

# 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**:



**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").

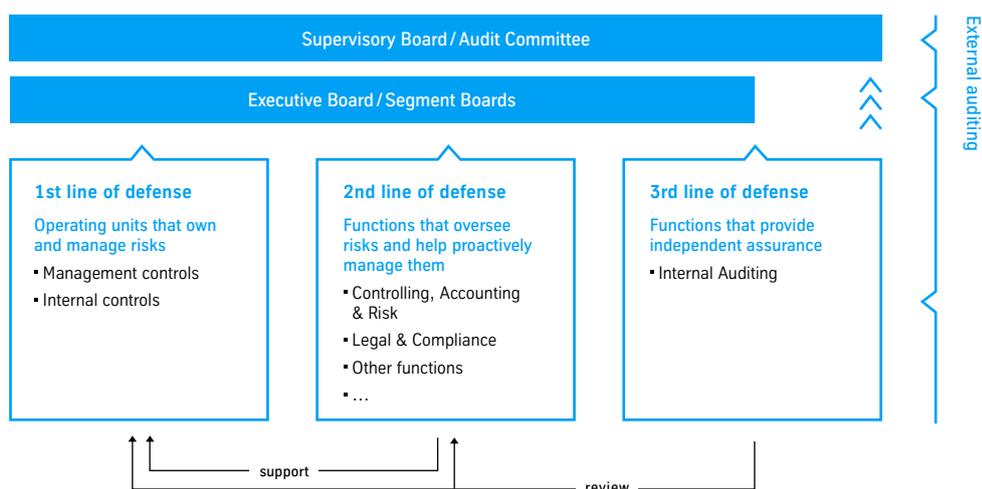
## Integrated governance, risk and compliance model

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 is a question of mindset.

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)).