

## INTRODUCTION

The social trend towards increasing responsibility and the resulting transparency with regard to environmental, social and responsible corporate governance (ESG) are leading to new legal regulations worldwide. For example, human rights due diligence obligations are part of the UN Guiding Principles and are already regulated by corresponding laws in some countries. With the Supply Chain Due Diligence Act (LkSG), they will also become mandatory in Germany. The Bundestag passed the law on 11 June 2021; the LkSG came into force on 1 January 2023. The purpose of the LkSG is to improve the protection of human rights and the environment in global supply chains while at the same time taking corporate interests into account.

## What does the LkSG mean for ACTIEF?

With the introduction of the LkSG, we, our business partners and suppliers must comply with human rights due diligence obligations, respect prohibitions as well as perform environment-related duties and comply with prohibitions on environmental protection:

human rights due diligence	environmental duties
<ul style="list-style-type: none"><li>• Child labour, forced labour and slavery</li><li>• Disregard for occupational health and safety</li><li>• Disregard for freedom of association</li><li>• Equal treatment and no suspension of discrimination</li><li>• Withholding of decent wages</li><li>• Unlawful eviction, deprivation of land, forests and waters</li><li>• Hiring and use of private and public security forces in violation of human rights.</li><li>• Other conduct that seriously impairs protected legal positions</li></ul>	<ul style="list-style-type: none"><li>• Harmful pollution of soil, water, air as well as harmful noise emissions and excessive water consumption.</li><li>• Ban on the production, use and treatment of mercury (Minamata Convention)</li><li>• Ban on the production and use of persistent organic pollutants (Stockholm Convention, POPs Convention)</li><li>• Prohibition of non-environmentally sound handling, collection, storage and disposal of wastes (POPs Convention)</li><li>• Ban on the export and import of hazardous waste (Basel Convention)</li></ul>

## What are the consequences?

If companies violate the LkSG, they face - in some cases considerable - penalty payments as well as fines of up to 2% of their annual turnover if they fail to take remedial action.

## Implementation of the LkSG | What to do?

ACTIEF is obliged to conduct a regular risk analysis and to report publicly once a year. In order to meet the requirements of the LkSG, the following components must be taken into account:

- Analysis of the supply chain and identification of hotspots.
- Creation and updating of a supplier directory
- Individualised supplier approach to provide information
- Evaluation, prioritisation and segmentation of suppliers

- Continuous risk management
- Data collection for documentation and reporting

**What measures are to be taken in the event of risks or disruptions?**

If indications or violations of the due diligence obligations become known, (appropriate) remedial measures must be taken immediately. A report on the risk you have analysed must be submitted immediately. This report must be submitted to the Risk Management Department, citing all relevant information. Risk Management evaluates the report and uses it as a basis for determining effective preventive and remedial measures.

**If you have any indications of violations or questions about the LkSG, please contact Risk Management. Further information can be found on our website under Compliance - Notes.**

**RISK MANAGEMENT**

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