

# 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. In the 2016 / 2017 fiscal year, compliance work remained focused on the continuing implementation of our Compliance 2020 strategy.



## Compliance firmly embedded in our corporate culture

Our compliance strategy is aimed at creating a fully embedded integrity and compliance culture. In concrete terms our goal is to instill thyssenkrupp with a value culture in which reliability, honesty, credibility and integrity are the cornerstones of our actions. This value culture must be jointly supported and lived by all employees. For this to succeed, an open communications culture is needed.

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These principles apply above all to our managers, who play a particularly important role as compliance ambassadors: Managers are role models – not just for our employees but also for our suppliers, customers and other stakeholders. They generate awareness that our value culture is important and right. The clear expectation on all managers is that they 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 for fair and straight business. We would rather sacrifice a contract than win it by breaking the law.

However, at the same time we want to support entrepreneurial risk-taking within a clearly defined framework. Part of this means being willing to take calculable entrepreneurial risks, to make and accept mistakes. In a healthy corporate and management culture, performance and values are not mutually exclusive. However, violations of the law or internal rules are neither legally acceptable nor compatible with our understanding of compliance. The following rules therefore apply unequivocally:

- We 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 immediately.
- Any violations identified are systematically and appropriately sanctioned as necessary, regardless of the name and function of the person involved.

A case in the reporting period demonstrates that we mean what we say: In November 2016 we became aware that the CEO of Industrial Solutions had accepted a gold present for his wife from a Pakistani business partner, an action not in accord with thyssenkrupp values. The logical consequence was his resignation within a week, regardless of any legal questions.

## Compliance 2020 strategy

Developed in fiscal 2013/2014, our “Strategy 2020” is mainly aimed at 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 embedding of compliance in our business processes, and targeted communications.

The Compliance function also performs the role of advisor, coordinator and consolidator in other topic areas such as occupational safety and environmental protection to ensure uniform reporting to the Executive Board. Substantive compliance responsibility in these areas remains with the competent corporate functions and business areas. This ensures that 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 increased synergies are created particularly in the organization and also in processes and methods.

## Our compliance program at thyssenkrupp

Our compliance program is mainly focused on the areas of antitrust law and corruption prevention, and also includes money laundering prevention and data protection.

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

The 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. Our compliance program was consistently implemented in the reporting year.

- “Inform & advise”: In the past fiscal year our compliance officers trained and advised employees around the world on applicable statutory requirements, internal Groupwide policies, and also looked at concrete individual cases. As in previous years the Compliance function supported important business transactions, e.g. in connection with major projects and M & A projects or the engagement of intermediaries. In the reporting year over 5,100 employees worldwide attended classroom courses, mainly on antitrust law and corruption prevention. In the 4th cycle of the e-learning program on corruption prevention and antitrust law, launched in November 2015, a total of more than 102,000 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: Sanctions are systematically imposed on the employees concerned.

## Compliance organization

Our Compliance function has the important job of strategic business partner, advising on relevant strategic decisions from an early stage. This requires a needs-based compliance organization and a comprehensive compliance program 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 around 350 compliance managers. These 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

The Israeli state attorney is carrying out investigations in connection with 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 have 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.

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 special steel was dropped against thyssenkrupp Steel Europe AG in October 2017. The investigations still ongoing concern the alleged fixing of surcharges and premiums on steel prices. thyssenkrupp takes this matter very seriously and immediately launched its own internal investigation with external support. Based on the facts currently known to us, we cannot exclude substantial adverse consequences with regard to the Group's asset, financial and earnings situation.

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# 75

thyssenkrupp has more than 75 full-time compliance employees.

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# 350

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