

# Supplier training for Contractual assurance according to the German Supply Chain Act / Supplier Code of Conduct



December 2022



engineering.tomorrow.together.

thyssenkrupp

# Agenda

Sustainability at thyssenkrupp

Supplier Code of Conduct

Contractual assurance of the supplier

# Supplier training



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# Aim and background of this training

A target icon consisting of three concentric circles. The innermost circle is yellow, the middle one is white, and the outermost one is blue. A white arrow points from the center towards the top-right.

**We want to establish a trusting relationship with our suppliers and achieve a common goal: compliance with the highest ESG standards.**

- This training explains the content of the thyssenkrupp Supplier Code of Conduct and in particular
  - the expectations thyssenkrupp has of its suppliers,
  - the necessity of contractual agreements between thyssenkrupp and its suppliers, and
  - what to do in case of non-fulfillment of thyssenkrupp expectations.



thyssenkrupp is expressly committed to meeting the highest sustainability standards, including environmental and social responsibility and good corporate governance:

- Our actions and behavior at thyssenkrupp are shaped by our mission statement
- Commitment to compliance with human rights and environmental due diligence obligations is written down in our Declaration on principles
- **Respect for human rights is a core value at thyssenkrupp**
- Compliance is a matter of course for us: adherence to applicable laws and thus also the Supply Chain Act (SCA)

Sustainability or ESG criteria are not a new topic for thyssenkrupp as they are already integrated into the company's day-to-day operations, i.e.:

- the consideration of criteria from the areas of environment (**Environment**), social (**Social**) and responsible corporate governance (**Governance**)
- thyssenkrupp has long anchored these ESG issues in the Code of Conduct (CoC) and regulated them for the supply chain in the Supplier Code of Conduct (SCoC).

With the SCA, the legislator anchored certain human rights and environmental due diligence obligations to be observed in an appropriate manner with the aim of preventing human rights or environmental risks and minimizing their occurrence or ending breaches of obligations.

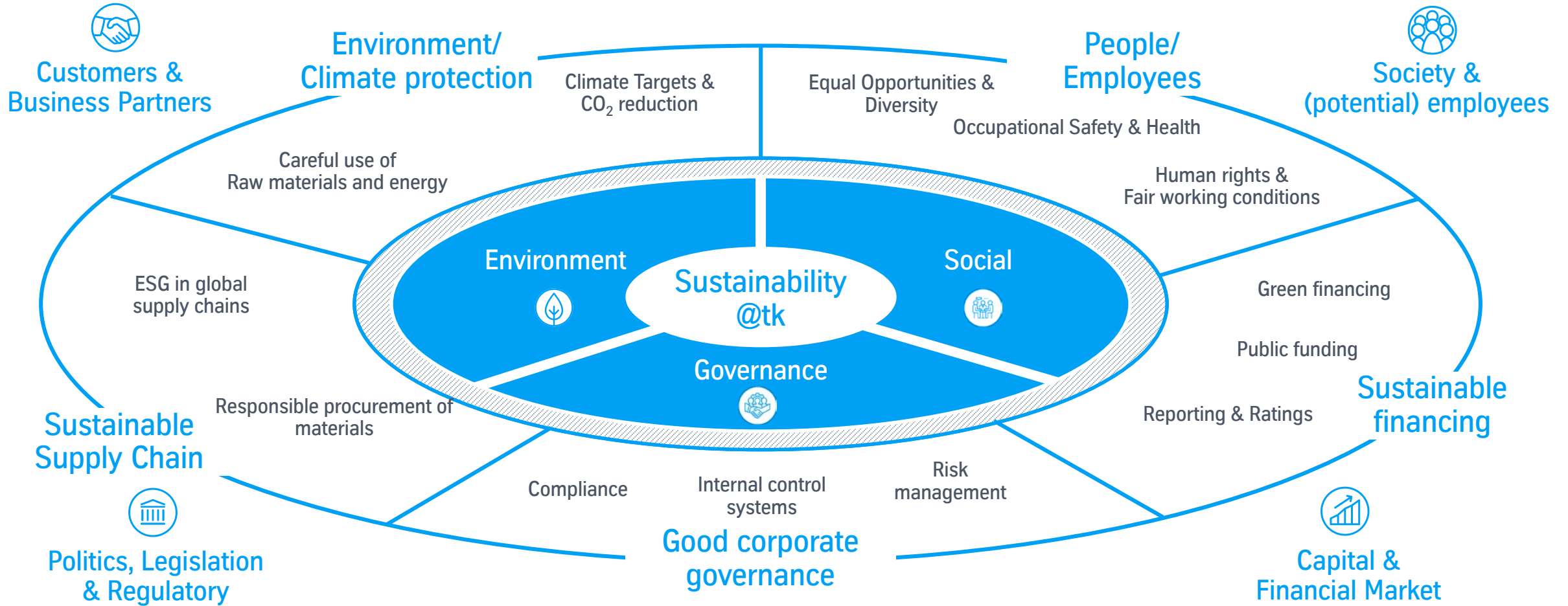
**E** nvironment

**S** ocial

**G** overnance



# thyssenkrupp pursues a holistic approach to sustainability and manages expectations through transparency, communication & strategy



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# Supply chain



Acting responsibly is an important aspect of our procurement processes.

We award contracts not only according to legal, commercial, technical and process-related criteria, but also according to social, ecological and ethical standards.



In thyssenkrupp Supplier Code of Conduct (SCoC) we describe our expectations of our suppliers.

We strive to work only with suppliers whose business activities fully comply with the principles of the SCoC and who have signed the contractual agreements.



As part of our risk management, we regularly analyze our suppliers to determine whether and what potential sustainability risks they pose.

If this analysis shows that there is an increased risk level with certain suppliers, we require our suppliers by legal obligation to assure us that they comply with thyssenkrupp's expectations as described in the thyssenkrupp SCoC and address them appropriately along their supply chains.



# Expectations of thyssenkrupp

Compliance with applicable laws and international regulations

Human rights-related expectations including employee rights

Environmental expectations including climate change mitigation

Expectations of integrity in the business environment

Supplier risk analyses

Involvement of suppliers with regard to sustainability risks

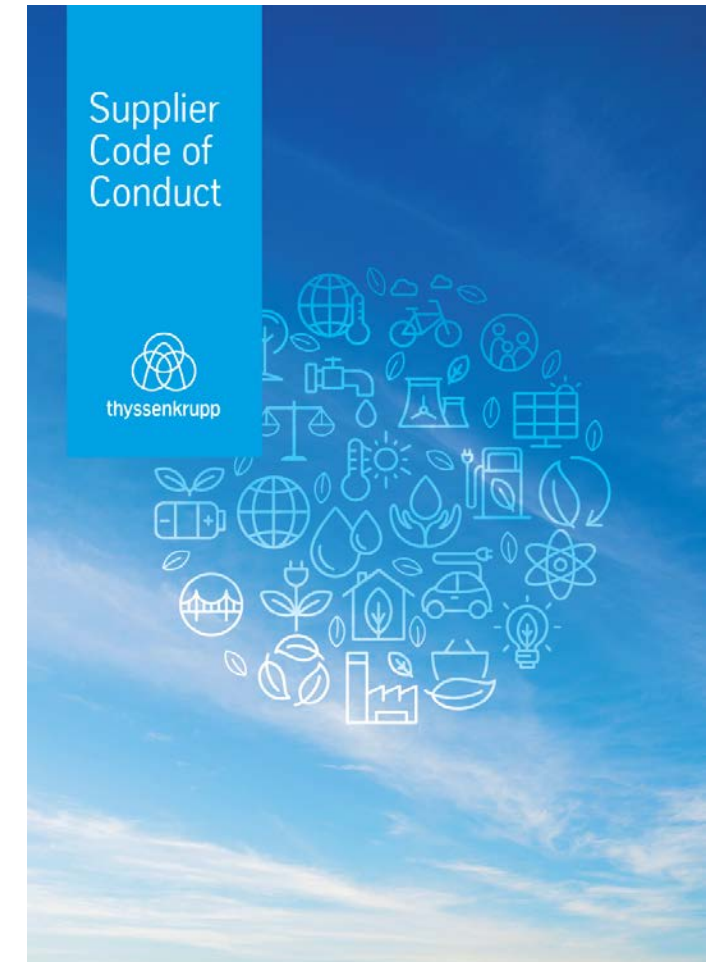


# General expectation from thyssenkrupp:

## Compliance with laws and international regulations\*

- Compliance with all applicable laws, regulations and standards in the countries in which suppliers operate or are located.
- Compliance with international regulations, among others
  - Principles of the United Nations Global Compact;
  - Core Labor Standards of the International Labor Organization (ILO);
  - Compliance with the Paris Climate Change Agreement, 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;
  - Compliance with United Nations (UN) and Organisation for Economic Co-operation and Development (OECD) anti-corruption conventions and relevant anti-bribery laws, including those dealing with bribery abroad.

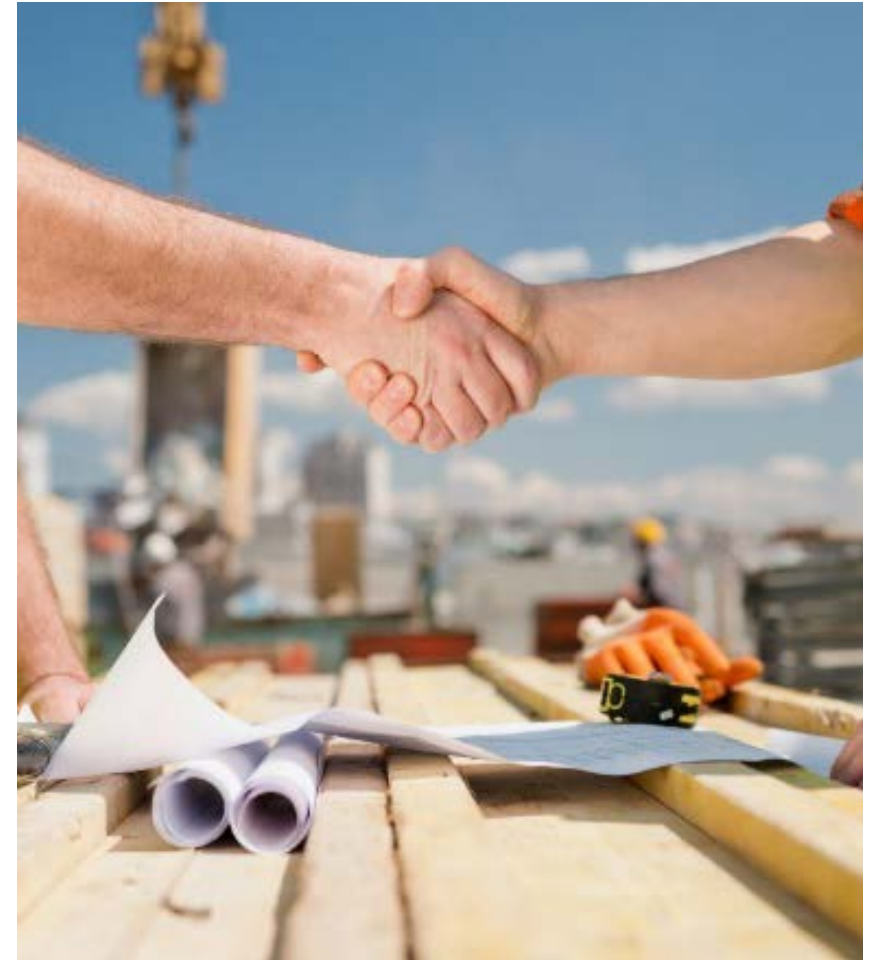
\*An exemplary reproduction of the SCoC follows on the further slides; for more details see thyssenkrupp SCoC.



# Human rights-related expectations of thyssenkrupp

## including employee rights, such as

- No child labor, no forced labor, no discrimination
- Freedom of association
- Reasonable compensation and working hours
  - Compliance with the respective applicable national legislation on working hours, remuneration, minimum income and social benefits.
  - If there is no national legal regulation on working time, the international standards of the ILO apply
- Occupational health and safety
  - Establishment and application of appropriate occupational health and safety management (e.g. in accordance with ISO 45001) for the best possible prevention of accidents and work-related illnesses
- Protection of the right to freedom of expression, personal rights and privacy
- No unlawful appropriation of land, forests and waters, the use of which provides a person's livelihood



# Environmental expectations of

## thyssenkrupp including climate change mitigation

- Establishment and application of an appropriate environmental and energy management system;
- Efficient and responsible use of resources such as energy, water and raw materials to protect biodiversity;
- Use of technologies to prevent and reduce waste, greenhouse gas emissions, wastewater pollution, pollutant emissions;
- Promotion the reuse of raw materials;
- **No violation of environmental obligations by (i) the use of mercury and mercury compounds in products/manufacturing processes and by the treatment of mercury waste, (ii) the use and disposal of persistent organic pollutants and the collection, storage and disposal of resulting wastes, or (iii) the transboundary shipment of hazardous wastes and their disposal;**
- Transparency with regard to greenhouse gas emissions in own and upstream activities;
- Take effective action in line with the Paris Climate Agreement to reduce direct and indirect CO2 emissions, including working on continuous improvements, advancing the use of renewable energy and alternative energy sources, and setting a science-based emissions reduction target.



# thyssenkrupp's expectations on integrity

## in the business environment, such as

- Prohibition of corruption, prohibition of bribery
- Observance of competition and antitrust law, data protection and information security
- Conflicts of interest:
  - Decisions relating to business activities with thyssenkrupp are made exclusively on the basis of objective criteria.
  - Conflicts of interest with private interests or other economic or other activities, including those of relatives or otherwise related persons or organizations, must be avoided from the outset;
- Compliance with applicable legal obligations for the prevention of money laundering and terrorist financing as well as compliance with export controls and sanctions



# Your action is required!



- Set up **suitable management systems and business processes** to enable you to identify human rights and environment-related breaches of duty at an early stage
- If **indications of non-compliance with thyssenkrupp's expectations** become known, we ask you to report these to us immediately
- The **breach of duty can also be caused by one of your suppliers** and affect the supply chain
- Possible violations of the **thyssenkrupp SCoC** can be reported via <https://thyssenkrupp.com/compliance-wb> – anonymously, if desired.
- **Immediately** initiate and inform us of **remedial measures** to prevent, minimize, and end violations of human rights and environmental expectations
- Please establish an **appropriate whistleblowing system**, if required by law, so that your employees and suppliers can also report (among other things) human rights and environment-related misconduct



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# Contractual assurance of the supplier

## Your unilateral declaration on the SCoC (no agreement)

### Confirmation of the supplier

The SUPPLIER has received and acknowledged the thyssenkrupp Supplier Code of Conduct 4.1 (SCoC). It has understood what thyssenkrupp expects of it, as outlined in said document.

tk SCoC received and understood

## Contractual assurance (agreements with thyssenkrupp)

1

### Assurance of the supplier

The SUPPLIER hereby undertakes to comply with the expectations of thyssenkrupp, as outlined in the thyssenkrupp Supplier Code of Conduct, and to address these expectations appropriately throughout its supply chain.

Compliance with tk SCoC, also along the supply chain



# Contractual assurance of the supplier

## 2 Obligations of the supplier to cooperate with regard to further preventive measures

1. In order to meet its assurance in respect of complying with the human-rights-related and environmental expectations stated in the SCoC, the SUPPLIER undertakes to attend any necessary training and professional development programs and – where necessary – to ensure the attendance of those involved in its supply chain.
2. The SUPPLIER undertakes, at its own expense, to permanently set up appropriate control mechanisms at its company for the purpose of monitoring compliance with the human-rights-related and environmental expectations of thyssenkrupp stated in the SCoC and to disclose such mechanisms to the CLIENT on request. The SUPPLIER'S control mechanisms must also enable inspections of its own subcontractors. Where the CLIENT has legitimate doubts about the suitability of the control mechanisms set up by the SUPPLIER, the SUPPLIER agrees to take the measures recommended to it by the CLIENT in order to ensure compliance with the human-rights-related and environmental expectations (improvement measures). The CLIENT is entitled to carry out on-site inspections and sustainability audits at the SUPPLIER'S premises in order to assess, where necessary, the compliance of the SUPPLIER and its subcontractors with the human-rights-related and environmental expectations of thyssenkrupp.

Participation in trainings

Establish monitoring mechanisms for compliance with human rights and environmental expectations

Implementation of improvement measures and audits, if required



# Contractual assurance of the supplier

## 3

### Cooperation obligations of the supplier regarding remedial measures

3. If a breach of a human-rights-related or environmental expectation of thyssenkrupp is imminent, the SUPPLIER will take appropriate measures to prevent the breach. The SUPPLIER will inform the CLIENT of the preventive measures taken and – where necessary – extend them to incorporate any recommendations of the CLIENT.
4. The SUPPLIER must immediately end, or at least minimize, any breach of a human-rights-related or environmental expectation that has already occurred; if the breach has occurred within its supply chain, the SUPPLIER will immediately require the RESPONSIBLE PARTY to end the breach or, at the least, significantly minimize the effects of the breach. The SUPPLIER will inform the CLIENT of the measures taken.
5. If the SUPPLIER is unable to end the breach in the foreseeable future, the SUPPLIER is obligated to draw up a plan for ending or minimizing the breach, including a specific schedule for doing so, to agree upon this plan with the CLIENT, and to implement the plan accordingly. The SUPPLIER undertakes to meet the deadlines in the agreed-upon schedule and to provide the CLIENT with corresponding proof of implementation. The CLIENT is entitled to demand that the plan be extended by the SUPPLIER to include any further measures that are necessary in the opinion of the CLIENT; the SUPPLIER is obligated to incorporate these supplementary measures into its plan, insofar as they are appropriate, and to implement them accordingly.

Remedial measures for injuries

Immediate termination or minimization of violations.  
Influence on perpetrators in the supply chain

If immediate cessation of violation is not possible, development of a concept plus schedule for complementary measures



# Contractual agreements with the supplier

4

## Due diligence obligations of the supplier for conflict minerals

The SUPPLIER must notify the CLIENT as soon as it receives information or documentation (e.g., the CMRT or a smelter list) pertaining to conflict minerals from its suppliers and must make this information available without request.

Special case  
conflict minerals





THANK YOU!

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