

Rules of Procedure for the Executive Board of thyssenkrupp AG

Version of September 7, 2016



thyssenkrupp

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§ 1 General

- (1) The Executive Board shall conduct the business of the Company in accordance with the statutory provisions, the Articles of Association and these Rules of Procedure. It shall cooperate in trust with the other bodies of the Company in the interest of the enterprise.
- (2) The distribution of directorates among the individual members of the Executive Board is shown in the organization chart attached as Annex 1 which forms part of these Rules of Procedure.

§ 2 Overall responsibility and management of the directorates

- (1) The members of the Executive Board shall jointly bear responsibility for overall business management. They shall work together collegially and keep each other informed about important measures and events in their directorates. Each member of the Executive Board shall disclose conflicts of interest to the Supervisory Board immediately. The disclosure procedure shall be agreed with the Supervisory Board chairman, the other Executive Board members shall be informed immediately.
- (2) The Group shall be managed on the basis of the management structure resolved by the Executive Board. The interests of the Group shall have priority over the interests of the individual companies, shareholdings, business areas and regions.

If any member has serious misgivings about a matter in a different directorate, he shall be obliged to obtain a resolution of the Executive Board if the misgivings cannot be removed by talking to the other member of the Executive Board.

- (3) The Executive Board shall decide by resolution
 - a) on all matters for which a resolution by the Executive board is required by law, by the Articles of Association or by these Rules of Procedure, in particular on
 - aa) the preparation of the parent-company financial statements and the consolidated financial statements and the management reports,
 - ab) the convening of the Annual General Meeting and the proposals for resolution by the Annual General Meeting,
 - ac) the periodic reports presented to the Supervisory Board,
 - ad) transactions requiring the approval of the Supervisory Board,
 - ae) the issuing of binding Group Regulations,
 - b) on all matters presented by a member for resolution by the Executive Board,
 - c) on fundamental questions of the organization and business policy of the Company and the Group, plans for the Company and the Group, and principles of collaboration among the business areas,

- d) on transactions which under the catalogue of transactions requiring approval (TRA) require the advance approval of the Executive Board of thyssenkrupp AG.
 - e) on the transfer of decision-making competencies for specific tasks to committees, where legally permissible.
- (4) Each individual member of the Executive Board shall be responsible within the framework of the Executive Board resolutions and the management structure for managing the directorate assigned to him. Insofar as measures and transactions in one directorate also affect one or more other directorates, the Executive Board member shall consult with the other members involved in advance. If agreement cannot be reached or cannot be obtained in time, each Executive Board member involved is obliged to obtain a resolution of the Executive Board.
 - (5) Measures and transactions of a directorate which are of exceptional significance for the directorate, the Company or the Group, or which entail an exceptional economic risk, are subject to the prior approval of the Executive Board. The same shall apply to measures and transactions for which the chairman of the Executive Board/CEO requests the prior resolution of the Executive Board.
 - (6) If a decision of the Executive Board pursuant to par. 4 sentence 3 and par. 5 cannot be obtained in good time, and if a delay is not justifiable to avoid directly imminent serious disadvantages for the directorate, the Company or the Group, the members of the Executive Board who can be contacted shall decide. The other Executive Board members shall be informed of the decision without delay.
 - (7) Every Executive Board member shall report to the Executive Board on measures, transactions, events and developments in his directorate of importance to the directorate, the Company or the Group. The report shall be submitted as early as possible. The Executive Board shall be informed in advance of measures and transactions requiring the approval of the Executive Board.
 - (8) When a member is absent, the members of the Executive Board - in consultation with the chairman - shall arrange for the management of the directorate concerned during the period of absence.

§ 3 Chairman of the Executive Board/CEO

- (1) The chairman of the Executive Board/CEO shall be responsible for coordinating all the directorates of the Executive Board. He shall work towards ensuring that the management of all directorates is uniformly directed towards the targets set by the resolutions of the Executive Board. The chairman of the Executive Board/CEO may request information at any time from the members of the Executive Board on individual matters in their directorate and may decide that he should be informed in advance of certain types of transaction.
- (2) The chairman of the Executive Board/CEO shall represent the Executive Board and the Group vis-à-vis the general public, in particular vis-à-vis authorities, associations, industrial organizations and gazettes. In all other respects the members of the Executive Board including the chairman/CEO shall agree among themselves on the appropriate public representation of the Group.
- (3) The chairman of the Executive Board/CEO shall be responsible for dealings with the Supervisory Board and its members. He shall keep in regular contact with the chairman of the Super-

visory Board between the meetings of the Supervisory Board and discuss with him questions relating to the strategy, planning, business performance, risk management and compliance of the Company.

- (4) In English, the chairman of the Executive Board shall bear the title "Chief Executive Officer (CEO)".

§ 4 Meetings and resolutions

- (1) The Executive Board shall as a rule pass resolutions in meetings which shall be held at least twice a month. In exceptional cases at the instruction of the chairman of the Executive Board/CEO meetings may be conducted via telephone and video conference. The agenda and the resolution proposals and requisite documents on items of the agenda shall be supplied no later than three days before the meeting. Each member of the Executive Board may request that a meeting be convened, stating the subject for discussion; in the same way each member may request that a subject be included in the agenda of a meeting.
- (2) The chairman of the Executive Board/CEO shall chair the meetings. If he is prevented from attending, a member selected by the Executive Board members present shall chair the meeting. The chairman of the meeting shall determine the sequence in which the items of the agenda are dealt with and the method and sequence of voting. The Executive Board may agree that persons who are not members of the Executive Board be included in the discussion of individual items. The chairman may require that the resolution on an individual item of the agenda be postponed.
- (3) The Executive Board shall constitute a quorum when all members have been invited and at least half of the members are in attendance at the meeting. Absent members may submit their votes in writing or by fax, electronic media or telephone. Votes submitted by telephone shall be confirmed in writing. The absent members shall be informed immediately about resolutions passed in their absence. Except in emergencies, discussions and resolutions on matters from the directorate of an absent member should only take place after the absent member has first been contacted.
- (4) Executive Board resolutions shall generally be passed in meetings. Telephone and video conferences shall also count as meetings. At the instruction of the chairman of the Executive Board/CEO, resolutions may also be passed outside meetings by votes cast orally, by telephone, in writing, by fax or by electronic media, unless a member of the Executive Board objects to this procedure. Votes submitted orally and by telephone shall be confirmed in writing. At the instruction of the chairman of the Executive Board/CEO, a resolution passed in the meeting may be combined with a resolution passed outside the meeting (mixed resolution procedure).
- (5) The Executive Board shall pass resolutions in meetings by simple majority of the votes cast, outside meetings by simple majority of its members. Every member of the Executive Board has the right to object to a resolution relating to major concerns of his directorate. The effect of the objection shall be that the resolution is initially not implemented but the matter is discussed and resolved on again in a further Executive Board meeting. If the Executive Board again resolves against the vote of the objecting member, the resolution shall be effective; the chairman of the Executive Board/CEO shall inform the chairman of the Supervisory Board of the objection.
- (6) Minutes shall be drawn up of the meetings of the Executive Board. The minutes shall be signed by the chairman of the meeting and copies shall be sent to all members of the Executive Board. The minutes shall be deemed to have been approved if no member of the Executive

Board raises objections in the next meeting following receipt of the minutes. Resolutions of the Executive Board passed outside meetings shall be recorded in separate minutes or included in the minutes of the next meeting of the Executive Board.

§ 5 Transactions requiring approval

- (1) The Executive Board requires the Supervisory Board's prior consent to the transactions of the Company and its subsidiaries specified in the Articles of Association.
- (2) The Supervisory Board may also stipulate other transactions to be subject to its consent.
- (3) The approval of the Supervisory Board required under par. 1 may also be granted in the form of a general authorization for a group of the aforesaid transactions.
- (4) An overview of transactions requiring approval is attached for information as Annex 2 to these Rules of Procedure.

§ 6 Provision of information to the Supervisory Board

- (1) The Executive Board shall supply the Supervisory Board and the competent committees with regular, up-to-date, comprehensive reports on all issues relevant to the Company and the Group relating to strategy, planning, business development, risks, risk management and compliance. More detailed rules are contained in the Reporting Procedure attached as Annex 3 to these Rules of Procedure.
- (2) The Executive Board shall agree the strategy of the Company and the Group with the Supervisory Board and discuss the status of implementation of the strategy with the Supervisory Board at regular intervals.

Annex 2 to the Rules of Procedure for the Executive Board of September 7, 2016

Catalogue of transactions requiring the approval of the Supervisory Board

I. Transactions requiring approval pursuant to § 7 par. 1 of the Articles of Association of thyssenkrupp AG

The Executive Board requires the Supervisory Board's prior consent to the following transactions of the Company and its subsidiaries:

- a) fundamental changes in the corporate organization;
- b) the corporate annual investment plan and funding thereof;
- c) fundamental changes to the corporate real estate policy;
- d) the acquisition, sale or encumbrance of real estate and equivalent titles or titles to real estate insofar as the value of the individual measure exceeds an amount of €10,000,000;
- e) the acquiring of shares/interests in other companies or the disposal of such shares/interests insofar as the value of the individual measure exceeds an amount of €25,000,000 (with the exception of Group-internal acquisitions and disposals¹);
- f) development of new fields of business or reduction or abandonment of existing fields of business if of material significance to the Company including its subsidiaries;
- g) assumption of suretyships, guarantees or any similar liability outside the normal course of business if of material significance to the Company including its subsidiaries;
- h) granting of loans or other credits outside the normal course of business if of material significance to the Company including its subsidiaries.

II. Other transactions requiring approval determined by the Supervisory Board

- a) The exercise of sideline activities, in particular the acceptance of seats on supervisory boards outside the Group, is subject to the prior approval of the Supervisory Board.
- b) Pursuant to § 112 Stock Corporation Act (AktG) transactions between a member of the Executive Board and the Company shall be concluded by the Supervisory Board for the Company. Material transactions (value threshold €1 million) concluded between a related party of an Executive Board member (spouse, domestic partner, first-degree relative) and the Company or a Group company are subject to the prior approval of the Supervisory Board. The same shall apply to material transactions concluded between an enterprise over which a member of the

¹ Pursuant to Supervisory Board resolution of January 9, 2002

Executive Board or a related party can exercise control and the Company or a Group company. The applications for approval shall be made by the Executive Board member concerned to the Supervisory Board. The application for approval shall show that the transaction complies with customary standards.

- c) In cases under a) and b) sentence 1, the Executive Board member concerned shall inform the chairman of the Executive Board/CEO without delay about the application to the Supervisory Board and decision of the Supervisory Board.
- d) In cases under b) sentences 2 and 3, the Executive Board member concerned shall at the same time inform the other members of the Executive Board.

Annex 3 to the Rules of Procedure for the Executive Board of September 7, 2016

§ 1 Provision of information to the Supervisory Board

- (1) The provision of sufficient information to the Supervisory Board and its committees by the Executive Board is the shared responsibility of both bodies.
- (2) The Executive Board shall supply the Supervisory Board and the competent committees with regular, up-to-date, comprehensive reports on all issues relevant to the Company and Group relating to strategy, planning, business development, risks, risk management and compliance. Insofar as sole decision-making authority has been delegated to committees, the Executive Board shall report directly to the relevant committee only. In such cases the Executive Board shall inform the Supervisory Board chairman.
- (3) The Executive Board's reports shall comply with the principles of conscientious and accurate reporting. The Executive Board shall also meet requirements for the clarity and continuity of the information. In all other respects the Executive Board shall itself choose the form and style of the reports.
- (4) Reports by the Executive Board to the Supervisory Board shall generally be made in text form.
- (5) Every Supervisory Board member shall have the right to take cognizance of the reports and oral information provided by the Executive Board to the Supervisory Board chairman. Insofar as reports are made in text form, they shall be provided to each Supervisory Board member on demand unless otherwise resolved by the Supervisory Board.

§ 2 Regular reports

- (1) The Executive Board shall report on planned business policy and other fundamental issues relating to the Group's corporate planning no less than once a year, unless changes in circumstances or new matters necessitate an immediate report. These reports shall include in particular information on the planned development and strategy of the Group, an outline of the implementation of strategy at operating level, a presentation of the finance, investment and personnel planning and the accounting policy for the Group and individual Group areas, and information on variances in actual performance from previously reported targets and the reasons for these (follow-up reporting). The corporate planning which the Executive Board presents for a fiscal year shall contain in particular a short-term corporate plan for the current fiscal year (forecast) and the following fiscal year (budget) as well as a mid-term plan (operating plan) and long-term plan (strategic dialogue).
- (2) In connection with the Supervisory Board resolution on the parent-company and consolidated financial statements for the year (financial statement meeting), the Executive Board shall report on the profitability of the Company and the Group based on the management information also used for internal control. Earnings per share shall also be addressed in the report.
- (3) With reference to year-on-year and plan/actual comparisons, the Executive Board shall report on the earning power of the Group as a whole and individual areas of the Group on the basis of meaningful profitability ratios as also used for internal control, and the profitability of major investment projects (from €150 million project volume).

- (4) The Executive Board shall report regularly, at least every quarter of the year, on the state of business, in particular sales and the situation of the Company and the Group. The report shall provide an update on the results of operations and financial position, personnel development, major risks to the Group and individual Group areas, and compliance. Variances from the prior year and the planning shall be explained.
- (5) The Executive Board shall report on all transactions which could significantly impact the profitability or liquidity of the Company and/or the Group. These reports shall as a rule be submitted in good time to allow the Supervisory Board the opportunity to comment on the transactions before they are entered into.

§ 3 Special reports

- (1) The Executive Board shall report to the Supervisory Board chairman without delay on other important matters. The chairman of the Executive Board/CEO shall report to the Supervisory Board chairman immediately on major events of key significance for assessing the situation, performance and management of the Company or the Group.
- (2) The Supervisory Board chairman shall inform the Supervisory Board members of the special reports by no later than the next Supervisory Board meeting.

§ 4 Reports on request

- (1) The Supervisory Board may request a report from the Executive Board at any time on the Company's affairs, its legal and business relations with subsidiaries, and business transactions at these subsidiaries which could significantly impact the situation of the Company.
- (2) Requests for reports are subject to a resolution passed by a simple majority of the Supervisory Board.

thyssenkrupp AG

thyssenkrupp Allee 1
45143 Essen, Germany
www.thyssenkrupp.com

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