

# COMMUNICATION ON PROGRESS

JUNE 2020



thyssenkrupp

## Statement of Continued Support

Sustainability is one of the core principles of thyssenkrupp's corporate strategy. Together with customers worldwide, we aim to develop innovative products and solutions, which contribute to a sustainable value creation. thyssenkrupp's sustainability approach embraces processes within our own operations as well as activities along our value chains. As a global company with partners worldwide, we are committed to create a better tomorrow.

I am pleased to confirm once more thyssenkrupp's commitment to the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour Standard, Environment and Anti-Corruption.

Responsibility for sustainability performance lies directly with the Executive Board and the Group Sustainability Committee. Our Indirect Financial Targets (IFTs) provide one example on how sustainability is translated into company specific targets and performance improvements at thyssenkrupp.

thyssenkrupp provides continuous and fully integrated reporting on its sustainability performance in its annual report and on its website, considering the international standards of the UN Global Compact, the Global Reporting Initiative (GRI) and other relevant standards.

Yours sincerely,

Martina Merz  
CEO thyssenkrupp AG

## Human Rights

### Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights

The respect for Human Rights is a core value at thyssenkrupp. We are committed to the International Bill on Human Rights of the United Nations and its implementation throughout the whole Group.

Please follow the links to the dedicated webpages for all Human Rights relevant company information. Additionally, all information can be found in our integrated annual report.

- Human rights
- Code of Conduct
- Compliance
- Responsible procurement
- Responsible employer
- Sustainability strategy and targets

### Principle 2: Businesses should make sure that they are not complicit in human rights abuses

The commitment to respect Human Rights is included in several different policies and regulations, starting with the thyssenkrupp Code of Conduct. It is the highest frame of reference for all Managers and employees in the thyssenkrupp Group and includes all basic principles and rules with respect to responsible and ethical conduct towards persons inside and outside of the Group.

- Human rights
- Code of Conduct
- Compliance
- Responsible procurement
- Responsible employer
- Sustainability strategy and targets

## Labour

### Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

Our motto “engineering. tomorrow. together.” unites us all at thyssenkrupp. We are all committed to the engineering of sustainable solutions, and we are convinced that we can produce the best results by working together. A corporate culture with shared values like team spirit, communication, commitment, a success mindset, and respect for colleagues, customers, investors, and competitors is one of our key success factors. We live this culture every day. thyssenkrupp does business in accordance to very clear guidelines.

Please follow the links to the dedicated webpages for all labour relevant company information. Additionally, all information can be found in our integrated annual report.

- Responsible employer
- International Framework Agreement
- Corporate culture

### Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour

thyssenkrupp has always embraced its responsibility as a fair employer. We are a socially responsible corporate citizen, stand up for good working conditions worldwide, and expect certain principles and standards also from suppliers and business partners. That is why on March 16, 2015 thyssenkrupp AG, the Group works council, the metalworkers' union IG Metall, and the global union federation "IndustriALL Global Union" entered into an International Framework Agreement (IFA) on global minimum labor standards in the Group.

- Code of Conduct
- Responsible procurement
- International Framework Agreement

## Principle 5: Businesses should uphold the effective abolition of child labour

As well as recognizing the ILO's Core Labor Standards and the Universal Declaration of Human Rights, the IFA includes principles on occupational safety and health, opportunities for career and personal development, the right to fair pay, and the prohibition of child and forced labor and all forms of discrimination.

- Code of Conduct
- Responsible procurement
- International Framework Agreement

## Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation

Diversity & Inclusion Management is a fixed part of our Human Resource policy. This is also demonstrated in our mission statement, our management principles, with our signing of the “Diversity Charter” as well as with our commitment to the “UN Standards of Conduct for Business” tackling discrimination against LGBTI people. Furthermore, Diversity is a business case. Several studies confirm that diverse teams are more successful, innovative, creative and productive.

- Code of Conduct
- Responsible procurement
- Diversity & Inclusion

## Environment

### Principle 7: Businesses should support a precautionary approach to environmental challenges

thyssenkrupp attaches great importance to the topics of environmental protection, climate change and energy efficiency – from supply chain to internal processes to customers. With our solutions we want to help meet rising demand for goods and services in a resource-efficient way. Environmental protection is therefore a core element of thyssenkrupp's sustainability efforts and thus its corporate strategy.

Please follow the links to the dedicated webpages for all environment relevant company information. Additionally, all information can be found in our integrated annual report.

- Sustainability strategy and targets
- Environment, climate and energy

### Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility

Since many years we systematically drive the energy and climate efficiency of our production and together with our customers, we develop efficient solutions to reduce greenhouse gas emissions. Our climate action efforts are also acknowledged externally on a regular basis. For the fourth year in a row, thyssenkrupp was awarded with the CDP A-List.

We are taking the next step in our climate strategy and for that, we set ourselves ambitious targets. Until 2050, we strive to become climate neutral. This ambition includes our direct emissions (scope 1), the indirect emissions from purchased energy (scope 2) as well as the indirect emissions in our value chain (scope 3).

As an important step towards climate neutrality, we have set ourselves ambitious targets also for 2030: we want to reduce the sum of our direct emissions (scope 1) and of our emissions from purchased energy (scope 2) by 30% compared to 2018. In addition, we aim to reduce the indirect emissions in our value chain, especially in the use phase of the products, by 16%. The Science Based Targets initiative has assessed our targets carefully based on the latest climate science and officially confirmed that they are in line with the goals of the 2015 Paris Agreement. Climate strategy and targets

- Climate strategy and targets
- Sustainability strategy and targets

## Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies

Producing more efficient and sustainable products is a core ambition of thyssenkrupp's sustainability effort- Renewable energies, Industry 4.0, sustainable mobility and resource-efficient processes are key aspects on our innovation agenda.

We aim to spend annually around 2.5 percent of our turnover – excluding trade and distribution – on research and development.

For this, we not only need many good ideas, but also have to define the entire path from idea to successful product. Our Product Lifecycle Management system describes the stages of product development.

Current studies show that cooperation across traditional sector and technology boundaries is becoming increasingly important. With its diverse technologies, this is one of thyssenkrupp's major strengths.

- Innovation
- Sustainable mobility
- Processes that conserve resources
- Technologies for the transition to renewables
- Promotion of enthusiasm for technology and innovation
- Sustainable steel

## ANTI-CORRUPTION

### Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery

To us compliance means more than just obeying rules and regulations. Compliance is a question of mindset: Reliability, honesty, credibility, and integrity are part of our DNA. We would rather sacrifice a contract than win it by breaking the rules.

Our compliance program is designed to identify potential risks at an early stage and if necessary initiate suitable countermeasures. Compliance officers around the world advise, educate, and inform employees about legal requirements. As a result, compliance is a fixed component of every business process.

Please follow the links to the dedicated webpages for all anti-corruption relevant company information. Additionally, all information can be found in our integrated annual report.

- Compliance
- Code of conduct