

Compliance

thyssenkrupp has a broad understanding of compliance: Observance of the law and internal regulations is a must for us, and part of our corporate culture. Compliance creates the framework for our business actions and serves to safeguard our long-term business success. As well as providing comprehensive support for the core compliance areas antitrust law, corruption prevention, money laundering prevention, and data protection, compliance work in the 2017 / 2018 fiscal year focused on three main tasks:

- the continuing implementation of our Compliance 2020 strategy,
- the implementation and Europe-wide observance of the extensive requirements of the General Data Protection Regulation (GDPR),
- competition law support for the planned joint venture of our steel operations with our competitor Tata Steel Europe.

Compliance firmly embedded in our corporate structure

Our compliance strategy is aimed at embedding a sustainable value culture at thyssenkrupp – a culture in which reliability, honesty, credibility, and integrity are the cornerstones of our actions. To ensure that this value culture is supported and lived by all employees, open communications are essential.

Our managers play a key part in this as compliance ambassadors: They are role models – not just for our employees but also for our suppliers, customers and other stakeholders. They create awareness that our value culture is important and right. All managers at thyssenkrupp are therefore expected to live up to this role at all times. Because to us compliance is more than just abiding by the law: Compliance is a question of mindset. This includes our clear commitment that thyssenkrupp stands exclusively for fair and straight business. We would rather sacrifice a contract than win it by breaking the law.

But at the same time we also want to support entrepreneurial risk-taking within a defined framework – the willingness to take calculable entrepreneurial risks, and in doing so to possibly make mistakes and (to a reasonable extent) accept mistakes by others.

In a healthy corporate and management culture, commitment and shared values go hand-in-hand. Violations of the law or internal rules are not compatible with our understanding of compliance. The following rules therefore apply unequivocally:

- We systematically investigate all reports of legal violations and clear up the facts.
- Employees who report possible legal violations in good faith enjoy special protection from unfair treatment.
- Any violations identified are stopped without delay.
- Any violations identified are systematically and appropriately sanctioned as necessary, regardless of the name and function of the person involved.



compliance

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Compliance 2020 Strategy

Developed in fiscal 2013/2014, our “Compliance 2020 Strategy” is aimed at establishing a behavior-guiding, sustainable integrity culture in the Group and systematically embedding compliance within the Group. This is to be achieved through numerous measures, such as the further development of our global training programs, the integration of compliance in our business processes, and targeted communications.

Numerous Compliance 2020 Strategy measures were implemented in the past fiscal year. One was the company-wide roll-out of an e-learning program for compliance managers. It is designed to inform them about their duties in even more detail and – in combination with our new compliance toolbox – provide them with a wide range of aids to help them perform their role effectively and efficiently.

The Compliance function also performs the role of advisor, coordinator and consolidator in areas such as occupational safety, supplier compliance, use of contractors, and environmental protection, and ensures uniform reporting to the Executive Board. Substantive compliance responsibility in these areas remains with the competent corporate functions and business areas. This ensures that in all areas of the company compliance is understood in accordance with the thyssenkrupp mission statement, an intensive exchange of knowledge takes place between the compliance function and those responsible for content, and the resultant synergies in organization, processes and methods are utilized.

Compliance program and key areas of compliance work

thyssenkrupp’s compliance program comprises the three elements “inform & advise”, “identify”, and “report & act”. It is closely interlinked with risk management and with our internal control system. In this way we ensure that compliance is an integral component of every single business process. The program focuses on the key areas antitrust law and corruption prevention, money laundering prevention, and data protection.

Antitrust law and corruption prevention are the focus of compliance work at thyssenkrupp.

As the EU General Data Protection Regulation (GDPR) came into force in May 2018, data security was a particular focus of our compliance work in the past fiscal year. We optimized our organizational structure and supported our Group companies throughout Europe with implementation of the requirements. In the business units around 260 people were established as data protection officers and data protection coordinators. The continued practical implementation of the GDPR, in particular process improvements, will remain a focus of our compliance activities in the coming year.

A further important compliance task in the reporting year was providing in-depth competition law support to the corporate functions in connection with the project to contribute our steel operations to a joint venture with Tata Steel Europe. Since Tata Steel Europe is a competitor of thyssenkrupp, the central question was what exchange of information is permissible between the future partners and in what form.

Further compliance activities in each of the following three program elements in the reporting year were as follows:

- “Inform & advise”: Our compliance officers trained and advised employees around the world on applicable statutory requirements, internal Groupwide policies, and also looked at concrete individual cases. In the reporting year around 5,500 employees worldwide attended classroom courses,

mainly on antitrust law and corruption prevention. In addition we continued the fourth cycle of the e-learning program on corruption prevention and antitrust law launched in November 2015. A total of more than 112,000 courses, net of disposals, were completed by the end of the fiscal year.

- “Identify”: In the reporting year our compliance officers once again conducted proactive and event-driven audits and investigations. The aim of these is to regularly examine critical business operations based on a risk-oriented, structured audit process. Key elements in the identification of compliance risks are our internal whistleblower system and the ombudsman. Alongside the options of directly contacting a supervisor or the compliance department, these provide employees with additional channels for reporting possible infringements of laws or policies without revealing their identity. Our new ombudsman since October 2017 is attorney-at-law Dr. Carsten Thiel von Herff. He succeeded attorney-at-law Dr. Dietrich Max an, who had held this function since April 2013.
- “Report & act”: As well as our regular reports to the Supervisory Board and Audit Committee, our intensive compliance reporting covers all levels of our organizational matrix: Executive Board of thyssenkrupp AG, business area boards, Group company managements, and regional officers and project managers with market responsibility. In the event of proven infringements, our “zero tolerance” policy applies: Where necessary, sanctions are systematically imposed on those concerned.

Compliance organization

Our Compliance function has the important job of strategic business partner, advising on relevant strategic decisions from an early stage. In addition to the compliance program, this requires a needs-based compliance organization with clearly allocated roles and responsibilities, effective, efficient and appropriately staffed program management, and in particular structures and tasks based on the requirements of the Group .

thyssenkrupp employs more than 75 full-time compliance employees worldwide. They are supported by a network of nearly 350 compliance managers. The latter are generally top executives of the individual Group companies who ensure the compliance program is implemented at operating level in their area of responsibility. Together they play a key role in permanently embedding compliance in the Group and are available to employees seeking advice.

Selected official investigations

Since November 2016 the Israeli state attorney has been carrying out investigations in connection with Israeli naval projects of thyssenkrupp Marine Systems, also into its local sales agent. According to current knowledge there are no investigations into thyssenkrupp companies or employees. We immediately launched an in-house investigation. We have passed on the results of the preliminary investigation report to the authorities and will continue to cooperate with the authorities. Further measures will be taken as necessary.

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350

Nearly 350 compliance managers promote compliance at work and act as our mouthpiece in the business units around the world.

The discontinued operation thyssenkrupp Steel Europe AG, alongside other steel companies and associations, is the subject of ongoing investigations by the Federal Cartel Office into alleged cartel agreements relating to the product groups heavy plate and flat carbon steel. A further investigation relating to stainless steel was dropped against thyssenkrupp Steel Europe AG in October 2017. The investigations still ongoing concern alleged antitrust violations in determining surcharges and premiums for certain steel prices. thyssenkrupp takes this matter very seriously and has pursued its own internal investigation with external support. Due to developments in the investigation process, thyssenkrupp has decided to set aside a risk provision in its consolidated financial statements. Based on current knowledge, we are still unable to rule out substantial adverse effects on the Group's financial position.