

Berlin, 24 June 2025

Dear Chancellor Merz,  
Dear Federal Minister of Finance Klingbeil,  
Dear Federal Minister of Labour and Social Affairs Bas,  
Dear Federal Minister for Economic Affairs and Energy Reiche,  
Dear Federal Minister for Special Tasks Frei,

Germany is one of the pioneers in introducing a law on corporate due diligence, having passed the German Supply Chain Due Diligence Act (LkSG) in 2021 and subsequently supporting the adoption of the European directive. In view of growing social challenges and expectations, Germany must maintain its course and reaffirm its ambitions.

During a visit to Brussels on 9 May, you expressed your intention to call for the repeal of the European Directive on Corporate Due Diligence in the field of sustainability (CSDDD). For investors represented by PRI, such a decision would have significant negative consequences, both financially and socially.

The application of mandatory due diligence with regard to human rights and the environment in accordance with international standards improves the management of financial risks as well as human and social capital. It strengthens the resilience of supply chains, reduces reputational risks and helps companies and investors to align their activities with the constantly changing requirements of their beneficiaries and customers.

This duty of care has been supported and implemented by numerous investors and companies worldwide for years – especially in Germany, where PRI has 283 signatories and 1,273 companies and non-profit organisations have joined the United Nations Global Compact.

The German parliament has recognised these advantages and positioned itself as one of the pioneers in Europe by passing the Supply Chain Due Diligence Act in 2021 – as France, the Netherlands and Norway did before it. Extending this obligation to the entire European Union is a logical and desirable next step – to ensure fair competition within the European Union.

The requirements of the Corporate Due Diligence Directive (CSDDD) – adopted by the European Parliament in April 2024 and the European Council in May 2025 as the result of a balanced political compromise – are proportionate and feasible. They do not introduce any additional reporting requirements beyond those already set out in the Corporate Sustainability Reporting Directive (CSRD) and the European Taxonomy Regulation.

The directive brings economic and social benefits to German and European companies, including better financial risk management and a reduction in human rights violations. It should therefore be retained and clarified in the context of the omnibus reform, while maintaining a risk-based and proportionate due diligence framework as defined in the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

**We therefore urge Germany to maintain its support for the implementation of the CSDDD and to clearly advocate for the preservation of the risk-based approach in line with international standards in the context of the EU negotiations on simplifying the directive.**

We would be happy to discuss these issues with you and present our more general recommendations on the Omnibus proposal in a personal meeting.

Yours sincerely,



David Atkin  
CEO, PRI

The **Principles for Responsible Investment (PRI)** works with its international network of over 5,000 signatories, who manage assets worth USD 120 trillion, to put the six principles for responsible investment into practice. Their goal is to understand the impact of environmental, social and governance (ESG) issues on investments and to help signatories integrate these issues into their investment decisions and shareholder engagement. The PRI acts in the long-term interests of its signatories, the financial markets and the economies in which they operate, and ultimately the environment and society as a whole. The six Principles for Responsible Investment are a voluntary and ambitious set of investment principles that offer a range of possible measures for integrating ESG issues into investment practice. The principles were developed by investors for investors. By implementing them, signatories contribute to the development of a more sustainable global financial system. For more information, visit [www.unpri.org](http://www.unpri.org).