

Risk reporting

Q4/2018 Einhell Group Legal & Compliance

english

Compliance

Impact:

- 1: insignificant 0-50 k€
- 2: small 50-100 k€
- 3: moderate 100-200 k€
- 4: significant 200-400 k€
- 5: critical 400-700 k€
- 6: catastrophic >700 k€

Likelihood:

- 1: unimaginable, 0-3%
- 2: unlikely, 4-19%
- 3: rare, 20-49%
- 4: Sometimes, 50-69%
- 5: likely, 70-84%
- 6: frequent, 85-100%

ad-hoc risk

Risk Identification					
Risk-Category	Org	Risk-Owner	No.	Risk-Name	Risk-Description
Compliance	EAG	all Companies of the Einhell Group local General Manager	CSR C1	active Corruption	Risiko der aktiven Bestechlichkeit durch Mitarbeiter. Gefährdung des Vertrauens in die Zulieferkette und ggf. Reputationsschaden.
Compliance	EAG	all Companies of the Einhell Group local General Manager	CSR C2	passive Corruption	Risk that corruption committed by employees leads to criminal proceedings, penalties and reputational damage.
Compliance	EAG	all Companies of the Einhell Group local General Manager	CSR C3	Misappropriation and theft	Risk that staff or external service provider is stealing significant assets.
Compliance	EAG	all Companies of the Einhell Group local General Manager	CSR C4	Legal disputes	Risk that ongoing legal disputes cause compensation payments or reputational damage.
Compliance	EAG	all Companies of the Einhell Group local General Manager	CSR C5	Legal risks resulting from product liability	Risk that complex product regulations leads violation of laws, legal disputes and reputational damages.
Compliance	EAG	all Companies of the Einhell Group local General Manager	CSR C6	Breach of essential guidelines in the Group	Risk that, despite appropriate provisions, the internal regulations are not complied with, resulting in financial or reputational damage
Compliance	EAG	all Companies of the Einhell Group local General Manager	CSR C7	antitrust law; price rigging	Risk of criminal proceedings and / or damages due to illegal price agreements or antitrust violations. Risk of reputational damage

Risk Assessment						
Impact (low)=1	Impact (high)=6	Impact	Likelihood (low)=1	Likelihood (high)=6	Likelihood	Risk exposure
loss insignificant	loss catastrophic	4	unimaginable	frequent	2	8
loss insignificant	loss catastrophic	3	unimaginable	frequent	3	9
no significant assets available	significant assets available	2	scenario very unlikely, no cases of misappropriation in history, strong control environment	scenario very likely, several cases of misappropriation in history, no control environment	2	4
no ongoing legal cases, or ongoing legal cases with insignificant amounts in dispute	ongoing legal cases with significant amounts in dispute	1	low probability to loose in ongoing legal cases	high probability to loose in ongoing legal cases	3	3
no or low penalties in case of product law violations	high penalties and sales restrictions in case of product law violations	2	non-complex or weak product law	complex or strong product law	2	4
loss insignificant	loss catastrophic	4	unimaginable	frequent	1	4
loss insignificant	loss catastrophic	5			1	5

Risk Management			
Strategy	action/explanation	Risk exposure previous	Progress
Reduce	Group Policy against Corruption; Roll out CMS system with simple guidelines and training of employees. An extra pair of eyes is needed to double check relevant documents	8	→ In progress
Reduce	Group Policy against Corruption; Roll out CMS system with simple guidelines and training of employees. An extra pair of eyes is needed to double check relevant documents	9	→ In progress
Transfer	Insurance for relevant material assets; An extra pair of eyes is needed to double Check relevant documents	4	→ Versicherung für wesentliche Vermögenswerte; Risikoreduktion durch Mehraugenprinzip
Accept	The risk of litigation is latent; Reduction through pre-activation of the legal department and involvement of external service providers	3	→ Das Risiko von Rechtsstreitigkeiten ist latent vorhanden; Reduktion durch Voraberschaltung Rechtsabteilung und Hinzuziehung externer Dienstleister
Transfer	Combination of passing on the risk of product liability insurance and avoidance by QA and technical department	4	→ Kombination aus Überwälzung des Risikos auf ProdHversicherung und Vermeidung durch QS und Technik
Avoid	ongoing training regarding the fuidelines. Four-Eyes principle for relevant documents to avoid the effect of errors	4	→
Avoid	Group Policy against illegal price agreements or antitrust violations; Roll out CMS system with simple guidelines and training of employees.	5	→

AFTER CAREFULLY INCLUSION AND EVALUATING OF THE AVAILABLE INFORMATION, THERE ARE NO MAINNETIC RISKS KNOWN. IN RELATION TO THE CSR ASPECT COMPLIANCE ACCORDING TO THE DEFINITION OF §289C HGB AND CSR REPORT IMPLEMENTATION LAW,