T2 audits and 21 T3 audits were conducted, and did not identify any indicators of forced labor."		

		undertaken in conflict-affected countries."// "Further enhancements to our approach to managing forced labor and child labor in our upstream supply chain included the introduction in October 2023 of an analytical tool,				accredited external auditors." "In 2023, to strengthen this approach and complement our due diligence processes, we updated our Third Party Complaint Procedure for Human Rights and Environmental Impacts." " "If there are any findings or indications of forced labor, triggered through audits, third-party complaints,			

		which screens individual business entities and production locations against trade sanctions and forced labor risk data." "Fire, electrical, as well as machine and ladder safety are critical areas... and				or other sources, we ensure rapid follow-up with in-depth investigations to determine the facts and possible remedial steps." "Should instances of child labor be identified, we have issued guidance to suppliers on immediate measures to be taken, such as: verifying the identify and age of the child, removing the child from the production			

		together they accounted for almost 40% of the non-compliance identified in 2023." "Through the HREDD risk assessment conducted in its first phases in 2023, we have identified the greatest potential risk of forced labor				area and providing accommodation, food and care until a solution is found"" "This document outlines our commitment to preventing forced labor and child labor... as well as our approach for a tailored, risk based due-diligence process, regular monitoring activities and performance measurements as well as designing and delivering targeted			

		and child labor in our materials supply chain (Tier 2 and Tier 3) in high-risk locations such as Greater China, and in our raw materials (Tier 4+) sourcing activities for materials including cotton, leather, and				training and capacity building"			

[redacted]		recycled polyester."							
	2021	"We have taken steps towards this ambition by working in partnership with our sourcing organization to enhance our mapping of Tier 1 manufacturing partners sub-contractors." "In	"In 2021, we commissioned the IOM [International Organization for Migration] to implement responsible recruitment practices in the supply chain." "We trained more than a hundred senior leaders within our Global Operations department on this policy and our 'Buyer Commitments'."	" Manufacturing partners are required to develop and track workplace improvement plans, based on the feedback received from the 'Worker Pulse." "In 2022, we will build on these actions by assigning accountability to our key Tier 1 manufacturing partners for implementing their own due diligence efforts and will track	"We operate several grievance channels allowing workers or third parties to submit complaints about violations of the Workplace Standards and human rights generally." "Close to 52,000 human and labor rights complaints (2020: around 46,000 were filed with the facility	"The standards form a contractual obligation under the manufacturing agreements we sign with our manufacturing partners." "In 2021, we published adidas' 'Ten Buyer Commitments and integrated them into our 'Responsible Sourcing Policy." "We have taken steps towards this ambition by	"96% of wages and benefits related threshold issues identified since the beginning of 2018 had been verified as having been remedied in full as of June 2021." "The case satisfaction rate... has risen steadily from 39% in 2019 to 58% in 2020 to 71% in 2021." "Responses were timely,	Partial	"We have defined those areas and assessment processes that need to be evaluated and strengthened in preparation for the implementation of the 'German Act on Corporate Due Diligence Obligations in Supply Chains, which takes effect in 2023." "Our Human Rights and Environmental Due Diligence ('HREDD') efforts align with our preparations for the LkSG." "We will also continue to closely monitor regulatory developments and emerging legislation related to modern slavery, forced labour and human rights due diligence to our ongoing efforts to manage modern slavery and forced labour risks comply with the law."

		2021, 204 facilities in 19 countries were assessed and evaluated to these environmental standards, which represented 181 of our key Tier 1 and Tier 2 manufacturing partners, and selected Tier 3 suppliers." "By 2025,	"In 2021, there was one instance of a termination of a supplier agreement for social compliance reasons" "We assisted with the supply of covid-19 testing kits and worked with the Vietnamese government, providing input to their guidelines and protocols for the safe reopening of the supplier factories." "We trained more than a hundred senior	their implementation via our S-KPI tool." "96% of wages and benefits related threshold issues identified since the beginning of 2018 had been verified as having been remedied in full as of June 2021." "In 2021, we undertook [Worker Pulse] surveys in 123 manufacturing facilities (2020: 63) across 16	management teams in 2021, with 99% of these complaints being closed by the end of 2021." "We consulted with FIFA over effective grievance mechanisms [in the lead-up to the World Cup]." "Where we have seen downsizing, we ensured that laid-off workers received their legal severance	working in partnership with our sourcing organization to enhance our mapping of Tier 1 manufacturing partners sub-contractors." "In 2021, we commissioned the IOM [International Organization for Migration] to implement responsible recruitment practices in the supply chain." "We trained more than a hundred senior leaders	decreasing from 49 hours in 2020 to less than 16 hours in 2021 due to improvements in communication and transparency in the workplace." "We maintained our leadership position on the 2021 'KnowTheChain' forced labor benchmark as the highest-scoring European company in the benchmark." "In 2021,		

		we aim to have a system in place to identify and manage high risk human rights issues in 100% of our value chain." "We will review and update our Modern Slavery Risk Assess ment in 2022 to ensure	leaders within our Global Operations department on this policy and our 'Buyer Commitment s'" "The management teams in the manufacturin g facilities have continuously engaged with the facility's workers through e-newsletters and broadcast messages, which improved the workers' engagement and the overall	countries (2020: 9), with more than 66,000 workers participating (2020: 22,000)." "We maintained our leadership position on the 2021 'KnowTheCh ain' forced labor benchmark as the highest-scoring European company in the benchmark." "Of the more than 62,000 workers who took part in [Digital Training] in	and other entitlements in full." "Since 2017, we have reduced our reliance on local worker hotlines as a complaint mechanism, by building an application-based 'Workers Voice' platform: a bespoke, manufacturi ng facility-based digital grievance channel for workers." "We run worker	within our Global Operations department on this policy and our 'Buyer Commitment s'." "In 2021, we undertook [Worker Pulse] surveys in 123 manufacturin g facilities (2020: 63) across 16 countries (2020: 9), with more than 66,000 workers participating (2020: 22,000)." "Through our annual Modern	there was one instance of a termination of a supplier agreement for social compliance reasons" "The final rejection rate of 1% [for new factories] was maintained in 2021, and the first-time rejection rate of 34% was slightly higher than in the previous year (2020: 28%)." "Close to 52,000 human and labor rights complaints (2020: around		

		we accurately assess the potential risks of modern slavery in our operations and extended supply chain to set priorities for further action and engagement." "We identified Indonesia, the Philippines,	company culture."	2021 (2020: 11,000), they averaged a score of 92 out of 100 in the post-test questions." "The overall number of active first-warning letters decreased significantly, from 19 in 2020 to 11 in 2021; the total number of second warnings also decreased to 2 in 2021 (2020: 3)." "We began a transition from our compliance benchmark ('C-KPI'), which is	hotlines and an overarching human rights third party complaint mechanism, which is accessible to anyone, anywhere."	Slavery Statements, annual progress updates, and other public disclosures, we have shared the actions we have taken to address forced labor in our global supply chain, documenting risks and remedies." "We consulted with FIFA over effective grievance mechanisms [in the lead-up to the World Cup]." "Where we have seen	46,000 were filed with the facility management teams in 2021, with 99% of these complaints being closed by the end of 2021." "The management teams in the manufacturing facilities have continuously engaged with the facility's workers through e-newsletters and broadcast messages, which improved the workers' engagement and the overall		

		Thailand, and Vietnam as the key sending countries for foreign migrant workers employed among our Tier 2 suppliers in Taiwan." "We collect wage data from 50% of our key manufacturing partners in		focused on management systems and supplier self-governance, to a new social impact KPI ('S-KPI') [By 2025 aims to achieve goals]."		downsizing, we ensured that laid-off workers received their legal severance and other entitlements in full." "We assisted with the supply of covid-19 testing kits and worked with the Vietnamese government, providing input to their guidelines and protocols for the safe reopening of the supplier factories." "We collect wage data from 50% of	company culture." "Of the more than 62,000 workers who took part in [Digital Training] in 2021 (2020: 11,000), they averaged a score of 92 out of 100 in the post-test questions." "The overall number of active first-warning letters decreased significantly, from 19 in 2020 to 11 in 2021; the total number of second warnings also decreased to 2 in 2021		

		Southeast Asia (Cambodia, Indonesia, and Vietnam), which enable us to review/assess wage progression against credible and publicly available wage benchmarks."				our key manufacturing partners in Southeast Asia (Cambodia, Indonesia, and Vietnam), which enable us to review/assess wage progression against credible and publicly available wage benchmarks." "We trained more than a hundred senior leaders within our Global Operations department on this policy	(2020: 3)."		

						and our 'Buyer Commitments'" "We began a transition from our compliance benchmark ('C-KPI'), which is focused on management systems and supplier self-governance, to a new social impact KPI ('S-KPI') [By 2025 aims to achieve goals]." "As a sponsor, we have intensified our engagement with FIFA in			

[redacted]						2021 over the hosting of the upcoming 2022 FIFA World Cup in Qatar, paying particular attention to stakeholder concerns over human rights and offering our support for the establishment of a Migrant Workers Information Centre"			
	2020	"In accordance with the UN Guiding Principles, we use due diligence to seek to prevent	"In 2020, we added a set of 10 Buyer Commitments to guide our responsible purchasing and ensure that our sourcing and purchasing decisions do	"Total number of cases reported by workers increased by nearly 400% i.e., from less than 4000 to more than 17000 cases [Jan-May	"Our operational grievance mechanism that we deploy at all our strategic supplier sites reaching more than	"In 2020, we added a set of 10 Buyer Commitments to guide our responsible purchasing and ensure that our sourcing and purchasing decisions do	"In 2020, we strengthened engagement with our Tier 2 suppliers employing foreign migrant workers." "Total number of	No	"This document is from fiscal 2020 and the German Supply Chain Due Diligence Act (LkSG) was enacted much later. Therefore, the document does not mention the LkSG."

		and mitigate against potential severe human rights risks." "Our goal is to focus our efforts on potential risks looking beyond our Tier 1 suppliers and drive greater transparency in the upstream supply chain."	not impede or conflict with the fulfilment of the adidas Workplace Standards." "In 2020, we strengthened engagement with our Tier 2 suppliers employing foreign migrant workers." "We investigated and confirmed that we had no active or ongoing relationship with any of the suppliers named in that report [ASPI's allegations	2020 vs. 2019]." "Total Timely Resolved Cases rate increased from 80% to 98% [Jan-May 2020 vs. 2019]" "85% of workers confirmed that they are satisfied with the managements response to their messages, compared to 81% from last year." "In 2020's CHRB's assessment, adidas ranked first in our sector and in	half a million workers" "The grievance mechanism is complemented by adidas-managed hotlines and complaint mechanisms and an independent third-party complaint mechanism managed by the Fair Labor Association (FLA)" "We operate several grievance channels allowing	not impede or conflict with the fulfilment of the adidas Workplace Standards." "We added additional language pertaining to the important topics of Responsible Recruitment, Migrant Workers, and Forced Labour in those guidelines" "We investigated and confirmed that we had no active or ongoing relationship with any of	cases reported by workers increased by nearly 400% i.e., from less than 4000 to more than 17000 cases [Jan-May 2020 vs. 2019]." "Total Timely Resolved Cases rate increased from 80% to 98% [Jan-May 2020 vs. 2019]." "85% of workers confirmed that they are satisfied with the managements response to their		

		"The review was triggered by a simple question: "If we are to manage the risk of modern slavery in our upstream supply chain, where should we prioritize our efforts?"." "All licensees were assessed	regarding Uyghur workers]." "adidas asked our main supplier, PWI, for their support to verify the allegations and drive the remediation at their subcontractor factory [PT Korean Fine Chemical]." "In 2020, we continued to ensure legal compliance in terms of pay and benefits for all workers and tracked the working conditions in each, and every	the top 5 companies globally of the 230 largest publicly traded companies." "In 2019, 23% of the trained [Tier 2] suppliers were brought under our mainstream monitoring and auditing program."	workers or third parties to submit complaints about violations of the Workplace Standards and human rights generally."	the suppliers named in that report [ASPI's allegations regarding Uyghur workers]." "adidas asked our main supplier, PWI, for their support to verify the allegations and drive the remediation at their subcontractor factory [PT Korean Fine Chemical]." "Our operational grievance mechanism that we deploy at all our strategic supplier sites	messages, compared to 81% from last year." "The licensee followed up on the allegations raised by the WRC and the supplier agreed to: Reinstate the workers to their original HR positions; Compensate them for any lost benefits [High Life Lesotho]" "In 2020's CHRB's assessment, adidas ranked first in our sector and in the top 5 companies globally of		

		on their policies and practices to combat modern slavery risks, globally."	factory."			reaching more than half a million workers" "adidas commissioned an external specialist to investigate this case and review all allegations [Servicios San Julian]" "In 2019, 23% of the trained [Tier 2] suppliers were brought under our mainstream monitoring and auditing program." "In 2020, we continued to ensure legal compliance in terms of	the 230 largest publicly traded companies." "The factory eventually accepted and completed reinstatement with back pay on September 29, 2020 [Varsity Pro Ltda]." "98% of these complaints were successfully resolved by the factory management."		

[redacted]						pay and benefits for all workers and tracked the working conditions in each, and every factory."			

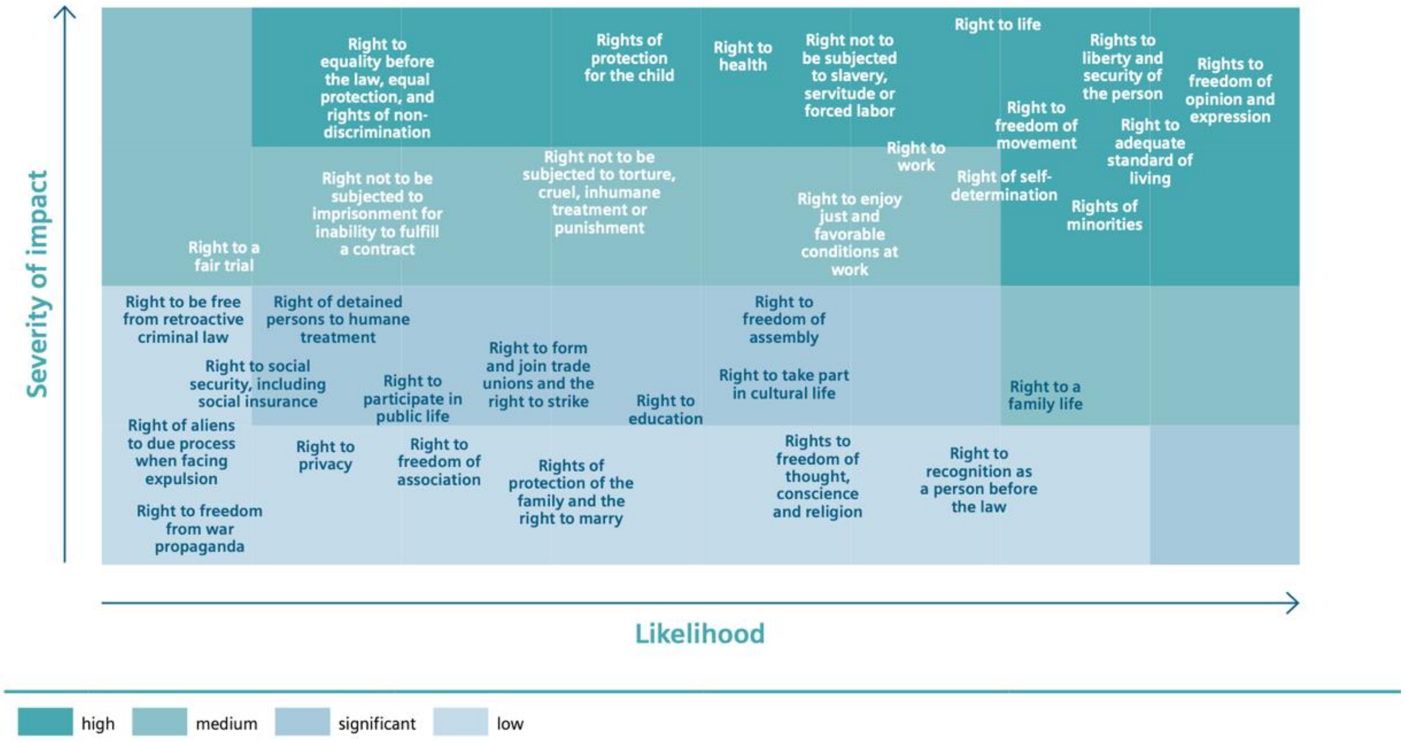
Appendix 5. Summary of Main Findings Across HRDD Stages (Process- and Outcome-Oriented Disclosure)

HRDD Stage	Allianz	Adidas	Merck	Siemens	Volkswagen
(1) Policy Commitment	References UNGPs from 2020. Increasingly detailed commitments. Strong formal alignment.	Long-standing, detailed human rights statement, regularly reviewed and updated.	Clear, structured commitments. Formalized group wide HRDD policies.	Strong policy framework. Explicit HRDD governance roles.	Highly detailed policies linked to codes of conduct and group standards.
(2) Risk & Impact Assessment	Expanding transaction-level assessments. Shift to structured, LkSG-aligned risk analysis.	Multi-tier supply chain risk mapping. High-risk country identification. Formal HRRA process.	Supplier-focused risk tools. Structured annual screening.	Use of digital/AI tools. High-volume ESG and supplier assessments.	Region-based risk analysis. Structured supplier sustainability ratings and raw-material risk screening.
Process-orientation at Stage 2	Detailed description of screening tools and criteria.	Extensive description of methods, risk tiers, monitoring systems.	Clear explanation of supplier risk models.	Emphasis on systems, indicators and digital tools.	Detailed methodology and structured assessment processes.
Outcome-orientation at Stage 2	Limited disclosure on severity or results of assessments.	Some transparency on risk categories but not on final impacts.	No disclosure on assessment results for workers.	Quantitative volume data but not effects.	High-level numbers but limited insight into actual risk mitigation.

(3) Integration of Findings (Prevention & Mitigation)	Mitigation measures applied to high-risk transactions. Few cases rejected.	Corrective Action Plans, targeted remediation and country-specific actions.	Supplier Code updates and integration into procurement and compliance processes.	Large number of corrective measures and supplier follow-ups.	Supplier engagement actions, CAPs and escalation mechanisms.
Process-orientation at Stage 3	Detailed mitigation procedures and governance.	Descriptions of CAP steps, protocols and implementation tools.	Policies and responsibilities described clearly.	Extensive documentation of systems and audit follow-up processes.	Well-defined integration processes across business units.
Outcome-orientation at Stage 3	Little evidence of effectiveness of mitigation.	Some concrete remediation cases disclosed.	No explicit effects of integration actions.	Outcome metrics limited to counts of measures.	Limited evidence on improvement of supplier practices.
(4) Tracking Outcomes	Internal monitoring and governance reporting lines.	Supplier audit data.	Monitoring systems referenced but sparse detail.	Quantitative tracking (CRSAs, breach types).	Audit, rating and monitoring statistics disclosed.
Process-orientation at Stage 4	Governance-focused tracking and monitoring structures.	Clear explanation of monitoring tools.	System-level references.	Highly structured tracking programmes.	Extensive monitoring infrastructure.
Outcome-orientation at Stage 4	No evidence of reduced risks	Limited disclosure of improvements. Country	Not reported.	Activity volumes but little evidence of impact.	Tracking numbers, but limited

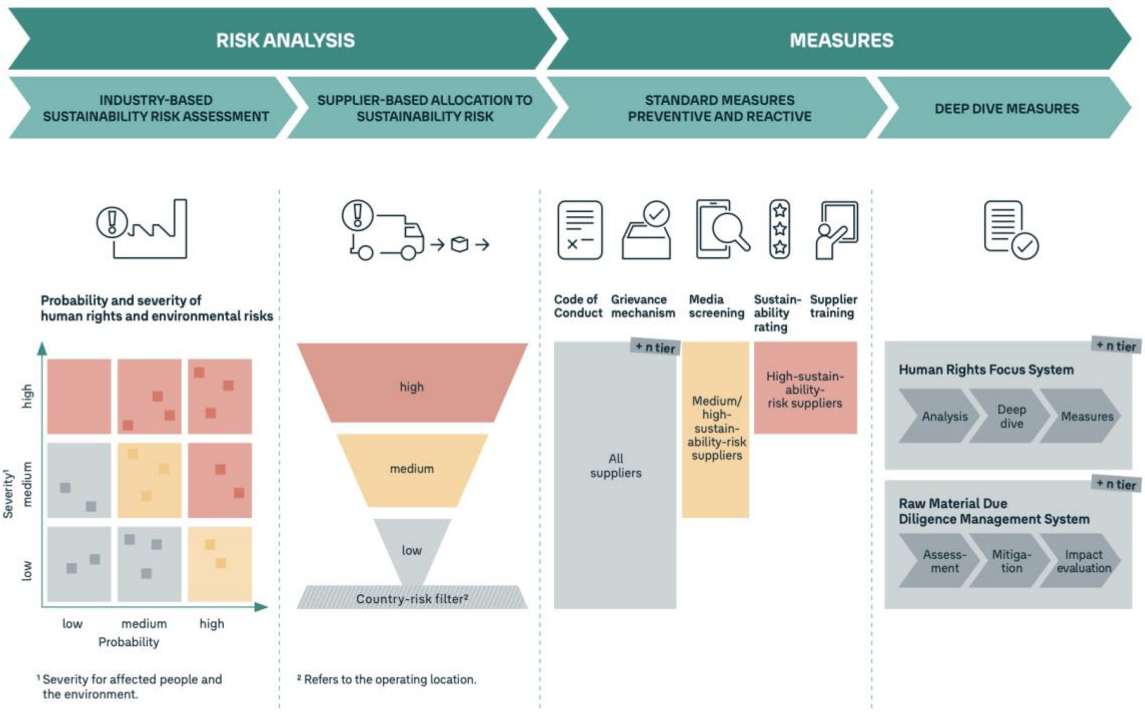
		programme results occasionally highlighted.			rightsholder outcomes.
(5) External Communication	HRDD integrated into audited sustainability reporting.	Dedicated HRDD reports and SEM reporting.	Consolidated HRDD communication via policy statements.	Structured reports referencing statutory expectations.	Detailed sustainability reporting and HRDD embedded in group disclosures.
Nature of Disclosure	Clear procedural transparency. Narrative of systems.	Systematic annual reporting. Mix of process and some outcomes.	Policy-driven communication. Mostly procedural.	Structured, system-heavy reporting.	High specificity. Mix of systems and metrics.
(6) Access to Remedy	Global complaints mechanism. Low number of substantiated cases.	Most detailed case-level remediation disclosure across sample.	Grievance mechanism implemented, but limited outcome detail.	Whistleblowing channels. Selected remediation examples.	Reporting on whistleblower cases. Selective remedy disclosure.
Process-orientation at Stage 6	Mechanism structure and rules of procedure.	Use of platforms and mechanism accessibility.	Description of system operation.	Channels, governance and procedural elements.	Detailed mechanism structure and guidance.
Outcome-orientation at Stage 6	Mostly "no violations" narrative.	Case-specific descriptions of remedies and some rightsholder outcomes.	Minimal detail on remedies provided.	Number of complaints disclosed, but limited detail on redress.	Case numbers and categories, but limited detail on outcomes.

Appendix 6. "Siemens' impact (direct, indirect) on internationally recognized human rights"



Source: Siemens Sustainability Information 2018, p.41

Appendix 7. Volkswagen´s Responsible Supply Chain (ReSC) Management System Representation



Source: Volkswagen Sustainability Report 2023, p.122