



Supply Chain Due Diligence Act

With globalization, supply chains from raw materials to end customers have become increasingly complex. This is why a new **Act on Corporate Due Diligence Obligations for the Prevention of Human Rights Violations in Supply Chains** (Supply Chain Due Diligence Act or SCDDA) has come into force.

The aim of the SCDDA (colloquially known as the Supply Chain Act) is to improve the protection of human rights and the environment in global supply chains.

In order to improve the **protection of human rights** and the **environment in** accordance with the SCDDA, we as a company must consider the risks in supply chains defined in the law, as well as comply with the due diligence obligations described therein.

What is the supply chain law?

The Supply Chain Act is a law that requires companies to assess and take responsibility for their supply chains in terms of human rights standards and environmental standards.

What are the goals of the Supply Chain Act?

The goal of the law is to prevent human rights violations & environmental degradation along supply chains and to make companies take responsibility for meeting standards in their supply chains.

Overall, the Supply Chain Act helps companies meet their social and environmental responsibilities and shape their supply chains in a fair and sustainable way.

HUMAN RIGHTS

The SCDDA is intended to ensure that human rights are respected along the entire supply chain. This applies in particular to the rights of workers, who often work in countries with weak labor rights.

ENVIRONMENT

The aim is to ensure that companies operating in Germany minimize their environmental impact and do not use suppliers or subcontractors that cause environmental pollution.

REPUTATION

Companies that do not comply with the requirements of the Supply Chain Act can suffer significant reputational damage. The Supply Chain Act can help minimize the risk of reputational damage by ensuring that companies act ethically and responsibly.

DEVELOPMENT

Companies that are transparent and responsible about their supply chain can gain a competitive advantage as more and more customers pay attention to where products come from and how they were made.



The **Sustainability Code** is an instrument for voluntary commitment by companies in Germany to improve and communicate their sustainability performance. The Code was launched by the German government in 2010 and is based on a broad stakeholder process involving companies, NGOs, scientists and other interest groups.

The Sustainability Code consists of a set of criteria and indicators that help companies assess their sustainability performance in the environmental, social and governance areas.

Bizerba Sustainability Report

Bizerba's Sustainability Report describes the development and further improvements in various aspects of sustainability. It can be viewed publicly:

<https://datenbank2.deutscher-nachhaltigkeitskodex.de/Profile/CompanyProfile/14507/de/2021/dnk>

Brochure Sustainability Report

You can also find the sustainability report in a marketing brochure: [https://](https://mybiz.bizerba.com/content/news/article/63c50c7ac116024dd5e59a13)

mybiz.bizerba.com/content/news/article/63c50c7ac116024dd5e59a13

Why does the SCDDA affect me?

We at **Bizerba SE & Co. KG** are committed to ecologically and socially responsible corporate governance. Our corporate social responsibility and its presentation is based on international and national standards. We are guided by the principles of the UN Global Compact; the core labor standards of the International Labor Organization (ILO); and the 20 criteria of the [German Sustainability Code](#)(DNK).

The Supply Chain Act is a German law. This means that we as a company have the goal of implementing the measures described in the policy statement and constantly developing our processes to this end. As this is about corporate due diligence to avoid human rights or environmental obligations, this ultimately affects us all.

That is why everyone is affected

The Supply Chain Act affects every employee because it aims to ensure compliance with human rights and environmental standards along the entire supply chain.

This means that companies operating in Germany and meeting certain criteria are responsible for ensuring that suppliers and subcontractors also comply with these standards.

Actions and practices of indirect and direct suppliers

The Supply Chain Act impacts every employee because they are part of that supply chain and can be indirectly impacted by the actions and practices of indirect and direct suppliers.

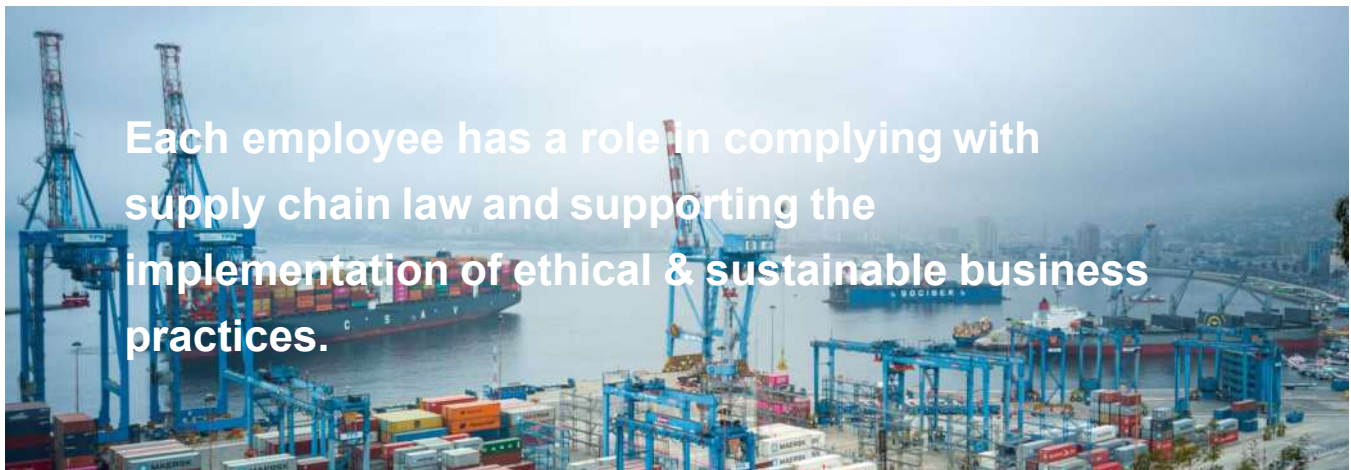
For example, if suppliers violate human rights or pollute the environment, this can have an impact on the company. These impacts can take the form of loss of reputation, legal consequences and other negative consequences.

Create awareness

It is important that everyone is aware of their role in the supply chain and that the company complies with legal requirements. Each employee must therefore be committed to ensuring compliance with human rights and environmental standards throughout the supply chain.

I don't work directly on the supply chain. Why is this topic still important to me?

The Supply Chain Act applies to every employee of a company because it relates to the **responsibility of** companies to ensure that their supply chains are free from human rights abuses and environmental degradation. It is not only the responsibility of managers to ensure that the company acts **ethically and sustainably**, but also of every employee involved in the procurement, production and marketing of products or services.



Procurement employees are responsible for ensuring that suppliers apply ethical and sustainable practices, and production employees may be responsible for ensuring that their operations and processes do not cause human rights abuses or environmental degradation.

Assume responsibility

Employees can keep a close eye on how the company's supply chain is performing and provide feedback as appropriate when they encounter problems or violations of the supply chain law. This can help ensure that violations can be identified and remedied more quickly.

Cooperation

Employees can work with other departments within the company to ensure that the supply chain is sustainable and compliant with human rights. This can be done, for example, by working with Procurement.

Communication

Employees can help ensure that the company and its suppliers are committed to sustainability and human rights and implement these values in their daily work. To this end, they can play an active role and, for example, point out internal processes or suppliers that are not yet in compliance with the Supply Chain Act.

Implementation of the SCDDA at Bizerba

To whom does the SCDDA apply?

The law will apply from 2023 to companies based in Germany that employ **more than 3,000 people** and will initially apply to the textile, footwear, electronics and food sectors. Companies will then have to identify human rights risks in their supply chains, take preventive measures, set up grievance mechanisms and publicly report on their activities.

Incidentally, from 2024 the SCDDA will also apply to companies with over 1,000 employees.

Making a contribution together

Employees can help promote compliance with the Supply Chain Act by **reporting concerns and issues** they observe. By supporting ethical and sustainable practices in their daily work and ensuring that the company complies with the requirements of the Supply Chain Act, employees can help ensure that the company remains successful in the future and has a positive impact on society and the environment.

Affected companies, such as **Bizerba** are obliged to introduce a **risk management system** or to adapt an existing one to the requirements of the SCDDA. There is a catalog of obligations with implementation measures for this purpose.

Duty Provisions

What does the list of duties include?

The catalog of obligations under the Supply Chain Act includes a number of **due diligence obligations** that companies must fulfill with regard to compliance with human rights, labor standards, environmental standards and anti-corruption in their supply chains. The catalog of duties covers these core areas:

- 1 Description of the risk management
- 2 Preparation and publication of a policy statement
- 3 Definition of responsibilities
- 4 Implementation of preventive measures
- 5 Establishment of an anonymous complaints procedure
- 6 Implementation of corrective measures
- 7 Documentation
- 8 Execution of annual and event-related risk analyses



1. Description of the risk management

Risk management under the Supply Chain Act refers to the process by which companies identify, assess and manage potential risks in their supply chain.

With our established risk management system, we assess **human rights and environmental risks** in our processes, define **preventive measures** and implement them. All risks are regularly reviewed and assessed by the Executive Board as part of a risk inventory.

2. Policy Statement

Respect for people and the environment

SCDDA risk management requires companies to **adopt a management policy statement** on the company's human rights strategy and communicate it to employees, the works council, direct suppliers and the public.



Bizerba's policy statement has been signed by the Board of Directors and can be found on our website. The measures described therein are to be implemented:

- Description of the risk management
- Presentation of relevant risks
- Expectations of employees and suppliers

The policy statement also states:

We also expect our employees to observe principles of ecological, social and ethical behavior and thus actively integrate them into the corporate culture.

3. Determination of responsibility

Responsibility for risk management should rest with one person:

As the responsible person, one establishes and monitors the company's risk management and takes measures if necessary. Reports are made to the management at regular intervals.



4. Implementation of preventive measures

Prevention measures under the Supply Chain Act aim to prevent violations of human rights and environmental standards in the supply chain.



By taking preventive measures, companies can help avoid human rights abuses and environmental degradation in their supply chain and comply with the requirements of the Supply Chain Act.

Where are prevention measures used?

Preventive measures are used in our own business area and by our direct suppliers. Audits are also carried out.

This means that not only our company itself is part of the supply chain. **Direct suppliers** (= our own contractual partners), but also **indirect suppliers** (= suppliers of the contractual partner) are also part of the supply chain.

Company

The supply chain comprises a company's actions within its own Business area.

Direct suppliers

The supply chain includes the actions of a direct supplier. A direct supplier is the company's direct contractual partner. For example, if the company sells a bottle opener with a wooden handle, then

a direct supplier could be a hardening shop in Germany or even a steel mill in India.

Indirect suppliers

The supply chain includes the actions of an indirect supplier. Indirect suppliers are the contractual partners of the suppliers. For example, a fictitious steel mill in India (the immediate supplier) could order chemicals from another contractual partner.

Examples of preventive measures

Examples of preventive measures include:

- Implementation of suitable procurement strategies
- Annual and occasion-related review of the measures
- Training and continuing education in our own business area



Reflect for yourself: Can you think of other possible prevention measures?



"Please reach out to me for possible prevention activities in your area."

Daniel Mugangai, Supplier Relationship Management

5. Anonymous complaint procedure

There is an anonymous complaints procedure. This can be accessed via the website, even outside the Bizerba organization. It is ensured that the whistleblower can communicate anonymously until the complaint procedure is completed. The complaint procedure can be used in any common language and is automatically translated.



If we as a company have taken note of a complaint, we are obliged to do so:

- 1 Conduct a risk analysis
- 2 and provide appropriate remedial action.

Anonymous complaint procedure

Click here for the anonymous complaint procedure:

<https://complaints.co-creator.de/3399df78-0724-49f2-879f-fee960eb230a>

You can also find it via the official Bizerba website.

Compliance Whistleblower App

Information about criminal business practices that are not in accordance with the Code of Conduct can be reported here: <https://whistleblower.bizerba.com/>

You can also access the app via the applications in MyBiz.

MyBiz article about the whistleblower app

Learn more about the whistleblower app here:

<https://mybiz.bizerba.com/content/news/article/63d1249b79b0603500d69607>

Types of complaints

What are the types of complaints?

- Complaints about human rights violations
- Complaints about working conditions
- Complaints about environmental violations
- Complaints about the transport of dangerous goods
- Violations of the SCDDA
- Complaints of any other kind, which cannot be assigned to the aforementioned.

6. Implementation of corrective measures

If a **human rights or environmental violation has** already occurred or is imminent, the responsible person must initiate corrective action.

If appropriate development is not successfully possible at the suppliers concerned, this may lead to a temporary suspension of the business relationship while efforts are made to minimize risk, or even to its being phased out.



Corrective measures (§ 7 SCDDA)

- If a human rights violation has occurred or is imminent, prompt corrective action must be taken

i IMPORTANT: In our own business area, unsuccessful development of remedial actions always leads to termination of the business relationship.

7. Execution of annual and event-related risk analyses

The implementation of annual and event-related risk analyses includes the **identification, assessment and prioritization** of relevant risks in the supply chain.

Annual and event-related risk analysis (§ 5 SCDDA)

- Identification, assessment and prioritization of relevant risks in the supply chain



On the basis of the **risk analysis**, all human rights and environmental risks should be uncovered, especially with regard to:

- Forced labor
- Child labor
- Discrimination
- Violations of the freedom of association
- Working conditions
- Environmental damage

Internally, these must be forwarded to the relevant decision-makers.

Regularity

It is important to perform a risk analysis on a regular basis:

Bizerba **regularly carries out risk analyses** and, if necessary, takes appropriate measures to minimize or eliminate potential risks. Such an approach is not only important with regard to compliance with laws and regulations, but also with regard to maintaining a company's social and ecological responsibility.

8. Documentation

- Documentation** (§ 10 SCDDA)
 - Continuous documentation
 - Annual public report



Documentation plays a crucial role, as it allows a company to demonstrate that due diligence requirements are being met: Companies can thus monitor and ensure compliance with environmental standards, employee rights and human rights in the supply chain.

At Bizerba, an annual public report is published on the website. In addition, there is an annual report to BAFA (Federal Office of Economics and Export Control).

In addition, documentation and transparency in the supply chain can help to strengthen the trust of customers and partners. This demonstrates that a company produces under **responsible conditions**.

**You still have questions or
want to give feedback?**



"Please feel free to contact me for questions about the content. You may write to daniel.mugangai@bizerba.com or call +49 7433 12 4220.

For any organizational or technical questions, my colleagues from the Academy will be happy to help you: academy@bizerba.com or +49 7433 12 4299"

- Daniel Mugangai, Supplier Relationship Management