Report by the Supervisory Board
presented by

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Chairman of the Supervisory Board

at the
Annual General Meeting
of thyssenkrupp AG

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[Part I – Opening statement reviewing the past fiscal year]

Ladies and Gentlemen, dear shareholders,

Before Ms. Merz reports on fiscal year 2019/2020, I would like to provide an initial assessment of the past fiscal year.

By themselves, the circumstances surrounding today's Annual General Meeting underscore the fact that the coronavirus pandemic has the world in its grip. The global measures to contain the spread of the virus are necessary and correct. But they entail tough restrictions – and hence considerable burdens for industry.

Our Company, thyssenkrupp, is also feeling the effects of the pandemic. During the first lockdown in the spring of 2020, for example, car sales in Germany collapsed by nearly 50 percent. Demand for auto parts and steel was correspondingly weak. Because of COVID-19, the past fiscal year was thus an exceptionally challenging and exhausting one for thyssenkrupp.

Nevertheless, we were able to push ahead with the transformation of the Company we had already initiated into a powerful "Group of Companies". Executive Board Chair Martina Merz will report on the details in a few minutes.

thyssenkrupp is a much stronger company today than it was a year ago – despite the persistent headwinds from the coronavirus. From the Supervisory Board's perspective, we would like to highlight three major milestones: our stronger balance sheet, our more focused strategy, and resolution of the management issue.

The first major milestone relates to the sale of thyssenkrupp Elevator last summer, with which we significantly improved our financial situation. We have regained our ability to act. The Executive Board negotiated watertight agreements – at a time when the coronavirus pandemic in Asia was already running its course – and sold the elevator business at a superb price. This has helped us tidy up our balance sheet, avoid the threat of overindebtedness, and stop using cosmetic measures such as optimizing cash flow at the end of each fiscal year. Nevertheless, it is still too early to sound the all-clear – and not just because of COVID-19. The economic environment remains challenging. All the more reason to rigorously drive forward the transformation we have already embarked upon.

Our work to transform our business activities – the second major milestone – is following an ambitious roadmap. In May, the Executive Board decided on a wide-ranging strategy update toward a clearly structured portfolio. The Supervisory Board approved it unanimously. It means that thyssenkrupp now has a strong plan for the future. A plan that demands a lot from everyone involved, but that also gives the Company prospects once again. And that in turn secures employment over the long term, even though job losses will be inevitable in some businesses along the way. Ms. Merz will be reporting on our progress in implementing this plan.

The third major milestone from the Supervisory Board's perspective is that – after a period of upheaval and change – we now have a strong, stable leadership team once again. Martina Merz, who was initially seconded to the Executive Board from the Supervisory Board, has agreed to assume overall responsibility beyond her secondment. With her appointment to Chair of the Executive Board, Ms. Merz now has a mandate to implement the transformation she herself initiated and to push ahead with it personally. With Klaus Keysberg as CFO and Oliver Burkhard as Chief Human Resources Officer and Labor Director, we have a strong Executive Board team for thyssenkrupp. We have a team where everyone pulls together. With each other, in one direction, and not against each other. This applies to the Executive Board and the Supervisory Board – with due regard for the different roles. I am emphasizing this, Ladies and Gentlemen, because you know that times have certainly been different at thyssenkrupp.

Ladies and Gentlemen,
From the Supervisory Board's perspective, not everything is positive when reviewing the past fiscal year: The coronavirus pandemic hit thyssenkrupp at the worst possible time – right in the middle of our transformation. The challenges in our businesses have become even greater because of COVID-19. And this is also reflected in our business figures.

Nevertheless, those of us on the Supervisory Board have felt support from many sides in recent months. The pandemic has brought us closer together. At thyssenkrupp, we worked hard together to achieve the best and prevent the worst.

On behalf of the Supervisory Board, I would like to thank all of our 100,000 thyssenkrupp employees for this. You have all been through a lot. Not least, the periods of short-time working also put a material strain on you, even though the Company topped up your monthly pay. Quite a few of you are still on short-time working because of the coronavirus. I would also like to thank the approximately 50,000 employees at thyssenkrupp Elevator – for many of you, the journey to that company's independence was not easy from an emotional perspective.

At this point, I would also like to extend my sincere thanks to the Executive Board on behalf of the Supervisory Board. In one of the most difficult situations in our Company's history, your performance was outstanding.

A crisis as fundamental as the coronavirus pandemic would have hit thyssenkrupp incomparably harder if we had not received the billions from the sale of the elevator business at exactly the right time!

We would not have come through the crisis as well as we did if you, Ms. Merz, and your colleagues on the Executive Board had not fought the pandemic's impact on our business so resolutely.

And we would not have made so much progress in transforming thyssenkrupp if you had not continued to do everything in your power to drive forward the transformation despite the strong headwinds from COVID-19. For this, you deserve our thanks!

The transformation into a powerful "Group of Companies" is not only the right thing to do, it is also the only way we can make thyssenkrupp sustainably fit for the future again.

It is not going to be an easy journey, and there will be no shortcuts. That is why it is all the more important for us to continue systematically pursuing this path and maintaining our momentum.

This is what the Executive Board headed by Martina Merz stands for.

And that is why the Executive Board has the full backing of the Supervisory Board.

And now I would like to ask you, Ms. Merz, to give us your report on the past fiscal year and the outlook for the current fiscal year.

[Part II – Report by the Supervisory Board]

Thank you very much for your remarks, Ms. Merz.

Ladies and Gentlemen,
Please allow me now to continue with the report by the Supervisory Board as briefly as I can in the allotted time. I would like to focus in particular on the items of today's agenda: the new compensation system and personnel-related issues. First, a few words about the work of the Supervisory Board in the past year.

The Supervisory Board and Executive Board further deepened their cooperation in light of thyssenkrupp's transformation and the dynamic developments in the wake of the coronavirus pandemic. The number of meetings rose again in fiscal year 2019/2020 and the Supervisory Board met a total of ten times.

To further intensify the exchange of information, consultation and control, the Supervisory Board's Executive Committee met regularly every two weeks – usually with the occasional participation of members of the Executive Board and external advisers. The Executive Committee met a total of 25 times in the past fiscal year.

For information on the other activities of the Supervisory Board, please refer to the detailed description in the Report of the Supervisory Board in the Annual Report.

[Executive Board compensation]

Ladies and Gentlemen,
At our meetings in the past fiscal year, the Supervisory Board addressed the structure of the compensation system for Executive Board members on several occasions. This was also a focus of the work of the Personnel Committee. I myself discussed the draft of the new compensation system with many investors during the Governance Roadshow and took up their suggestions.

At its meeting on November 18, 2020, the Supervisory Board approved an enhanced compensation system for the Executive Board that you will vote on at today's Annual General Meeting under agenda item 7. You will find a detailed description in the notice convening the Annual General Meeting. In addition, a concise summary has been available on the Company's website since December 22, 2020. At this point, I will therefore confine my remarks to the key new features:

- We have streamlined the financial performance targets for the **short-term incentive** – that is the annual bonus: As before, free cash flow before M&A reflects the objective of generating a positive cash flow from our operating activities. Net income is a second new factor. Bottom-line profit is what counts here more than before – including for you, our shareholders. Retrospective changes to the target values or comparison parameters are ruled out for both economic criteria. Furthermore, the bonus now takes into account the individual performance of the Executive Board members, based on clearly defined transformation and turnaround targets that the Supervisory Board redefines for each fiscal year. This is how we are supporting the transformation of thyssenkrupp into a powerful "Group of Companies". The three criteria apply in parallel and are assessed cumulatively.

- In the case of the second variable compensation component, the **long-term incentive**, we have reinforced the aspect of sustainability in particular: The term of the plan is now four years instead of the previous three and, in addition to financial targets, we systematically take into account nonfinancial targets that specifically also relate to our social and environmental responsibility. For the financial targets, ROCE – the return on capital employed – covers the aspect of portfolio optimization instead of the previous tkVA defined internally. As an additional external performance factor geared to the capital markets, relative total shareholder return establishes an incentive to generate higher returns for our shareholders in the long term than our competitors.

- We have structured the **pension arrangements** so that new Executive Board members are no longer promised pension benefits or capital payments. Instead, Executive Board members now receive an annual lump-sum pension allowance of 40 percent of their fixed salary during their active period of service, which they can use themselves to pay for their retirement provision. As a result, thyssenkrupp no longer shoulders any long-term risk or long-term obligations. In addition, we have made the existing requirements on share ownership more binding – i.e., the requirement for Executive Board members to buy thyssenkrupp shares using their own money and to hold them for the duration of their appointment: Each year, at least 25 percent of the net payout from variable compensation will now be withheld and invested in thyssenkrupp shares until the Executive Board members have invested a total amount equal to one year's fixed salary.

The Supervisory Board is firmly convinced that the compensation system now in place establishes the right incentives for effectively supporting thyssenkrupp's transformation: The majority of the compensation is attributable to variable performance-related components, which are linked even more strongly than before to achieving ambitious targets based both on performance and reaching strategic milestones in thyssenkrupp's transformation. Incorporating nonfinancial sustainability targets allows us to maintain a balance between our environmental and social responsibilities. Putting the Executive Board members under an obligation to invest their own money in thyssenkrupp shares also offers a strong incentive to create sustainable value for you, our shareholders.

Ladies and Gentlemen,

The German Stock Corporation Act, as amended by the Act Implementing the Second **Shareholder Rights Directive of December 12, 2019,** abbreviated to "ARUG II" in German, requires the Annual General Meeting to resolve on the compensation system for Executive Board members whenever there is a significant change – but as a minimum every four years. The system being submitted to you for approval today complies with all the regulatory requirements arising from the amended German Stock Corporation Act. In addition, the recommendations of the German Corporate Governance Code in the currently applicable version dated December 16, 2019, are complied with in full.

These amendments with regard to the compensation system, which were only resolved in December 2019, are also one of the main reasons why we did not propose an adjustment to the Executive Board compensation system to you last year. Those of you who have followed our Annual General Meetings in recent years may recall that the Supervisory Board, and in particular the Personnel Committee, have regularly addressed the Executive Board compensation system in depth since 2018. In addition to the strategic realignment at thyssenkrupp, we also focused on the framework of company law as modified by ARUG II. Our aim is to present you with a compensation system that can remain unchanged in the coming years. As the Supervisory Board, we are firmly convinced that the system to be voted on today will satisfy that objective.

Ladies and Gentlemen,

Please allow me to briefly touch on the compensation of the Executive Board for the past fiscal year: As you can read in our Annual Report, the Supervisory Board unanimously decided to grant the members of the Executive Board a special bonus for their individual performance in fiscal year 2019/2020. Formally, we exercised an exemption in this final application of the old compensation system, which provided for just such exceptional situations as that in the past fiscal year. In substance, we already used the rules under the new compensation system as a benchmark.

The Executive Board met 100 percent of its individual nonfinancial targets in the past fiscal year – as corroborated by the successful completion of the Elevator transaction and the progress made with thyssenkrupp's transformation. Under the new system, the bonus for a regular Executive Board member would thus have been EUR 204,000. This was the basis on which we decided to award EUR 200,000 as a special bonus. In Ms. Merz's case, the special bonus amounted to EUR 500,000 in accordance with the contractual arrangement for her secondment.

I would like to reiterate that the Supervisory Board made these decisions unanimously and that we remain convinced they were the right ones.

[Supervisory Board compensation]

Ladies and Gentlemen,
ARUG II also requires the Annual General Meeting to resolve on the compensation of the Supervisory Board members as a minimum every four years. The compensation of thyssenkrupp AG's Supervisory Board is specified in Article 14 of the Articles of Association and was resolved by the Annual General Meeting on January 17, 2014. It states that Supervisory Board members are entitled to a fixed compensation component and an attendance fee. The amount of the compensation paid to Supervisory Board members depends on the duties in the Supervisory Board and its committees assumed by the relevant member.

The Executive and Supervisory Boards believe that this compensation is appropriate considering the Company's situation. In its structure, it also reflects the relevant requirements of the German Corporate Governance Code, as amended. Under item 8 of today's agenda, our proposal is therefore to confirm the compensation of the Supervisory Board in its current form.

[Personnel matters]

Ladies and Gentlemen,
Let us now turn to the changes in the composition of the Executive and Supervisory Boards since last year's Annual General Meeting:

In March last year, the Supervisory Board approved the appointment of Martina Merz as Chair of the Executive Board from April 1, 2020 until March 31, 2023. Ms. Merz, who up to that point in time had been seconded to the Executive Board from the Supervisory Board, therefore stepped down from her seat on the Supervisory Board effective the end of March 2020. Her successor is Dr. Ingo Luge, who had been elected as a substitute member of the Supervisory Board by last year's Annual General Meeting.

Additionally, Johannes Dietsch left thyssenkrupp AG's Executive Board at the end of March. He played a crucial role in the successful sale of the Elevator business and hence made an important contribution to thyssenkrupp's transformation. The members of the Supervisory Board would like to express their tremendous gratitude to him for this. Since April 1, 2020, the CFO function has been the responsibility of Dr. Keysberg, who took on this task in addition to his previous duties.

Let me turn to the other changes on the Supervisory Board:

When the Elevator transaction closed on July 31, 2020, Ms. Susanne Herberger resigned her seat as an employee representative on the Supervisory Board. As her successor, Mr. Tekin Nasikkol, Chair of the Central Works Council of thyssenkrupp Steel Europe AG, was appointed by the court as a new member of the Supervisory Board effective August 4, 2020.

Dr. Ingrid Hengster, member of the Executive Board of KfW Group, resigned from the Supervisory Board for professional reasons effective September 30, 2020. Dr. Verena Volpert was appointed by the court as a new member of the Supervisory Board effective October 1, 2020.

This court appointment of Dr. Volpert ends at the close of today's Annual General Meeting. Therefore, under agenda item 6, we are proposing to the Annual General Meeting to elect Dr. Volpert as a member of the Supervisory Board.

Dr. Volpert, a tax consultant, holds a doctorate in business administration. She was Senior Vice President Group Finance at E.ON SE from 2006 to 2020, where she was responsible for the group's entire finance function. Before that, she spent 17 years in various management positions in the finance division of Bertelsmann AG. Her knowledge and experience in the field of corporate finance make her an exceptionally well-matched addition to our Supervisory Board.

At the end of today's Annual General Meeting, Dr. Lothar Steinebach, who has been a member of the Supervisory Board since April 2013, will step down from the Board at his own request. To succeed him, the Alfried Krupp von Bohlen und Halbach Foundation will appoint Stefan E. Buchner to thyssenkrupp AG's Supervisory Board. The Foundation is thus exercising its right under the Articles of Association to appoint a Supervisory Board member.

Until September 2020, Mr. Buchner was a member of the Executive Board of Daimler Truck AG, where he was responsible for the Mercedes-Benz Truck division. He studied industrial engineering and held various management positions at Daimler AG since 1986. Mr. Buchner's expertise in the automotive and commercial vehicle sectors means that he is an excellent specialist addition to thyssenkrupp AG's Supervisory Board.

In addition, Dr. Norbert Kluge will step down from the Supervisory Board for personal reasons at the end of today's Annual General Meeting. Dr. Kluge is a founding director of the Institute for Co-determination and Corporate Governance at the Hans Böckler Foundation.

Ms. Daniela Jansen is his successor as an employee representative. She has been appointed by the court as a member of the Supervisory Board effective the end of this Annual General Meeting. Ms. Jansen was a member of the SPD parliamentary group in the state parliament of North Rhine-Westphalia from 2012 to 2017.

On behalf of the Supervisory Board, I would like to express my sincere thanks to all retired and departing members of the Supervisory Board for their many years of dedicated service to this Company. We wish you all the very best for your professional and personal future.

Ladies and Gentlemen,
In addition to the by-election to the Supervisory Board, we are proposing to the Annual General Meeting under agenda item 5 to use the election of Dr. Volpert to introduce different ending dates for the terms of office of the shareholder representatives on the Supervisory Board to be elected by the Annual General Meeting. This would mean the establishment of a "staggered board" at thyssenkrupp. The Supervisory Board expressly recommends introducing this, since the transition to a staggered board allows us to adapt the composition of the shareholder representatives on the Supervisory Board more flexibly to a shifting environment. Additionally, a staggered board will lead

to greater balance between preserving existing and gaining new expertise, and will thus strengthen the continuity of the Supervisory Board's work.

Technically, this will be achieved by already extending Dr. Volpert's term of office up to the close of the 2024 Annual General Meeting. To this end, it is proposed under agenda item 5 that sentence 3 of Article 9(3) of the Company's Articles of Association be deleted. This provision stipulates that any successor to a Supervisory Board member leaving office prematurely may only be elected for the remainder of the departing member's term of office.

However, as this amendment to the Articles of Association will only take effect on its entry in the Commercial Register, a two-part resolution is planned. This will see Dr. Volpert being elected for an initial period of two years – in line with the current provision in the Articles of Association – and thus, as with all elected Supervisory Board members, until the end of the Annual General Meeting in 2023.

Once the amendment to the Articles of Association proposed under agenda item 5 has been entered in the Commercial Register and has thus taken effect, Dr. Volpert's term of office will then be extended by one year and last until the close of the Annual General Meeting in 2024.

Ladies and Gentlemen,
This brings me to the end of the report by the Supervisory Board, which by its very nature includes many formal aspects. I would like to conclude by sincerely thanking you, the shareholders of thyssenkrupp AG, for your continued loyalty to the Company even in these difficult times.