



# Sustainability @Detecon



# An Overview of the Supply Chain Due Diligence Act (LkSG)

Companies must identify, eliminate, avoid, or minimize the risks of human rights abuses and harm to the environment that their business activities may cause.

## Scope



**German companies** (with headquarters, principal place of business, administrative headquarters, statutory domicile, or branch in Germany)



**Own business activities**



**Direct suppliers**



**Indirect suppliers**

## Obligations



Establish risk management

Recognize risks

Weight risks

Initiate measures

Verify effectiveness

Implement complaint mechanism

Report transparently

## Validity



**2023** — for companies with  
>3,000 employees

**2024** — for companies with  
>1,000 employees

## Purpose



**Protection of human rights and environmental risks along global supply chains** such as:

- Child and forced labor
- Slavery
- Disregard for freedom of association
- Discrimination
- Problematic working conditions
- Use of certain chemicals

## Liability and Penalties



- Fines and sanctions **>€100,000**
- Fines at **2%** of the annual revenues and exclusion from awards of public contracts for **a maximum of 3 years**
- Federal Office of Economics and Export Control (BAFA) reviews the concretization of due diligence requirements

# Our approach is guided by the most urgent obligations and is preparing measures to ensure compliance by 2023

## Obligations



**Establish risk management**

Verify effectiveness

**Introduce complaints mechanism**

Transparent and public reporting

## Business Case



### Status quo



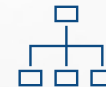
#### Scope of application

- Understand specific requirements of the company and industry

#### Current processes

- Identify status quo (identify and assess present measures, processes, and governance model)

### Governance model



#### Governance model

- Establish new departments and processes or integrate into present ones through strategic governance
- Establish a risk management system including a human rights officer

#### Stakeholder management

- Define responsibilities (e.g. purchasing) and stakeholder group

### Measures



#### Complaint mechanisms

- Establish or review a procedure for receiving, processing, and handling complaints

#### Strategy 2023–2024

- Drafting of the next required steps

### Communication



#### Iterative process

- Measures for communication with all stakeholders (suppliers, customers, institutions, investors)

#### Transparency

- Create a data basis for public reporting



**Learn more about how you too can comply  
with the LkSG.**

**We look forward to hearing from you.**



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