

# Corporate governance statement

The corporate governance statement in accordance with §§ 289 f (1) Sentence 2 and 315 d HGB is the central instrument of corporate governance reporting (principle 22 of the German Corporate Governance Code (GCGC)). The Executive Board and Supervisory Board issue a joint declaration of conformity and bear joint responsibility for the corresponding sections of the report. At thyssenkrupp corporate governance stands for responsible corporate management and control geared to long-term value creation. At thyssenkrupp good corporate governance is an issue which embraces all areas of the group.

## Declaration of conformity in accordance with § 161 of the German Stock Corporation Act (AktG)

The Executive Board and Supervisory Board of thyssenkrupp AG issued the following declaration in accordance with § 161 (1) of the German Stock Corporation Act (AktG) and published it on the company's website on October 1, 2020 at [www.thyssenkrupp.com](http://www.thyssenkrupp.com) > **Company > Management > Corporate governance**:

[www.thyssenkrupp.com](http://www.thyssenkrupp.com) > Company > Management > Corporate governance



**Declaration by the Executive Board and Supervisory Board  
of thyssenkrupp AG  
on the recommendations of the  
"Government Commission on the German Corporate Governance Code"  
in accordance with Art. 161 of the Stock Corporation Act (AktG)**

1. thyssenkrupp AG complies with all recommendations of the German Corporate Governance Code as amended on December 16, 2019, and published by the Federal Ministry of Justice in the official section of the Federal Gazette ("Bundesanzeiger") on March 20, 2020 ("Code 2020"), and will continue to comply with these recommendations in the future, with the following exception:

Compared with the previous version, Section G.1. of Code 2020 contains new recommendations on the remuneration of the Executive Board. The Executive Board compensation system approved by the Annual General Meeting of thyssenkrupp AG on January 30, 2015 does not fully comply with the following of these recommendations: G.1 (Determining the remuneration system), G.3 (Peer group of other third-party entities), G.7 (Establishing performance criteria for variable remuneration components), G.9 (Comprehensibility of target achievement), G.10 (Accessibility of granted long-term variable remuneration components), and G.11 (Ability to retain or reclaim variable remuneration components). The Supervisory Board and Executive Board will therefore propose an amendment and adjustment of Executive Board remuneration in line with the changed recommendations of Code 2020 to the Annual General Meeting on February 5, 2021.

2. Furthermore, since issuing its last declaration of conformity on May 6, 2020, thyssenkrupp AG has complied with all recommendations of Code 2020, with the exception of the recommendations on Executive Board remuneration as detailed in section 1 above.

Duisburg/Essen, October 1, 2020

For the Supervisory Board

- Russwurm -

For the Executive Board

- Merz -

Updated declarations of conformity were issued in March and May 2020: The first declaration of conformity in March was issued following the extensive revision of the GCGC. The second declaration was issued in May when Martina Merz stepped down from the Board of Directors of Imerys SA (France) effective May 4, 2020. Since then thyssenkrupp AG has once again complied in full with the recommendation in C.5 of the 2020 Code that members of the Management Board of a listed corporation shall not accept in aggregate more than two Supervisory Board mandates or the chairmanship of a Supervisory Board in non-group listed corporations or comparable functions.

thyssenkrupp voluntarily complies with the suggestions of the 2020 Code with the exception of suggestion G.14 as commitments to benefits in the event of early termination of the employment contract by the Executive Board member due to a change of control have been agreed in two Executive Board contracts.

The declarations of conformity issued in the past five years have been made publicly available on our website.

Our listed subsidiary Eisen- und Hüttenwerke AG also complies with the GCGC, taking into account the particularities of its membership of the group. Individual deviations are presented and explained in the company's declaration of conformity published on October 1, 2020.

## Key corporate governance principles and practices

### thyssenkrupp Code of Conduct

While the group mission statement describes our goals and standards, the concrete principles and ground rules for our work and our behavior towards business partners and the public are summarized in the thyssenkrupp Code of Conduct. It provides employees, managers and board members alike with guidelines on subjects such as the requirements for compliance, equality and non-discrimination, cooperation with the employee representatives, occupational safety and health, environmental and climate protection, as well as data protection and information security. Suppliers are required to follow the thyssenkrupp Supplier Code of Conduct. In addition, thyssenkrupp has signed the United Nations Global Compact, the BME Code of Conduct and the Diversity Charter.

All these principles are implemented with the aid of the existing programs and management systems and the Indirect Financial Targets. Details are presented in the sustainability section of our website as well as in this annual report (under "Targets" in the section "Fundamental information about the group").

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Sustainability strategy and  
targets

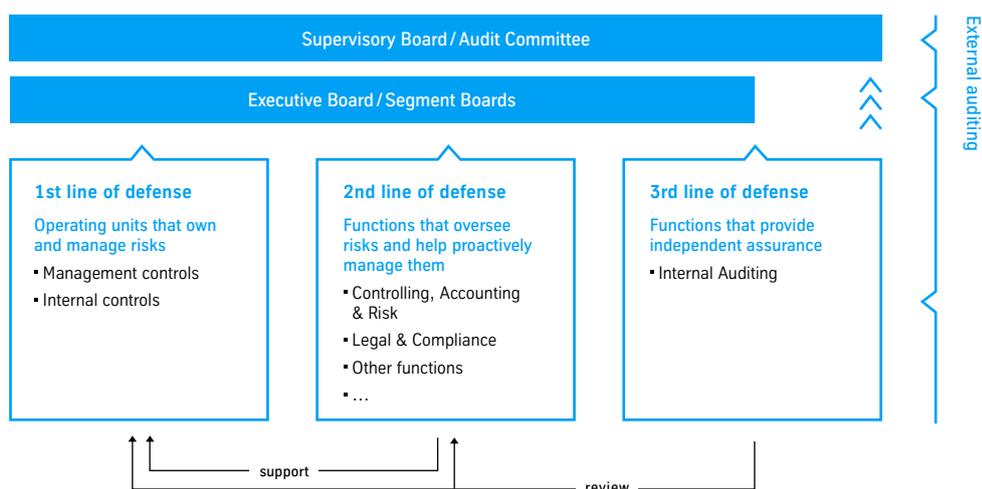
## Integrated governance, risk and compliance model

Dealing responsibly with risks is part of corporate governance at thyssenkrupp, because the continuous and systematic management of business risks – but also opportunities – is fundamental to professional governance. An integrated governance, risk management and compliance (GRC) model, embedded in the GRC Policy that applies to all companies of the thyssenkrupp group, provides the basis for risk management in the group.

The risk management system is designed on the basis of international standards.

As a framework for this, thyssenkrupp uses the internationally established three lines of defense model adapted to the group's specific organizational structure. This model shows the responsibilities for risk management in the thyssenkrupp group within each line of defense and how these are segregated within the GRC model.

### THREE LINES OF DEFENSE MODEL



Risks have to be prevented where they occur. If this is not practicable they must be identified and reduced to an appropriate level. Systematic risk management in the operating units on the 1st line of defense must be strengthened with automated internal controls in the business processes wherever possible. As there are cases where this is not fully possible, further control measures have to be performed by management to ensure the effectiveness of the internal control system.

The 2nd line of defense includes functions such as Controlling, Accounting & Risk and Legal & Compliance. These provide the framework for the internal control system, the risk management system, and compliance – for example via binding internal documents – and support the 1st line of defense with implementation of measures to avert risks. At the same time these functions oversee and manage the group's risks from the viewpoint of the group as a whole. Close integration of the internal control system, risk management system and compliance maximizes the efficiency of risk prevention and management.

Key features of our internal risk management and control system are described in the section “Opportunity and risk report”.

Compliance, in the sense of all groupwide measures to ensure adherence to statutory requirements and binding internal regulations, is a key management and oversight duty at thyssenkrupp.

The Executive Board of thyssenkrupp AG has unequivocally expressed its rejection of antitrust violations and corruption in the thyssenkrupp Compliance Commitment. We treat violations, in particular antitrust or corruption violations, with zero tolerance.

The Chief Compliance Officer, who is responsible for the management of the compliance program, reports to the General Counsel, who in turn reports to the Chief Human Resources Officer (CHRO), who bears responsibility for the Legal & Compliance function on the Executive Board of thyssenkrupp AG.

More information on compliance at thyssenkrupp can be found in the “Compliance” section of the combined management report.

The 3rd line of defense is Corporate Function Internal Auditing, which independently reviews the appropriateness and efficiency of the processes and systems implemented by the other two lines of defense. The head of Corporate Internal Auditing reports on the auditing function to the Audit Committee once a year. Internal Auditing itself is subject to an external quality assessment (QA) every five years; the last QA took place in spring 2015, the 2020 QA will be completed in the first quarter of the fiscal year 2020/2021.

The three lines of defense model is supplemented by the work of the external financial statement auditors.

## Composition and method of operation of the Executive Board

On the basis of the organizational structure it has adopted, the Executive Board bears responsibility for managing the Company in the interest of the Company, i.e. taking into account the concerns of the shareholders, employees and other stakeholders, with the aim of sustainable value creation. It makes provisions for compliance with the statutory requirements and binding internal regulations, and works to ensure that these are observed by the companies of the thyssenkrupp group. The Executive Board has established appropriate compliance and risk management systems. Significant business transactions are subject to the approval of the Supervisory Board; they are listed in Annex 2 of the Rules of Procedure for the Executive Board.

The Executive Board of thyssenkrupp AG must consist of at least two members. The age limit for Executive Board members has been defined as the statutory retirement age of the state pension scheme (or alternatively of a pension scheme of a professional association that applies to the Executive Board member). The Executive Board members bear joint responsibility for overall business management; they decide on key management measures such as corporate strategy and corporate planning. The Executive Board Chairwoman is responsible for coordinating all the directorates of the Executive Board and for communicating with the Supervisory Board; she also repre-



compliance

Compliance is a question of mindset.

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Executive Board

sents the Executive Board. More detailed information on the individual members of the Executive Board and their areas of responsibility (directorates) can be found on the Company's website ([www.thyssenkrupp.com](http://www.thyssenkrupp.com)). The Executive Board has not formed any committees. In thyssenkrupp's transformation process from a centrally managed Group to a high-performance "group of companies" the Executive Board is advised by the Executive Committee which meets regularly and comprises the CEOs of the business segments and heads of the Corporate Functions. This allows expertise from the businesses to feed more strongly into considerations at group level than in the past and thus further strengthens the role of the businesses.

## Composition and method of operation of the Supervisory Board and its committees

### Supervisory Board

The Supervisory Board advises and oversees the Executive Board in its management of the Company. It determines the number of members the Executive Board has above the minimum number, appoints and dismisses the members of the Executive Board, and defines their directorates. It also determines the compensation of the Executive Board members (details of Executive Board compensation are provided in the compensation report). The Supervisory Board reviews the parent company and consolidated financial statements along with the combined management report of thyssenkrupp AG, adopts the parent-company financial statements and approves the consolidated financial statements and the combined management report. It examines the proposal for the appropriation of net income and with the Executive Board submits it to the Annual General Meeting for resolution. On the substantiated recommendation of the Audit Committee, the Supervisory Board proposes the auditors for election by the Annual General Meeting. After the corresponding resolution is passed by the Annual General Meeting, the Audit Committee awards the contract to the auditors and monitors the audit of the financial statements together with the independence, qualifications, rotation and efficiency of the auditors. Details of the activities of the Supervisory Board in the fiscal year 2019/2020 are contained in the report by the Supervisory Board. The compensation of the Supervisory Board members is determined by the Annual General Meeting. It was last resolved in the Annual General Meeting of January 17, 2014. The compensation paid to the individual Supervisory Board members is presented in the compensation report.

The composition of the Supervisory Board of thyssenkrupp AG is governed by law and the detailed provisions of §9 of the Articles of Association. In accordance with the German Codetermination Act, it is composed of ten shareholder representatives and ten employee representatives. Under the Articles of Association, the Alfred Krupp von Bohlen und Halbach Foundation has a designation right.

In accordance with § 27 (1) of the Codetermination Act, the chairman of the Supervisory Board is elected from among the Supervisory Board members. The task of the Supervisory Board chairman is to coordinate the work of the Supervisory Board and chair the Supervisory Board meetings. Public statements by the Supervisory Board are issued by the Supervisory Board chairman. At thyssenkrupp at least one Supervisory Board member must have expertise in the fields of accounting or auditing. All members of the Supervisory Board are subject to a statutory secrecy obligation.

More detailed information on the individual members of the Supervisory Board and its six committees can be found on the Company's website ([www.thyssenkrupp.com](http://www.thyssenkrupp.com)).

### Composition and method of operation of the Supervisory Board committees

The Supervisory Board has formed a total of six committees. With the exception of the Nomination Committee, all committees must be composed of equal numbers of shareholder and employee representatives. The Mediation Committee formed in accordance with § 27 (3) of the Codetermination Act (MitbestG) must be composed of the Supervisory Board Chair, the Deputy Chair, one shareholder representative and one employee representative. In line with the recommendation of the GCGC, the chair of the Supervisory Board and the chair of Audit Committee are not the same person.

The Executive Committee and the Personnel Committee are composed of the same four members, namely Prof. Dr. Siegfried Russwurm (chairman of both committees), Dr. Bernhard Günther, Jürgen Kerner and Dirk Sievers. As part of its activities the Personnel Committee handles the topic of succession planning, which the Supervisory Board Chairman also discusses with the Executive Board. This enables the Supervisory Board to ensure long-term succession planning together with the Executive Board. The Mediation Committee is composed of four members (Prof. Dr. Siegfried Russwurm (Chair), Dr. Bernhard Günther, Jürgen Kerner and Dirk Sievers). The Audit Committee is composed of six members (Dr. Bernhard Günther (Chair), Friederike Helfer, Tanja Jacquemin, Jürgen Kerner, Dirk Sievers and Dr. Lothar Steinebach) and the Strategy, Finance and Investment Committee eight members (Prof. Dr. Siegfried Russwurm (Chair), Prof. Dr. Dr. h.c. Ursula Gather, Friederike Helfer, Jürgen Kerner, Dr. Ingo Luge, Tekin Nasikkol, Peter Remmler and Dirk Sievers). The Nomination Committee is composed of up to five shareholder representatives (Prof. Dr. Siegfried Russwurm (Chair), Prof. Dr. Dr. h.c. Ursula Gather, Dr. Bernhard Günther, Friederike Helfer and Dr. Ingo Luge) who are elected exclusively by the shareholder representatives on the Supervisory Board. Details of their responsibilities can be found in the rules of procedure for the committees issued by the Supervisory Board. These rules and the current members can be found on the Company's website ([www.thyssenkrupp.com](http://www.thyssenkrupp.com)).

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Supervisory Board Committees

The chairs of the committees report regularly on the meetings and work of the committees at the Supervisory Board meetings. Their main task is to prepare specific topics for discussion and decision at full meetings of the Supervisory Board, except where the Supervisory Board has granted decision-making powers to the committees. Preparatory and decision-making responsibilities are set out in the rules of procedure for the committees. Details on the tasks and method of operation of the committees in the reporting year are provided in the report by the Supervisory Board.

The Supervisory Board regularly assesses the effectiveness of the work of the full Board and its committees. In addition to qualitative criteria to be defined by the Supervisory Board, the assessment includes in particular the procedures of the Supervisory Board and the flow of information between the committees and the full Supervisory Board as well as the timely and adequate provision of information to the Supervisory Board and its committees. In the reporting period the self-assessment was overseen by external and independent experts. Details can be found in the Report by the Supervisory Board.

### Avoiding conflicts of interest

In the reporting year there were no consulting or other service agreements between Supervisory Board members and the Company. There were no conflicts of interest that Executive Board or Super-

visory Board members would have had to disclose immediately to the Supervisory Board. Details of the other directorships held by Executive Board and Supervisory Board members on statutory supervisory boards or comparable German and non-German control bodies of business enterprises are provided in the sections of the same name under "Additional information". Details of related party transactions are given in Note 21 to the financial statements of the thyssenkrupp group.

### Directors' dealings

Members of the Executive Board and Supervisory Board and persons close to them are required to disclose the purchase and sale of thyssenkrupp AG shares and debt certificates or related financial instruments whenever the value of the transactions amounts to €20,000 or more within a calendar year. No transactions were reported to us in the 2019/2020 fiscal year. Previous transactions were published and are available for viewing on the Company's website. At September 30, 2020 the total volume of thyssenkrupp AG shares held by Executive Board and Supervisory Board members amounted to less than 1% of the shares issued by the Company.

### Shareholders and Annual General Meeting

The shareholders of thyssenkrupp AG exercise their rights at the Company's Annual General Meeting. At the Annual General Meeting the shareholders regularly pass resolutions on the appropriation of net income, the ratification of the acts of the Executive Board and Supervisory Board, and the election of the financial-statement auditors. Shareholders can exercise their voting rights at the Annual General Meeting in person or by proxy, for which they can authorize a person of their choice or a Company-nominated proxy acting on their instructions. They can also cast their votes online on the internet or in writing by postal vote. The Annual General Meeting can be viewed live and in full on the Company's website ([www.thyssenkrupp.com](http://www.thyssenkrupp.com)). Also on our website we make all documents and information on the Annual General Meeting available to shareholders in good time.

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Investors > Annual General  
Meeting

### Accounting and financial statement auditing

In line with European Union requirements, thyssenkrupp prepares the consolidated financial statements for the thyssenkrupp group and interim reports in accordance with the International Financial Reporting Standards (IFRS). However, the parent-company financial statements of thyssenkrupp AG, on which the dividend payment is based, are drawn up in accordance with German GAAP (HGB).

In accordance with the statutory provisions the auditor is elected each year by the Annual General Meeting for a period of one year. At the proposal of the Supervisory Board, the Annual General Meeting on January 31, 2020 elected PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC) to audit the annual financial statements for fiscal year 2019/2020 and review the interim financial reports for fiscal year 2019/2020 and to review the interim financial reports for fiscal year 2020/2021 drawn up before the 2021 Annual General Meeting. PwC has been auditing the parent-company financial statements and consolidated financial statements of thyssenkrupp AG since fiscal year 2012/2013. PwC was engaged in 2012 following an external bidding process; due to statutory requirements, an external bidding process is currently underway for fiscal year 2022/2023. The signatory auditors for the parent-company financial statements of thyssenkrupp AG and consolidated financial statements of the thyssenkrupp group are Harald Kayser (since fiscal year 2017/2018) and Michael Preiß (since fiscal year 2015/2016). The statutory provisions and rotation requirements under §§ 319 and 319a HGB are fulfilled.

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PwC audits the parent-company and consolidated financial statements of thyssenkrupp AG.

## Act on the Equal Participation of Women and Men in Executive Positions

For the Supervisory Board of thyssenkrupp AG, the law stipulates that the board must be composed of at least 30% women and at least 30% men. The minimum quota of 30% female representation required by law and set by the Supervisory Board has exceeded since the 2019 / 2020 fiscal year. The appointment of five female members on the shareholder side and four on the employee side during the reporting period brought the proportion of women on the Supervisory Board to 45% at September 30, 2020.

In May 2017 the Supervisory Board set a target of 20% women on the Executive Board, to be implemented by June 30, 2022. With the appointment of Martina Merz to the Executive Board of thyssenkrupp AG, the proportion of women on the Executive Board lies at 33%.

In April 2017 the Executive Board of thyssenkrupp AG raised the female representation target for the first management level below the Executive Board from 8% to 11% and for the second from 23% to 25%, to be implemented by June 30, 2022.

Other companies of the thyssenkrupp group subject to codetermination law have also adopted targets for the proportion of women on supervisory boards, management boards, and two management levels below for the period after June 30, 2017, set a deadline for implementation and published both in accordance with statutory provisions. The implementation periods end on June 30, 2022.

## Diversity model of the composition of the Executive Board and Supervisory Board of thyssenkrupp AG

As a listed company, thyssenkrupp AG meets the diversity requirements in particular under the Stock Corporation Act, the German Corporate Governance Code (GCGC) and the applicable accounting standards. These contain different requirements for the composition of the Executive Board and Supervisory Board which are also taken into account in the diversity model adopted by the Supervisory Board. The model also includes the targets defined by the Supervisory Board for its composition and overall competency profile. Please refer to the preceding section for information on the proportion of women on the Supervisory Board and the target set.

### Executive Board

The diversity model is aimed at securing sufficient diversity of opinion and knowledge on the Executive Board. The assessment, selection and appointment of candidates is based on the rules and generally accepted principles of non-discrimination. In selecting candidates for the Executive Board, the Supervisory Board also considers further diversity criteria: the candidate's personality, expertise and experience, internationality, training and professional background as well as age and gender.

The weighting given to the diversity criteria depends on the Executive Board position and duties to be performed in each individual case. In the reporting year, the Supervisory Board Personnel Committee took the above criteria into account in the structured process to find a successor for Johannes Dietsch as chief financial officer and appointed Dr. Klaus Keysberg as CFO from April 1, 2020. This also applies to the appointment of Martina Merz as CEO for three years from April 1, 2020, which brought an end to her delegation from the Supervisory Board.

## Supervisory Board

The diversity model for the Supervisory Board aims to ensure that the members of the Supervisory Board have the knowledge, skills and professional experience needed to perform their tasks properly.

In setting the target for the proportion of women on the Supervisory Board, thyssenkrupp AG follows the statutory requirements, which state that the Supervisory Board must be composed of at least 30% women and at least 30% men. In addition the diversity model contains two key elements: the targets of the Supervisory Board for its own composition and the competency profile for the Supervisory Board as a whole. Both already contain requirements for the Supervisory Board's diversity model, for example age, gender, education and professional background.

The diversity model is implemented through the election of Supervisory Board members. The election recommendations made to the Annual General Meeting of thyssenkrupp AG must meet the statutory requirements for the representation of women and men on the Supervisory Board while taking into account the targets set by the Supervisory Board itself and aiming to fulfill the competency profile for the board as a whole. This also applies to the appointment of successor candidates to the Supervisory Board. The diversity model is taken into account by the Nomination Committee in its search for candidates on the shareholder representative side of the Supervisory Board.

Under the GCGC, the Supervisory Board must be composed in such a way that its members have the knowledge, skills, and professional experience needed to perform their tasks properly. In May 2020 the Supervisory Board updated the existing targets for its composition and competency profile in line with the requirements of the latest version of the GCGC as follows:

- Supervisory Board to have sufficient members with international experience, in particular in the expansion markets;
- Industrial expertise/sector knowledge in the fields in which thyssenkrupp operates with a global perspective, corporate management, management of companies subject to codetermination, corporate development, organization and structuring, corporate strategy and portfolio management with a global perspective, personnel management and development, human resources, digitization and IT, sustainability, financing and capital market, accounting and auditing, law, compliance and corporate governance;
- Avoidance of significant and non-temporary conflicts of interest (existing conflicts of interest or conflicts of interest to be expected in the future) and appropriate handling of other conflicts of interest;
- Supervisory Board members to serve no more than a maximum three periods of office, and observe an age limit of 75 (i.e. Supervisory Board members to stand down from the Supervisory Board at the end of the Annual General Meeting after they reach 75);

- At least six shareholder representatives should be independent of the company and the Executive Board;
- The following criteria have been defined to evaluate the independence of shareholder representatives:
  - No personal or business relationship with thyssenkrupp AG or its Executive Board which could constitute a significant and non-temporary conflict of interest.
  - The Supervisory Board member or a close relative of the Supervisory Board member was not a member of the Executive Board of thyssenkrupp AG in the two years prior to appointment, does not currently or did not in the year prior to appointment, either directly or as a shareholder or in a responsible function at a non-group company, maintain a material business relationship with thyssenkrupp AG or one of its dependent companies (e.g. as a customer, supplier, lender or advisor), is not a close relative of an Executive Board member and has not been a member of the Supervisory Board for more than 12 years.
- no board role or consultancy duties at key competitors of thyssenkrupp AG and its group companies and no personal relationship to a key competitor;
- The Supervisory Board should not include more than two former Executive Board members;
- The Chairs of the Supervisory Board, the Audit Committee and the Personnel Committee should be independent of the Company and the Executive Board;
- The maximum term of office of the Supervisory Board members should not exceed 12 years (up to the end of the Annual General Meeting that resolves on the ratification of the acts of the Supervisory Board for the eleventh year of office of the Supervisory Board member);
- The Supervisory Board is composed of at least 30% women and at least 30% men.

In the assessment of the shareholder representatives on the Supervisory Board, the shareholder representatives all meet the defined criteria for independence, namely: Birgit Behrendt, Dr. Wolfgang Colberg, Prof. Dr. Dr. h.c. Ursula Gather, Angelika Gifford, Dr. Bernhard Günther, Friederike Helfer, Dr. Ingrid Hengster, Dr. Ingo Luge, Prof. Dr.-Ing. Siegfried Russwurm and Dr. Lothar Steinebach, as well as Martina Merz, Prof. Dr. Bernhard Pellens and Carola v. Schmettow who have now left the Supervisory Board. As an independent member of the Supervisory Board with expertise in the fields of accounting and auditing in the meaning of § 100 (5) Stock Corporation Act (AktG), Dr. Bernhard Günther is Chairman of the Audit Committee.

The election recommendations made to the Annual General Meeting must take into account the Supervisory Board's targets for its own composition while aiming to fulfill the competency profile for the board as a whole. As previously, election recommendations and successor candidates for the Supervisory Board are based on the Supervisory Board's own targets and competency profile. The current composition of the Supervisory Board meets the targets and the competency profile.