



German Act on Corporate Due Diligence Obligations in Supply Chains (Lieferkettensorgfaltspflichtengesetz, LkSG)

The German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG) is a law concerning the due diligence obligations of companies to avoid human rights violations in supply chains. Irrespective of the industrial sector concerned, it obliges German companies as of 2023 to prevent or at least minimize human rights and environmental law violations in their supply chains.

From when & for whom?



Applicable as of January 1, 2023

- For German companies with 3000 or more employees
- From 2024 also for companies with 1000 or more employees



Scope

- All companies with their headquarters in Germany.
- All aspects of the overall supply chain – from the observance of human rights through to sustainability and the protection of worker rights and the environment.

What is it all about?



Worldwide protection of human rights in supply chains

- Avoidance of child labor, forced labor, discrimination
- Observance of occupational safety, worker rights



Reinforcement of environmental issues in economic contexts

- Prohibition of certain hazardous substances
- Waste management
- Prohibition of pollutants



Compliance with due diligence obligations by companies

- Safeguarding of social responsibility
- Establishment of a risk management system
- Reporting of violations

What is FAULHABER doing?



Sustainable action to ensure a long-term future

FAULHABER orientates its corporate activity toward observance of the applicable legal requirements and its responsibility to future generations

- ➔ Corporate mission statement ✓
- ➔ Sustainability ✓
- ➔ Product conformity ✓
- ➔ Supplier management ✓
- ➔ Code of Conduct ✓
- ➔ Conflict Minerals Policy ✓

Joint responsibility



Partnership-based cooperation and transparency

For FAULHABER, responsible management means compliance with the applicable laws, standards and directives along the global supply chain. We therefore have a specific responsibility toward our customers, particularly to those for whom the LkSG is already mandatory. We expect our suppliers to respect the principles of the LkSG, to take all measures necessary to ensure compliance with these legal requirements, and to actively pursue this over their area of influence along the supply chain.