

Risk analysis for the Supply Chain Due Diligence Act (LkSG)



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Preliminary remarks

On 1 January 2023, the Supply Chain Due Diligence Act – hereinafter referred to as the LkSG – entered into force. The applicability of the law to KUMAVISION AG will be examined below, and a risk analysis will be carried out with regard to the bans defined in Section 2 Para. 2 and 3 LkSG.

KUMAVISION AG is a Microsoft integration partner and offers business solutions (ERP and CRM solutions) based on Microsoft Dynamics, especially in the German-speaking area (DACH). Including its [affiliated companies](#), KUMAVISION AG currently employs around 450 people. KUMAVISION AG uses only suppliers/subcontractors from Germany and other European countries on a regular basis. They are regularly used in projects such as software products developed by vendors or for training and installation purposes.

The essential components of the risk analysis for compliance with human rights and environmental due diligence obligations are to be considered together with our Code of Conduct. Our risk analysis is updated on an ad hoc basis, and its effectiveness is regularly reviewed by the Legal Department.

LkSG	
Risk areas	Individual areas
Human rights	Child labour, forced labour, slavery, freedom of association, discrimination, remuneration and working hours, protection of freedom of expression
Occupational health and safety	Lack of appropriate safeguards
Environmental protection	Use/storage/disposal of chemicals and waste, consumption of water and energy

1 Applicability of the LkSG

Under Section 1 of the LkSG, the law applies to companies whose registered office is in Germany and that regularly employ at least 1000 employees. The LkSG is therefore not applicable to KUMAVISION AG. However, since the LkSG is regularly applicable to the customers of KUMAVISION AG and they are therefore obliged to check whether KUMAVISION AG violates one of the bans in Section 2 Para. 2 and 3 of the LkSG, a risk analysis with regard to those prohibitions is necessary.

2 Human rights risks according to Section 2 Para. 2 LkSG

2.1 Risk assessment for our company

It can be excluded that KUMAVISION AG is violating one of the above-mentioned bans. There are **several reasons for this**:

KUMAVISION AG itself only employs employees within Germany. Two subsidiaries also employ staff in Austria and Switzerland. Accordingly, KUMAVISION AG is subject to the strict national laws of the Federal Republic of Germany, as well as the equally strict regulations of the European Union and supervision by the competent authorities.

The legal department is responsible for monitoring and compliance with the legal regulations, and it has constant contact with HR regarding the protection of employees.

In addition, KUMAVISION AG is active in a business area, namely the software industry, in which the use of qualified employees with corresponding professional qualifications is required. Therefore, performance of the tasks by children or unskilled workers is not possible. Therefore, no exploitation of employees is possible.

2.2 Preventive measures of our company

KUMAVISION AG has developed a Code of Conduct in which we have committed ourselves to observing and upholding the rights of employees in our company.

Furthermore, KUMAVISION AG conducts annual training courses for its employees on the topics of occupational safety, data protection and information security, which are mandatory.

A [whistleblower portal](#) has also been set up where employees and third parties can report possible violations anonymously. In addition, there are employees of trust at all of KUMAVISION AG's locations.

2.3 Risk assessment for our suppliers

Our suppliers are mainly active in the same sector, namely the software industry. Most of them are also based in Germany or the European Union. The necessary equipment, such as IT technology, is purchased from wholesalers, which in turn are subject to the obligations under the LkSG.

Therefore, no relevant human rights risks can be identified here, either.

3 Environmental risks according to Section 2 Para. 3 LkSG

3.1 Risk assessment for our company

Our company is active in the software industry. We do not manufacture products with added mercury and do not use mercury anywhere else, so there is no mercury waste, either. We neither import nor export hazardous waste.

Accordingly, no risks are discernible for our company.

3.2 Preventive measures of our company

A steering committee has been set up to deal with all sustainability issues and is entitled to draw up binding proposals for possible improvements.

3.3 Risk assessment for our suppliers

Our suppliers are mainly active in the same sector, namely the software industry. Most of them are also based in Germany or the European Union. The necessary equipment, such as IT technology, is purchased from wholesalers, which in turn are subject to the obligations under the LkSG.

Therefore, no relevant environmental risks can be identified here either.

Risk identification by law	Probability of occurrence at KUMAVISION	Probability of occurrence at suppliers
Section 2 Para. 2 of the LkSG:		
No. 1: Ban on the employment of children under 15	Minimal	Minimal
No. 2: Ban on the worst forms of child labour	Minimal	Minimal
No. 3: Ban on the employment of persons in forced labour	Minimal	Minimal
No. 4: Ban on all forms of slavery	Minimal	Minimal
No. 5: Ban on failure to comply with occupational safety and health obligations under the law of the place of employment	Minimal	Minimal
No. 6: Ban on disregard for the freedom of association	Minimal	Minimal
No. 7: Ban on unequal treatment in employment	Minimal	Minimal
No. 8: Ban on depriving employees of an adequate wage	Minimal	Minimal
No. 9: Ban on causing harmful soil changes, water pollution, air pollution, harmful noise emission or excessive water consumption	Minimal	Minimal
No. 10: Ban on unlawful eviction and prohibition of the wrongful revocation of land, forests and water in connection with the purchase, development or other use of land, forests and water whose use ensures a person's livelihood	Minimal	Minimal
No. 11: Ban on hiring or using private or public security forces to protect the business project	Minimal	Minimal
Section 2 Para. 3 of the LkSG:		
No. 1: Ban on the manufacture of products containing added mercury	Minimal	Minimal
No. 2: Ban on using mercury and mercury compounds in manufacturing processes	Minimal	Minimal
No. 3: Ban on the treatment of mercury waste	Minimal	Minimal
No. 4: Ban on the production and use of chemicals	Minimal	Minimal
No. 5: Ban on the environmentally inappropriate handling, collection, storage and disposal of waste	Minimal	Minimal

<p>No. 6: Ban on the export of hazardous waste within the meaning of Article 1 Paragraph 1 and of other waste within the meaning of Article 1 Paragraph 2 of the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal of 22 March 1989</p>	<p>Minimal</p>	<p>Minimal</p>
<p>No. 7: Ban on the export of hazardous waste from states listed in Annex VII to the Basel Convention</p>	<p>Minimal</p>	<p>Minimal</p>
<p>No. 8: Ban on the import of hazardous waste and other waste from a non-contracting party to the Basel Convention</p>	<p>Minimal</p>	<p>Minimal</p>