

## Information on the Act on Corporate Due Diligence Obligations in Supply Chains

### To whom does the Act on Corporate Due Diligence Obligations in Supply Chains (Lieferkettensorgfaltspflichtengesetz – LkSG) apply?

Effective from 2023, the Act will initially apply to enterprises with at least 3,000 employees, and from 2024 also to enterprises with at least 1,000 employees in Germany.

A European Act on Corporate Due Diligence Obligations in Supply Chains is not expected until 2025 at the earliest. As part of the latest proposal put forward by the EU Commission, such a directive would cover European companies as well as companies from third countries operating in the EU with 500 or more employees and revenue in excess of 150 million euros worldwide.

Once the current draft is approved by the European Parliament and Council, EU member states will have two years to transpose the directive into national law. Germany will then be forced to tighten up the LkSG that comes into force in January 2023. Provided that the above-mentioned process is advanced in a timely manner, the European **LkSG** could be adopted in the course of 2023.

### What does this mean for SIMONA?

At present, SIMONA is not legally obliged to monitor its supply chains with regard to ensuring the respect of human rights by implementing defined due diligence standards. Irrespective of this, SIMONA has already implemented the following measures:

- Compliance with a defined Code of Conduct, which includes, among other elements, respect for human rights, the rejection of forced and child labour, and environmental and climate protection.
- SIMONA conducts an annual assessment of suppliers of raw materials and additives located in the EMEA region. Among other things, this includes evaluating suppliers' product quality and reliability of delivery as well as surveying and taking into account the carbon footprint of the top 15 raw material suppliers.
- SIMONA is committed to identifying risks in the supply chain at an early stage and uses an SCRM tool to monitor key indirect suppliers and all direct suppliers. (SCRM = Supply Chain Risk Management)
- SIMONA operates a Speak-up Line, which can be used to report anomalies, violations, etc. anonymously. This is accessible externally via our website and within the company via our intranet.  
<https://report.hintcatcher.com/e9EQUewiTqqOaenHt63/>
- SIMONA has established a Sustainability unit within the corporate organisation to drive forward the formulation and implementation of the company's sustainability strategy.