

# 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 2018/2019 fiscal year focused on three main tasks:

- the final implementation of our Compliance 2020 Strategy,
- the continuous implementation of the data protection compliance management system in accordance with the General Data Protection Regulation (GDPR),
- competition-law support for portfolio measures.

## 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. 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.

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 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 was and 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. Further Compliance 2020 Strategy measures were implemented in the past fiscal year. Ongoing measures will be integrated into the compliance strategy to be developed for the Group as it changes with the strategic realignment. 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



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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.

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

With the EU General Data Protection Regulation (GDPR) having come into force in May 2018, data security was a particular focus of our compliance work in the past fiscal year. We worked intensively on process improvements, fine-tuned our organizational structure, and supported our Group companies throughout Europe with implementation of the requirements. In the business units around 267 functions are now established as data protection officers and data protection coordinators. A new e-learning module provides the relevant target group throughout the organization with all important information on data protection. Altogether 28,000 mandatory participants registered for this training module in the past fiscal 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 planned joint venture with Tata Steel Europe as well as other M&A activities, also in connection with the strategic realignment of the Group.

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 over 4,800 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. With the compliance e-learning program in purchasing and the new data protection e-learning program, a total of more than 133,000 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.

- “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 tasks structurally in line with 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.

Up to the end of the 2018/2019 fiscal year, the Chief Compliance Officer, who is responsible for the compliance program, reported directly to Dr. Donatus Kaufmann, the dedicated Executive Board member responsible for Compliance since 2014. Effective October 1, 2019 the Chief Human Resources Officer (CHRO) of thyssenkrupp AG is now responsible for Compliance.

### Selected official investigations

- thyssenkrupp Steel Europe AG and other steel companies are/were the subject of investigations into alleged cartel agreements relating to the product groups heavy plate and flat carbon steel. In the case of flat carbon steel the proceedings have now been dropped. In the last fiscal year thyssenkrupp decided to recognize a provision in the consolidated financial statements. Based on very advanced talks with the Federal Cartel Office, thyssenkrupp still expects to be able to conclude the heavy plate case by mutual agreement in the near future. The associated increase at March 31, 2019 in the provision recognized at the end of the last fiscal year to the amount of the expected fine will impact net income for the year in the amount of slightly over €100 million.

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thyssenkrupp has more than 75 full-time compliance employees.

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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.