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. 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, 2021:

Declaration by the Executive Board and Supervisory Board of thyssenkrupp AG on the recommendations of the “Government Commission German Corporate Governance Code” in accordance with § 161 AktG

thyssenkrupp AG complies with all the recommendations of the German Corporate Governance Code dated December 19, 2019 (“Code”) as published by the Federal Ministry of Justice in the official section of the Federal Gazette on March 20, 2020 and will continue to do so in future.

Furthermore, thyssenkrupp AG has complied with all the recommendations of the Code since the last Declaration of conformity was made on February 6, 2021.

Duisburg/Essen, October 01, 2021

For the Supervisory Board For the Executive Board

– Russwurm – – Merz –

In its Declaration of conformity of October 1, 2020 thyssenkrupp AG disclosed deviations from the GCGC, which all related to the new rules on Executive Board compensation introduced in the Code dated December 16, 2019 (G.1 [Definition of the compensation system], G.3 [Peer group], G.7 [Definition of performance criteria for variable compensation components], G.9 [Comprehensible
target achievement], G.10 [Access to long-term variable compensation components] and G.11 [Retention and claw-back options for variable compensation components]). A new compensation system for the Executive Board that conformed to all the requirements of the GCGC was proposed to the Annual General Meeting 2021 and approved by a majority of 96.70% of capital represented. Thereafter, an additional Declaration of conformity was made in February 2021, stating that thyssenkrupp AG again complied with all the recommendations of the GCGC.

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, 2021.

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. thyssenkrupp also pursues a strategy of sustainable and responsible business in the individual operating segments. We provide detailed information on our comprehensive sustainability agenda in our non-financial statement, which forms part of this annual report (under “Fundamental information about the group”, in the section “Targets” and in the chapter “Overview of non-financial disclosures”) and on our website.

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.
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.

Risks have to be identified at the 1st line of defense and managed where they arise. Various risk management tools are available to reduce the risks to an acceptable 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. They perform governance tasks across the group and 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 the management of 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”.

THREE LINES OF DEFENSE MODEL

1st line of defense
Operating units that own and manage risks
- Management controls
- Internal controls

2nd line of defense
Functions that oversee risks and help proactively manage them
- Controlling, Accounting & Risk
- Legal & Compliance
- Other functions
- …

3rd line of defense
Functions that provide independent assurance
- Internal Auditing

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Support
Review
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 compliance violations in the thyssenkrupp Compliance Commitment. We have a policy of zero tolerance towards violations in our core compliance areas, antitrust law, corruption prevention, data protection, anti-money-laundering and export control legislation. At the same time the compliance commitment expresses our positive compliance mindset: we stick to the rules out of conviction.

The Chief Compliance Officer, who is responsible for managing the compliance program, reports via the responsible head of corporate center to the Executive Board member of thyssenkrupp AG responsible for compliance.

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

In the 3rd line of defense the Internal Auditing function ensures by means of independent audits that the processes and systems are correct, secure, appropriate and cost-effective, and that the control systems in the other two lines of defense are effective. The head of Corporate Internal Auditing reports on the auditing function to the Audit Committee twice a year or as needed. Internal Auditing itself is subject to an external quality assessment every five years; the last quality assessment was successfully 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.

Executive Board

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 § 7 (1) of the Articles of Association and 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 represents 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. The Executive Board has not formed any committees. It is advised by the Executive Committee, which meets regularly and is composed of the CEOs of the segments, the heads of the corporate center and a representative of the regions. As part of the transformation into a high-performance group of companies, 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.

Compensation system and compensation of Executive Board members
The Supervisory Board adopted a compensation system for the Executive Board on November 18, 2020 that conforms to the Act Implementing the Second Shareholders’ Rights Directive (ARUG II) and is in line with the new recommendations of the GCGC as amended on December 16, 2019. The compensation system was approved at the Annual General Meeting 2021 by a majority of 96.70%.

The compensation report in accordance with § 161 AktG can be found in the corresponding section of this annual report. In addition, the compensation report, including the statement by the financial statement auditors, the current compensation system and the last resolution of the Annual General Meeting on compensation have been made public on our website. Details of the new compensation system are also included in the invitation to the Annual General Meeting 2021.

Supervisory Board

Composition and method of operation of the 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 Executive Board members. Details of Executive Board compensation can be found 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 2020/2021 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 approved at the Annual General Meeting on February 5, 2021 by a majority of 99.71% of capital represented. The system resolved by the Annual General Meeting on January 17, 2014 was thus confirmed without any changes. 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 Alfried Krupp von Bohlen und Halbach Foundation has a designation right.

In accordance with § 27 (1) of the Codetermination Act, the chair of the Supervisory Board is elected from among the Supervisory Board members. The task of the Supervisory Board chair 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 chair. At thyssenkrupp at least one member of the Supervisory Board must have expertise of financial accounting and another member must have expertise of auditing financial statements. 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.

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.-Ing. 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.-Ing. 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. Verena Volpert) and the Strategy, Finance and Investment Committee eight members (Prof. Dr.-Ing. 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.-Ing. 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.

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. The last self-assessment took place in fiscal year 2019/2020 and was overseen by external and independent experts.

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 Supervisory 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 23 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 2020/2021 fiscal year. Previous transactions were published and are available for viewing on the Company’s website. At September 30, 2021 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. As a rule, 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. Also on our website we make all legally required documents and information on the Annual General Meeting available to shareholders in good time.

Because of the coronavirus pandemic, the Executive Board decided with the approval of the Supervisory Board to hold the Annual General Meeting 2021 without the physical presence of shareholders and their proxies in accordance with § 1 (1) and (2) of the Act on Measures to Combat the Effects of the Coronavirus Pandemic in Legislation Governing Companies, Cooperatives, Associations, Foundations and Freehold Property (“Covid Act”). Shareholders and their proxies could exercise their rights as before in writing via the InvestorPortal, which was available on the thyssenkrupp website, as in prior years. The Annual General Meeting was streamed in full on the company website and in the InvestorPortal. Also on our website we made all documents and information on the Annual General Meeting available to shareholders in good time. In accordance
with the Covid Act, an additional function was to allow questions to be submitted electronically via the InvestorPortal until two days before the Annual General Meeting. All the submitted questions were categorized by topic and answered by the company.

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 February 05, 2021 elected PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC) to audit the annual financial statements for fiscal year 2020 / 2021 and review the interim financial reports for fiscal year 2021 / 2022 drawn up before the 2022 Annual General Meeting. PwC has been auditing the parent-company financial statements and consolidated financial statements of thyssenkrupp AG since fiscal year 2012 / 2013. It was appointed in 2012 following an external bidding process. In accordance with EU Regulation 537 / 2014, thyssenkrupp AG is obliged to rotate the auditors of its financial statements and consolidated financial statements in 2022 / 2023. The bidding process required by law was carried out. Further information can be found in the Report by the Supervisory Board. 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 requirements and obligation to rotate auditors were fulfilled.

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 30% minimum for the proportion of women members as required by law and defined by the Supervisory Board has been exceeded since fiscal year 2019 / 2020. 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, 2021.

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 comes to 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%, both 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. The Personnel Committee of the Supervisory Board takes the above criteria into account when selecting candidates for the Executive Board. The diversity model for the composition of the Executive Board was applied in the reporting period, in which there was no change to the Executive Board. In particular, the Executive Board members have many years of experience in their respective areas of responsibility. Furthermore, one of the three Executive Board members, Martina Merz, is female.

**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.

thyssenkrupp AG followed the statutory requirements when setting the target for the percentage of women on the Supervisory Board. They stipulate that at least 30% of the members must be 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 Nomination Committee takes the diversity model into account when seeking candidates to act as shareholder representatives on 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.

The current composition of the Supervisory Board meets the targets and the competency profile. The Supervisory Board’s targets for its own composition are factored into the election proposals put to the Annual General Meeting, while aiming to fulfill the competency profile for the board as a whole. This was most recently the case for the election of Dr. Verena Volpert at the Annual General Meeting 2021. She had previously been appointed to the Supervisory Board by the district court.

The Supervisory Board members have the professional and personal qualifications mentioned in the competency profile. In the assessment of the shareholder representatives on the Supervisory Board, the shareholder representatives all meet the defined criteria for independence, namely: Birgit Behrendt, Stefan Erwin Buchner, Dr. Wolfgang Colberg, Prof. Dr. Dr. h.c. Ursula Gather, Angelika Gifford, Dr. Bernhard Günther, Friederike Helfer, Dr. Ingo Luge, Prof. Dr.-Ing. Siegfried Russwurm and Dr. Verena Volpert, as well as Dr. Ingrid Hengster and Dr. Lothar Steinebach, who have now left the Supervisory Board. In particular, Dr. Bernhard Günther, Chair of the Audit Committee, is considered to be an independent member of the Supervisory Board with expertise in the field of accounting, and Dr. Verena Volpert is considered to be an expert in the auditing of financial statements. Taken as a whole, the Supervisory Board members are familiar with the sector in which thyssenkrupp operates.