

Principles of compliance with human rights and environmental due diligence requirements



Preface

thyssenkrupp is committed to the highest sustainability standards, which encompass good corporate governance and environmental and social responsibility. As an international group of companies we source raw materials, goods and services from around the world.

The human person is always at the center of everything we do. This applies to everyone equally, both to our own employees and to our suppliers.

At thyssenkrupp, our mission statement has created a group-wide compass which guides our actions and our conduct. It goes without saying that the respect of human rights and of fundamental environmental standards forms part of our basic value system.

Our values such as personal responsibility, openness and transparency as well as lawful and ethically correct behavior at all times play an important role in this.

Our understanding of human rights and environmental due diligence requirements at thyssenkrupp

As thyssenkrupp Group we comply with all applicable laws, statutory provisions and standards in countries where we operate or are based, and we expect our suppliers to do the same. Where national laws include more comprehensive provisions than those applicable at thyssenkrupp itself, national law prevails. We expect our group companies, our managers, members of the Executive Board and senior management, our employees and our suppliers to comply with the principles of the United Nations Global Compact; the United Nations International Bill of Human Rights; the International Covenants on Civil and Political Rights and on Economic, Social, and Cultural Rights; and the core labor standards promulgated by the International Labor Organization (ILO). We also expect our employees and suppliers to acknowledge and comply with our further expectations¹ concerning human rights and the environment:

- **Child labor:**
thyssenkrupp expects its suppliers to comply with the requirement to prohibit and refrain from any kind of child labor in their companies;
- **Discrimination:**
thyssenkrupp expects its suppliers to provide a work environment that is free from discrimination on the basis of gender, skin color, religion, nationality, political or other convictions, ethnic origin, physical disability, age, sexual orientation and identity or other personal characteristics;
- **Forced labor:**
thyssenkrupp expects its suppliers to prohibit any kind of forced, compulsory labor and human trafficking;
- **Freedom of association:**
thyssenkrupp expects its suppliers to respect the rights of its employees to form an employee representation body, and to engage in collective bargaining in accordance with the relevant national laws.
- **Compensation and working time:**
thyssenkrupp expects its suppliers to comply with the respective national laws pertaining to working time, compensation, minimum wage and benefits to be guaranteed by the employer or with the international standards promulgated by the ILO in the absence of domestic provisions;;
- **External personnel:**
thyssenkrupp expects its suppliers to comply with all relevant national laws when deploying external personnel (e.g. security personnel) in contractual and labor relationships, irrespective of the type of contract. Suppliers must employ appropriate measures to ensure that external staff are made aware of and monitored in relation to human rights risks, in particular;
- **Occupational health and safety:**
In order to prevent accidents and workrelated illnesses in the best possible way, thyssenkrupp expects its suppliers to install and apply an adequate occupational health and safety management system;
- **Protection of the right to free speech, personal and privacy rights;**
- **Not causing harmful soil change, water pollution, air pollution, harmful noise emission or excessive water consumption,** which are likely to significantly affect protected rights and legal interests;
- **No unlawful appropriation of land, forests, and waters,** the use of which sustains people's livelihood;
- **No violation of environmental obligations²** as a result of the use, storage, crossborder transport or disposal of mercury (compounds), persistent organic substances or hazardous waste.

¹ thyssenkrupp has also laid down human rights and environmental expectations in the Code of Conduct (CoC) and in the Supplier Code of Conduct (SCoC).

² Compliance with the Stockholm Convention on Persistent Organic Pollutants, the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal and the Minamata Convention on Mercury.

Our approach for compliance with human rights and environmental due diligence requirements

thyssenkrupp has developed a Group-wide concept and a corresponding organizational structure to create a sustainable culture to ensure compliance with human rights and environmental due diligence requirements.

This is achieved through the interdisciplinary collaboration between a variety of group functions that, together with additional experts, are responsible for the implementation of the due diligence requirements in our Own Business Area³ or in our supply chain. This integrated approach is also reflected in the responsibilities of our Executive Board members for human rights and environmental protection.

The SCA⁴ Council Group manages the implementation of our concept to ensure compliance with the human rights and

environmental due diligence requirements within the Group. This body convenes both regularly and on an ad hoc basis. The SCA Council Group is coordinated by the SCA Officer Group who acts as spokesperson of the SCA Council Group and reports directly to the Executive Board of the group of companies. Various group functions and businesses and representatives from among our segments participate in the SCA Council Group as members.

In addition, a regular group-wide exchange takes place between the SCA Council Group and experts and managers from the segments.

Unsere Strategie: Gemeinsam für Menschenrechte und Umweltschutz

thyssenkrupp is working continuously to analyze the impact of our business activities on human rights and the environment, to minimize potential risks and prevent their occurrence. To this end, thyssenkrupp has put in place a group-wide concept for compliance with human rights and environmental due diligence requirements that is characterized by an integrated and interdisciplinary risk management system consisting of risk analyses⁵, prevention and remedial measures, the definition of responsibilities, the adoption of principles, the maintenance of a complaints procedure, documentation and reporting.

The main elements of our thyssenkrupp concept for compliance with human rights and environmental due diligence requirements are provided in documents including the following⁶:

- thyssenkrupp Code of Conduct (CoC);
- thyssenkrupp Supplier of Code of Conduct (SCoC);
- International Framework Agreement (IFA);

- thyssenkrupp occupational health and safety standards and provisions;
- thyssenkrupp environment and energy standards.

We have implemented this risk management system throughout the entire thyssenkrupp Group. It consists of several elements, in particular:

1. A central risk analysis⁷ for the Own Business Area and for the supply chain where risks are evaluated on the basis of group-wide sustainability criteria with regard to human rights, occupational health and safety, and the protection of the environment ("SCA risk areas").
2. the operational implementation of measures through which identified risks are due to be minimized or eliminated, and
3. a barrier-free, publicly accessible complaints procedure for reporting possible misconduct.

SCA risk areas	SCA individual risks
Human rights	child labor, forced labor, discrimination in the workplace; freedom of association; compensation and working time; land grab; external personnel; contamination; discrimination; protection of the right to free speech, personal and privacy rights
Occupational health and safety	in particular due to obviously inadequate safety standards, lack of appropriate protection measures and protective equipment, lack of measures to prevent fatigue, inadequate training of employees
Environmental protection	use/storage/disposal of chemicals and waste; generation of emissions and use of energy and water.

³ „Own business“ includes all of our activities at home and abroad that are carried out for the manufacture and utilization of products and the provision of services.

⁴ „German Act on Corporate Due Diligence in Supply Chains“, short for: Supply Chain Act.

⁵ Wenn wir von Risikomanagementsystem sprechen, meinen wir hier das Risikomanagementsystem zur Einhaltung der menschenrechtlichen und umweltbezogenen Sorgfaltspflichten.

⁶ All of thyssenkrupp's own standards and regulations are anchored in internal guidelines and policies as well as other documents.

⁷ At the time this statement was first published, the risk analysis of the thyssenkrupp Group to comply with human rights and environmental due diligence obligations had begun, but had not yet been completed. Once the risk analysis has been completed, the identified priority risks are taken into account by the SCA Council Group and subsequently included in the policy statement. According to the result of a preliminary risk analysis in the company's own business, no risks have been identified at the present time that would have to be given priority.

Through our multi-tier approach, we have implemented uniform minimum standards within the thyssenkrupp Group that our group companies are able to apply and expand in a targeted way so as to minimize risks. Our risk analysis is updated continually, at least annually. We also repeat the risk analysis on an ad hoc basis, e.g. if the risk situation changes. The same applies to the risk management system, which we develop

continually and whose effectiveness is reviewed at regular intervals.

In addition to controlling and coordinating the monitoring of the relevant risks, the SCA Council Group regularly reports to the Group Executive Board on the risk management system and the result of the risk analysis that has been carried out.

Within our Own Business Area: our conduct within the thyssenkrupp Group

Risk analysis in our Own Business Area

“Own Business Area” includes all of our activities in and outside Germany that are performed to manufacture and recycle products and to provide services.

The risk analysis in the Own Business Area is based on the annual selfassessment performed by the individual group companies with regard to compliance with the protected human rights and environmental rights and legal interests, the contents of which are stipulated as a standard by the SCA Council Group and made available to the group companies. The results are evaluated as part of the risk analysis, reviewed and summarized in a risk score. In addition to the risks identified as part of the selfassessment, further data sources (for example, from prevention and remedial measures) may be taken into account in the risk calculation.

The results are evaluated, aggregated and consolidated centrally and assessed for risks in the SCA Council Group. Risks identified are mitigated through measures by the group companies.

thyssenkrupp already has long established processes in place within the group of companies that address the threat to human rights and environmental rights and legal interests. Examples include:

- **an organization:**
for co-determination, the Sustainability Council, the International Committee for the IFA and the OSH Council;
- **programs/processes:**
the International Framework Agreement, the collective bargaining agreements, the GEEP program for the development and implementation of energy saving

measures, certified management systems pursuant to ISO 14001 and ISO 50001, “we care Days”;

- **tools:**
whistleblowing tools (for Compliance, for the IFA) and other inhouse tools designed to prevent the violation of protected rights and legal interests.

Prevention and remedial measures in the Own Business Area

The thyssenkrupp Group has implemented a large number of prevention measures in its Own Business Area in order to prevent or minimize human rights and environmental risks. Alongside the implemented sets of rules and group-wide standards, it is implementing a variety of other measures in the group companies.

Where a potential violation of the human rights and environmental rights and legal interests is imminent or has taken place, the relevant remedial process is triggered. This is ensured through the implementation of the remedial measures process within the reporting procedures established at thyssenkrupp.

Where a violation of a human rights or environmental requirement is imminent or has taken place, our portfolio of measures provides for ad hoc measures designed to prevent or terminate a violation. They include the notification and involvement of material group functions, of the competent persons or bodies of the segment and the involvement of the SCA Officer Group together with an analysis of the cause and final effectiveness review.

Working together with our partners: Identify and avoid risks

Risk analysis of our suppliers

Using the SCA individual risks as a basis, we subject our immediate suppliers to a basic risk analysis and identify their risk potential with regard to our “SCA risk areas.” We weight the individual SCA risks and take factors such as external risk indices, the supplier’s location and industry, the scope of business activities (purchasing volume), the type of goods supplied and the severity and (ir-)reversibility of potential events into account in our ongoing risk analysis.

Based on the results of the risk analysis of specific suppliers, an SCA risk category is determined for each supplier. Our group companies refer to this SCA risk category to take appropriate prevention measures in order to mitigate the risk posed by suppliers. At the same time, prioritization takes place on the basis of the established risk, our contribution to the cause, the degree of our influence, and taking into account the characteristics of the business in question. Findings on indirect suppliers are included in our risk analysis on an ad hoc basis.

Prevention and remedial measures in respect of our suppliers

thyssenkrupp has drafted an appropriate catalog of measures on the basis of the SCA risk areas and individual risks of the risk analysis. These measures allow us to mitigate the risk of potential violations of human rights and environmental rights and legal interests at our suppliers.

Our prevention measures include, for example, the acknowledgment of the thyssenkrupp Supplier Code of Conduct and the implementation of supplier training courses.

We expect all our suppliers to acknowledge the Supplier Code of Conduct and to meet the expectations it specifies. We expect suppliers that have been identified as having a heightened risk

potential to provide contractual assurances that our human rights and environmental expectations are complied with and agree individual prevention and remedial measures, such as supplier audits.

If any violations of a human rights or environmental requirements at a direct or indirect supplier become known, thyssenkrupp will initiate immediate and appropriate measures⁸ aimed at ending these violations.

If the violation committed by a supplier is of an especially grave nature, this may result in the temporary suspension or, in extreme cases, the immediate termination of the business relationship.

Our responsibility for implementing these principles

Binding nature and compliance

These principles apply to all group companies and all managers, members of the Executive Board and senior management and all other employees of the entire thyssenkrupp Group. thyssenkrupp actively promotes the communication of the policies and agreements underlying our principles.

These principles will be reviewed at least annually and on an ad hoc basis by the SCA Council Group and updated as required, e.g. on the basis of the annual risk analysis, and approved by the Group Executive Board.

These principles are communicated to our employees and relevant stakeholders in thyssenkrupp's Intranet and via additional and external channels, as well as via the thyssenkrupp corporate website. thyssenkrupp offers employees training in order to raise awareness of how to deal with human rights and environmental expectations. The training is based on the Code of Conduct, the Supplier Code of Conduct and these principles. In addition, we will offer specific training to our community in procurement and to employees in other relevant areas.

Reporting possible misconduct

In order to counter violations of laws and internal group regulations or potential violations of human rights and environmental rights and legal interests early on and reduce the damage to thyssenkrupp employees and business partners, thyssenkrupp has established a complaints procedure for all group companies. This procedure ensures that any suspicious activity reported by employees of the thyssenkrupp Group and external persons, such as our direct and indirect suppliers or their employees, can be received and processed.

If requested, the complaints procedure allows complaints to be submitted anonymously and without obstacles worldwide. Every whistleblower will receive an acknowledgment of receipt provided that all information required for this to happen has been submitted. As part of our process we ensure that the whistleblower's identity is protected. They will also be shielded from suffering any disadvantage or penalty as a result of their whistleblowing activity.

Complaints are received⁹ centrally using a variety of reporting channels that can be reached at <https://thyssenkrupp.com/compliance-wb> and <https://www.thyssenkrupp.com/en/company/sustainability/employees/ifa-downloads>.

Documentation and reporting

We report annually on the fulfillment of our human rights and environmental due diligence requirements with regard to the past fiscal year to the competent authority and on our website¹⁰. In addition, we document the fulfillment of our due diligence requirements on an ongoing basis within the thyssenkrupp Group. The documentation on the processes described in these principles is stored in line with statutory requirements.

⁸ This can also include a coordinated approach with the support of trade associations and industry initiatives in order to be able to exert the greatest possible influence on the supplier.

⁹ The persons entrusted with the management of the whistleblower system guarantee impartial action, are independent, are not bound by instructions and are bound to secrecy.

¹⁰ Here we also report on our further activities in the area of human rights and environmental due diligence, as well as integrated within the framework of our group-wide sustainability agenda in the annual report.

