

# Corporate governance declaration and corporate governance report

For DEUTZ, a responsible approach to management that meets the standards of good **corporate governance** forms the basis for enhancing shareholder value over the long term. This is one of the main reasons why we attach great importance to the implementation of the **German Corporate Governance Code** (DCGK) and ensure quality and transparency in all key decisions and processes in our Company.

## CORPORATE GOVERNANCE DECLARATION PURSUANT TO SECTION 289f AND SECTION 315d HGB

### **Declaration of conformity with no exceptions**

In 2023, the Board of Management and the Supervisory Board once again carefully considered to what extent it was proper and consistent with the Company's objectives for DEUTZ to apply all principles, recommendations, and suggestions of the **DCGK**. As a result, DEUTZ AG has complied with all the recommendations of the Code, as amended on December 16, 2019, since submitting its declaration of conformity dated December 9, 2020. The declaration of conformity pursuant to section 161 AktG, issued by the Board of Management and the Supervisory Board on December 13, 2022, confirmed that DEUTZ AG also complied with the recommendations of the Code, as amended on April 28, 2022, without exception and would continue to do so in the future.

The latest version of the declaration of conformity, dated December 12, 2023, can be found in the »Investor Relations / Corporate Governance« section of the Company's website at [www.deutz.com](http://www.deutz.com). The previous declarations of conformity can also be viewed and downloaded there.

### **Composition of the Board of Management and Supervisory Board; composition and operating procedures of Supervisory Board committees**

At the time this annual report was published, the Company's Board of Management consisted of four people: Dr. Sebastian C. Schulte (Chairman, responsible for technical and head-office functions and for sustainability), Dr. Ing. Petra Mayer (responsible for production and purchasing), Dr. Ing. Markus Müller (responsible for research and development, sales, and service), and Mr. Timo Krutoff (responsible for finance, human resources, and information services).

At the Supervisory Board meeting on January 18, 2023, following preparatory work by the Human Resources Committee, the Supervisory Board extended Dr. Ing. Sebastian C. Schulte's term of appointment by five years, i.e. for the period from January 1, 2024 to December 31, 2028.

At the Supervisory Board meeting on March 15, 2023, following preparatory work by the Human Resources Committee, the Supervisory Board also extended Dr. Ing. Markus Müller's appointment by five years, i.e. for the period from March 15, 2024 to March 14, 2029.

In accordance with the provisions of the German Codetermination Act (MitbestG), the Supervisory Board of DEUTZ AG comprises twelve members, six members being the representatives of the shareholders and six members being the representatives of the employees. The shareholder representatives are elected by the Annual General Meeting of DEUTZ AG in individual elections. The employee representatives are elected by the workforce in accordance with the provisions of the German Codetermination Act.

In the reporting year, the composition of the Supervisory Board changed as follows:

In the elections for the six shareholder representatives on the Supervisory Board at the Annual General Meeting on April 27, 2023, Ms. Melanie Freytag, Mr. Helmut Ernst, and Mr. Bernd Maierhofer were elected as members of the Supervisory Board for the first time. Ms. Patricia Geibel-Conrad, Dr. Dietmar Voggenreiter, and Dr. Ing. Rudolf Maier were re-elected as members of the Supervisory Board. The terms of appointment of Ms. Sophie Albrecht, Dr. Ing. Bernd Bohr, and Mr. Alois Ludwig came to their scheduled end at the close of the Annual General Meeting. The Supervisory Board would like to express its gratitude to Ms. Albrecht, Dr. Ing. Bohr, and Mr. Ludwig for their hard work and unfaltering commitment to the success of the Company.

At the constitutive meeting of the Supervisory Board after the Annual General Meeting, Dr. Dietmar Voggenreiter was re-elected as chairman of the Supervisory Board. In addition, the Supervisory Board re-elected Ms. Sabine Beutert as its deputy chairwoman.

Elections for the employee representatives on the Supervisory Board also took place in 2023. As a result of these elections on June 13, 2023, Mr. Ismail-Hilmi Kocer, Mr. Gottfried Laengert, and Mr. Hans-Jörg Schaller were newly elected as members of the Supervisory Board, while Ms. Sabine Beutert and Dr. Fabian Dietrich were re-elected as employee representatives on the Supervisory Board.

The courts appointed Ms. Katja Olligschläger to the Supervisory Board as an employee representative with effect from July 24, 2023. This judicial appointment had been requested by the Board of Management in accordance with a resolution passed by the General Works Council. It was required because the outcome of the election of employee representatives did not fulfill the statutory gender quota requirements stipulated in section 96 (2) AktG in conjunction with section 18a MitbestG.

Following the reconstitution of the individual committees of the Supervisory Board after the Supervisory Board elections in the reporting year, the composition of these committees changed as set out below.

At the Supervisory Board meeting on July 1, 2023, Dr. Fabian Dietrich was elected as a member of the Audit Committee with effect from July 1, 2023. Dr. Dietrich succeeded Ms. Töpfer-Hartung, who left the Supervisory Board. On the same day, the Supervisory Board also elected Mr. Gottfried Laengert as a member of the Arbitration Committee, where he succeeded Mr. Ali Yener, who had vacated his position.

The Supervisory Board has created four committees to enable it to perform its duties effectively. These committees prepare various topics and resolutions for the full Supervisory Board. Details of all members of the Supervisory Board and its committees, as well as other directorships held by its members, are shown separately on pages 17 onward of this annual report.

**Human Resources Committee** At the time this annual report was published, the members of the Human Resources Committee were Dr. Dietmar Voggenreiter (chairman), Ms. Sabine Beutert, and Dr. Ing. Rudolf Maier. The Human Resources Committee makes preparations for all Supervisory Board decisions concerning the appointment of members of the Board of Management and their contracts of employment, including the remuneration specified therein, and all issues arising in this connection. It particularly focuses on long-term succession planning, which involves identifying suitable candidates at an early stage. In this task, it is supported by external consultants. The Human Resources Committee held four meetings in 2023, all of which were attended in person by all members of the committee. Among the main matters addressed were the revision of the remuneration system for the Board of Management, the achievement of the Board of Management's targets for 2022, and the setting of the Board of Management's targets for 2023.

**Audit Committee** At the time this annual report was published, the members of the Audit Committee were Ms. Patricia Geibel-Conrad (chairwoman), Ms. Sabine Beutert (deputy chairwoman), Dr. Dietmar Voggenreiter, and Dr. Fabian Dietrich. Due to her professional background as an auditor and tax consultant, Ms. Geibel-Conrad has expertise in the areas of accounting and auditing within the meaning of Section D.3 of the German Corporate Governance Code in the version dated April 28, 2022. Ms. Beutert has a degree in economics and as a long-standing secretary of the German Metalworkers' Union has relevant expertise in the field of accounting. Dr. Voggenreiter also has relevant expertise in the field of accounting due to his professional background as Head of Corporate Controlling at Audi AG, Ingolstadt and as a former Member of the Board of Management (with responsibility for marketing and sales) of Audi AG, Ingolstadt.

The **Audit Committee** held four scheduled meetings in 2023, all of which were attended in person by all members of the committee and the Board of Management. The auditor also attended all but

one of the meetings. Guests were able to participate virtually, with some of them making use of this option. Where necessary, the committee meetings were held entirely or in part without the Board of Management and/or without the auditor.

The committee's work primarily focused on the preparatory review of the annual and consolidated financial statements, including the combined management report and separate combined non-financial report of DEUTZ AG and the DEUTZ Group. The auditor's report on its review of the condensed consolidated financial statements and the interim management report for the first half of the year was discussed at length together with the Board of Management and in the presence of the auditor. The interim management statements for the first and third quarters were discussed in detail with the Board of Management. In between meetings, the chairwoman of the Audit Committee kept in close contact with the Chief Financial Officer in order to share information and ideas.

The committee examined the monitoring of the accounting process, the appropriateness, effectiveness, and further development of the internal control system, the effectiveness of the risk management system, the **compliance** management system, and Corporate Audit. In the committee's meetings, the heads of relevant head-office functions were available to answer questions and give reports on specific topics. The annual activity report presented by the Head of Corporate Audit and the report's findings were discussed, and Corporate Audit's audit plan for the reporting year was adopted. Moreover, the committee examined the Compliance Officer's report and addressed the wider subject of compliance within the Company. Further topics that were discussed regularly included IT matters and the reporting on important legal disputes.

The Board of Management also reported regularly to the Audit Committee on the course of business in the segments, relevant key performance indicators for the Group, the liquidity and funding situation, and – on an ad hoc basis – on matters relating to Corporate Audit, compliance, data security, and data integrity.

Other key areas addressed over the course of the year included the Group's performance and activities in China, the working capital, current and future regulatory requirements in the field of sustainability reporting, and various issues relating to accounting and sustainability, such as the implementation of reporting requirements arising from the EU taxonomy, and the implementation of the German **Supply Chain Due Diligence Act** (LkSG). The Board of Management reported on potential transactions with related parties on at least a quarterly basis. As in previous years, no transactions requiring approval or disclosure were identified in 2023. With regard to the collaboration with the auditor, the committee reviewed the non-audit services performed in the reporting year and received reports on projects planned for the following year. No issues were identified. Finally, the Audit Committee resolved on the planning for 2024.

For the 2023 reporting year and extending into 2024, the Audit Committee has determined a »review of the implementation and

delivery of regulatory requirements for sustainability reporting« as a focal point of the audit assignment.

The chairwoman of the Audit Committee routinely provided detailed updates on the committee's work at each subsequent meeting of the full Supervisory Board.

For the final time, the Audit Committee recommended that the Supervisory Board propose to the Annual General Meeting that PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Cologne, be appointed as auditor of the financial statements for the 2023 financial year. The auditor declared to the Audit Committee that there were no circumstances providing grounds to suspect that its opinion was prejudiced. The Audit Committee obtained the necessary declaration of independence from the auditor and verified that it was qualified for the role. In addition, the committee discussed the auditor's fee, appointed the auditor, determined additional areas of focus of the audit, and monitored the quality of the auditing. The chairwoman of the committee and the auditor also shared information on a variety of topics between the meetings.

One of the Audit Committee's key priorities in the reporting year was the mandatory scheduled external rotation of the audit firm at the end of the 2023 financial year and the tender procedure for the 2024 audit in accordance with Regulation (EU) No. 537/2014. Fulfilling its duties, the committee issued a public invitation to tender, evaluated the responses to the tender offer in detail, and finally validated the tender report prepared by the Board of Management. No issues were raised as part of this process. The committee also recommended that the Supervisory Board propose to the 2024 Annual General Meeting that BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg, Düsseldorf branch, or as an alternative KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, Cologne branch, be appointed as auditor of the annual and consolidated annual financial statements of DEUTZ AG, as auditor for the review of the interim consolidated financial statements and interim group management report for the first six months of 2024, and as auditor of the 2024 financial statements of certain consolidated subsidiaries. The Audit Committee stated that it preferred BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg, Düsseldorf branch, and gave reasons for this.

At its meeting on March 7, 2024, which was attended by the auditor and the Board of Management, the Audit Committee held an in-depth discussion about the aforementioned financial statements and the proposal for the appropriation of profit on the basis of the presented annual and consolidated financial statements and the combined management report of DEUTZ AG, in each case for the year ended December 31, 2023, along with the Board of Management report and the corresponding auditor's reports. During the meeting, the auditor gave a detailed report on the process and key findings of the audits of the financial statements at the parent company and at the German and non-German subsidiaries. No issues were raised in the audit findings. The internal control system relating to the accounting system, the early-warning system for risk, the key audit matters, and the focus of the audit were discussed in detail. The auditor provided in-

depth answers to all further questions. No material weaknesses in the internal control system were identified. The auditor also established that the Board of Management had set up an appropriate information and monitoring system that is capable, at an early stage, of identifying any risks to the Company's continued existence as a going concern.

The committee's preparatory review also encompassed the separate combined non-financial report of DEUTZ AG and the DEUTZ Group and the remuneration report. The Supervisory Board had engaged PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft to also conduct a review with limited assurance of the non-financial report, to audit the content of the remuneration report, and to produce related assurance reports. The auditor reported on this audit and review at the meeting as well. This was followed by an intensive discussion of the main results. In both cases, an audit opinion without qualification was issued.

At the meeting of the full Supervisory Board on March 14, 2024, the chairwoman of the committee reported in detail on the aforementioned audit and review and their findings. The recommendations prepared for the Supervisory Board for resolutions concerning the financial statements were approved and adopted by the Supervisory Board without change in each case.

The committee kept up to date with the changes to the regulatory environment and discussed the measures that would need to be taken by DEUTZ AG to meet additional requirements arising from the further development of rules on sustainability reporting, such as the **European Sustainability Reporting Standards (ESRS)**, the **Corporate Sustainability Reporting Directive (CSRD)**, and the **Corporate Sustainability Due Diligence Directive (CSDDD)**.

**Arbitration Committee** At the time this annual report was published, the members of the Arbitration Committee were Dr. Dietmar Voggenreiter (chairman), Ms. Sabine Beutert, Ms. Melanie Freytag, and Mr. Gottfried Laengert. The Arbitration Committee set up pursuant to section 27 (3) of the German Codetermination Act (MitbestG) is responsible for the activities described in section 31 (3) MitbestG. It did not need to be convened during the year under review.

**Nominations Committee** At the time this annual report was published, the members of the Nominations Committee were Dr. Dietmar Voggenreiter (chairman), Ms. Patricia Geibel-Conrad, and Dr. Ing. Rudolf Maier. The Nominations Committee is tasked with proposing to the Supervisory Board suitable candidates as shareholder representatives on the Supervisory Board. It held two meetings in 2023, both of which were attended in person by all members of the committee. The main matters addressed at the meetings were the preparations for the Supervisory Board election held in 2023 and the identification and selection of suitable candidates.

The Supervisory Board approved the recommendations for board resolutions submitted by the committees.

Following the reconstitution of the individual committees of the Supervisory Board after the Supervisory Board elections in the reporting year, the composition of these committees changed as set out below.

At the Supervisory Board meeting on July 1, 2023, Dr. Fabian Dietrich was elected as a member of the Audit Committee with effect from July 1, 2023. Dr. Dietrich succeeded Ms. Töpfer-Hartung, who left the Supervisory Board. On the same day, the Supervisory Board also elected Mr. Gottfried Laengert as a member of the Arbitration Committee, where he succeeded Mr. Ali Yener, who had vacated his position.

The current members of the Supervisory Board are all considered independent within the meaning of article C.6 sentence 2 DCGK, as amended on April 28, 2022. The names of the independent members are Dr. Dietmar Voggenreiter, Ms. Sabine Beutert, Dr. Fabian Dietrich, Mr. Helmut Ernst, Ms. Melanie Freytag, Ms. Patricia Geibel-Conrad, Mr. Ismail-Hilmi Kocer, Mr. Gottfried Laengert, Dr. Ing. Rudolf Maier, Mr. Bernd Maierhofer, Ms. Katja Olligschläger, and Mr. Hans-Jörg Schaller. See also p. 17 onward for further information on the composition of the Supervisory Board and its committees, and on the further mandates held by its members.

In the reporting year, the Supervisory Board conducted a self-assessment (article D.12 DCGK, as amended on April 28, 2022) with support from an external consultancy. The evaluation of this self-assessment started in 2023 and the findings will be used to derive pertinent measures in 2024. The shareholder representatives and the employee representatives each regularly meet for separate preparatory talks ahead of the meetings of the Supervisory Board.

#### **Targets and timeframes in accordance with sections 76 (4), 111 (5) AktG**

On December 19, 2022, the Board of Management of DEUTZ AG set certain targets and timeframes in accordance with section 76 (4) AktG. The proportion of women employed by DEUTZ AG at the top level of senior management below the Board of Management is to be increased to 20 percent by June 30, 2027. The proportion of women at the second level of senior management below the Board of Management is to be increased to 12 percent over the same period. The top level of senior management below the Board of Management encompasses all managers in Germany who report directly to a member of the Board of Management. The second level of senior management below the Board of Management comprises all managers in Germany who report directly to a manager in the top level of senior management.

To ensure that women are taken into consideration for vacant managerial positions, DEUTZ AG has adopted a staff development program. When positions in the top and second levels of senior management below the Board of Management become available, the Board of Management and the HR department strive to ensure that at least one woman is always shortlisted for the post (article A.2. DCGK, version dated April 28, 2022). This means that external recruitment must focus on female managers.

As at the end of the reporting year, the proportion of women was 32 percent in the top level of senior management below the Board of Management and 11 percent in the second level of senior management below the Board of Management. DEUTZ AG thus attained the target set for the top level of senior management.

At its meeting on June 9, 2022, the Supervisory Board of DEUTZ AG set the following target in accordance with section 111 (5) AktG: On December 31, 2023, the Board of Management of DEUTZ AG should have at least one female member. This target was also attained.

#### **Disclosures regarding compliance with the statutory quotas for women and men on the Supervisory Board**

In accordance with the German Act on the Equal Participation of Women and Men in Leadership Positions in the Private and Public Sectors (FührposGleichberG), the Supervisory Board of DEUTZ AG had to have at least four female members and four male members following the election of the Supervisory Board at the Annual General Meeting on April 26, 2018, if not before.

The Supervisory Board of DEUTZ AG has been in compliance with these statutory quotas since the Supervisory Board election held in 2018.

## Description of the diversity plan for the composition of the Board of Management

The Supervisory Board, with the support of the Human Resources Committee and the involvement of the Board of Management, carries out long-term planning for appointments to the Board of Management. At its meeting on September 27, 2018, the Supervisory Board agreed the following diversity plan for the composition of the Board of Management, incorporating the recommendations of the German Corporate Governance Code, as amended on dated February 7, 2017, and also complying with the German Corporate Governance Code as amended on December 16, 2019, and April 28, 2022:

### 1. Description of the diversity plan

The Supervisory Board has developed the following **diversity** plan for the composition of the Board of Management in accordance with section 289f (2) no. 6 HGB: In addition to basic suitability criteria such as good character, integrity, outstanding leadership qualities, professional expertise needed for the member's specific remit, proven track record, knowledge of the Company, and the ability to adapt business models and processes to the needs of a changing world, the Supervisory Board also considers diversity when selecting candidates for a position on the Board of Management. The Supervisory Board primarily regards diversity as

- appropriate gender representation;
- an adequate mix of ages among the members of the Board of Management;
- a range of educational backgrounds and occupations.

### 2. Objectives of the diversity plan

The objective of the diversity plan for the Board of Management is to consciously harness diversity as a means of driving the Company forward. After all, taking account of different perspectives, skills, backgrounds, and experience will be key to maintaining our competitiveness and success over the long term. Diversity within the Board of Management will, in particular, help us to better understand new business models and the wide-ranging expectations of our customers from around the world.

### 3. Manner of implementation

The Supervisory Board takes particular account of the following aspects with regard to the composition of the Board of Management:

- Members of the Board of Management should have several years of managerial experience.
- Members of the Board of Management should bring experience from a wide range of occupations and professional backgrounds.
- The Board of Management collectively should have technical expertise, particularly knowledge and experience of manufacturing and sales of all types of engines and of other technical products.
- The Board of Management collectively should have many years' experience in the areas of research and development, production, sales, finance, and human resources.
- The Board of Management collectively should have international experience.
- The Supervisory Board has formally agreed a target quota in accordance with FührungsGleichberG. The resolution stipulates that there should be at least one woman on the Board of Management of DEUTZ AG on June 30, 2022.
- An age limit of 65 (standard retirement age) applies in principle to the members of the Board of Management.

The Supervisory Board determines which candidate should be offered a specific position on the Board of Management. Its decision is based on the best interests of the Company, taking all the circumstances of the individual case into account.

### 4. Current composition

As well as many years of experience within the Group, the members of the Board of Management also have extensive knowledge and experience – some international – from various activities outside DEUTZ AG. In its current composition, the four-person Board of Management meets all the specified targets. The current age range on the Board of Management is 44 to 57 years. The average age of the Board of Management members is 48.



## OBJECTIVES FOR THE COMPOSITION OF THE SUPERVISORY BOARD, PROFILE OF THE SKILLS AND EXPERTISE REQUIRED OF ITS MEMBERS, AND DESCRIPTION OF THE DIVERSITY PLAN

The diversity plan for the Supervisory Board was adopted by the Supervisory Board at its meeting on September 27, 2018 together with the objectives for the Supervisory Board's composition and profile of skills and expertise, and was last updated as follows at the meeting on December 13, 2022:

The Supervisory Board of DEUTZ AG has defined specific targets for its composition and has drawn up a profile of skills and expertise for the Supervisory Board as a whole in accordance with article C.1 DCGK.

The composition of the Supervisory Board has to ensure that its members have the knowledge, skills, and professional experience required to properly perform all duties within an international group of companies. This does not mean that each individual member of the Supervisory Board must have all the knowledge and experience required, but that for each key area of the Supervisory Board's activities, at least one member has competence in that area so that collectively – including the employee representatives and taking account of the special features of the right of codetermination – the Supervisory Board covers the required knowledge and experience.

### 1. Description of the areas of expertise required for the Supervisory Board

The Supervisory Board of DEUTZ AG should be composed of individuals who collectively provide a range of skills and expertise that ensures the Supervisory Board can comprehensively and effectively advise and supervise the Board of Management on every aspect of DEUTZ's business activity. The Supervisory Board regards the following as key elements of this skill set:

- Experience in managing and supervising international companies
- Familiarity of the members collectively with the Company's key areas of activity and of the associated markets and value chains
- Understanding of the Company's strategy and its future strategic development, including against the background of any changing market requirements
- Knowledge of codetermination law
- Adequate knowledge of finance, financial reporting, accounting, **compliance**, and risk management
- In-depth experience in the area of technological research and development, industrial manufacturing, or service

- In-depth experience in the area of sales, service, or marketing in the industrial sector for engines, drive systems, or associated machinery
- Expertise in **corporate social responsibility** (CSR)
- Expertise in sustainability matters of relevance to the Company
- Expertise in digital strategy and **Industry 4.0**
- Expertise in corporate and capital market communication

Fundamental knowledge of stock market law, stock corporation law, and the financial markets

In addition, in accordance with the requirements of section 100 (5) AktG, at least one member of the Supervisory Board and the Audit Committee must have expertise in the area of accounting and at least one member of the Supervisory Board and the Audit Committee must have expertise in the area of auditing (financial experts). Expertise in the area of accounting should primarily comprise knowledge of, and experience with, the application of accounting principles and internal control and risk management systems, while expertise in the area of auditing should primarily comprise knowledge of, and experience with, audits of financial statements. Accounting and auditing also encompasses sustainability reporting and associated audits. The chairperson of the Audit Committee must have appropriate expertise in at least one of these areas. Collectively, the members of the Supervisory Board must be familiar with the engine manufacturing, drive systems, and associated machinery sector.

### 2. Minimum requirements for professional expertise and personal capabilities

The individual members of the Supervisory Board should have certain minimum competencies that are necessary for the proper performance of their role:

- The ability to understand and critically scrutinize the business model
- Fundamental knowledge of the relevant legal provisions
- Fundamental knowledge of **compliance**
- Fundamental financial expertise, particularly in accounting, risk management, and annual financial statements
- The ability to examine the annual financial statements, if necessary with the assistance of the independent auditor
- The ability to understand, critically scrutinize, and draw conclusions from the reports of the Board of Management and of the Supervisory Board committees

- The ability to assess the propriety, commercial viability, appropriateness, and legality of business decisions and to check their plausibility
- The willingness and ability to devote the time and effort required
- The willingness to undertake ongoing professional development in the form of both inhouse and external training activities
- Personal independence and integrity

### 3. Objectives for the composition of the Supervisory Board as a whole

#### 3.1 Diversity

In terms of the **diversity** of its composition, the Supervisory Board strives to ensure the appropriate participation of both genders, a range of professional and international experience, and the inclusion of members with many years of relevant experience. As DEUTZ AG is a publicly listed company that is subject to the German Codetermination Act, the Supervisory Board must include at least 30 percent women and at least 30 percent men in accordance with the principles laid down in section 96 (2) AktG.

#### 3.2 International expertise

As DEUTZ is an international group of companies, care must be taken to ensure that the Supervisory Board has a sufficient number of members with many years of international experience. Supervisory Board members can satisfy this requirement in a variety of ways, e.g. by currently or previously holding a senior management role in an international company or by currently or previously living and working in another country.

#### 3.3 Independence and potential conflicts of interest

More than half of the shareholder representatives on the Supervisory Board should be independent within the meaning of articles C.6 (2) and C.7 DCGK. Shareholder representatives on the Supervisory Board must not hold directorships or similar positions or advisory functions for, or have a personal relationship with, major competitors of the DEUTZ Group, and must generally – or at least in the majority – be deemed independent of the Company, the Board of Management, and/or a controlling shareholder. Conflicts of interest that are substantial and not merely temporary relating to the personal circumstances of a Supervisory Board member shall result in the termination of the mandate.

#### 3.4 Time required to perform Supervisory Board duties

The Supervisory Board believes it is important that both its current members and future candidates for Supervisory Board seats are able to devote sufficient time to preparing for and following up the regular Supervisory Board meetings, taking part in such meetings, and reading the regular reports. Additional time is required if members are elected to committees, particularly if they chair such committees. Based on these criteria, the time demanded of Supervisory Board members and candidates in respect of seats on other supervisory or advisory bodies, their active professional activity, or other duties must be taken into account.

#### 3.5 Regular review/evaluation

(1) In the process for selecting shareholder representatives, the Nominations Committee proposes candidates to the Supervisory Board, taking account of the above criteria, and the Supervisory Board then proposes these candidates for election by the Annual General Meeting. The representatives to be elected to the Supervisory Board by the employees must also fulfill the key criteria of this profile of skills and expertise.

(2) In addition, evaluations must be carried out at regular intervals to establish the extent to which the members of the Supervisory Board and the composition of the Supervisory Board remain compliant with the objectives specified in point (1), and the extent to which the Supervisory Board and its committees in their existing composition are able to carry out their duties effectively.

## 4. Diversity plan

### a) Description of the diversity plan

The Supervisory Board has also resolved to strive for a diverse composition, particularly with regard to age, gender, educational background, and occupation.

### b) Objective of the diversity plan

The objective of the diversity plan for the Supervisory Board is to ensure that it has a broad understanding of the social and business requirements placed upon DEUTZ AG. In particular, diversity should help the Supervisory Board to judge the business decisions made by the Board of Management from different perspectives and on the basis of a wide range of experience.

### c) Manner in which the diversity plan is to be implemented

The Supervisory Board must be able to draw on as wide a range of expertise, capabilities, and experience as possible. It is therefore important to take due account of **diversity** in its composition and, when preparing election nominations, to make sure that the profiles of the candidates complement those of the existing members.

In accordance with statutory provisions, the Supervisory Board includes at least 30 percent women and at least 30 percent men.

A further target for the composition of the Supervisory Board is that members do not remain in post beyond the end of the Annual General Meeting following the member's 75th birthday (standard retirement age), unless special circumstances apply. Nor should members of the Supervisory Board serve any more than three full terms, unless special circumstances apply.

### d) Results of the diversity plan achieved in the past year

The current composition of the Supervisory Board reflects the stated objectives and matches the agreed profile of skills and expertise.

The following qualification matrix in accordance with article C.1 DCGK, as amended on April 28, 2022, illustrates the implementation status:

Qualification matrix for the composition of the Supervisory Board of DEUTZ AG	Experience in managing and supervising international companies	Familiarity with the Company's activities/markets/value chain	Understanding of the Company's strategic development, technologies, and markets	Knowledge of codetermination law	Adequate knowledge of finance, financial reporting, accounting, compliance, and risk management	In-depth experience in R&D, industrial manufacturing, and service	In-depth experience in sales, service, or marketing in the industrial sector for engines, drive systems, machinery	Expertise in CSR	Expertise in sustainability matters of relevance to the Company	Expertise in digital strategy/ Industry 4.0	Expertise in corporate and capital market communication	Fundamental knowledge of stock market law, stock corporation law, and the financial markets
	1	2	3	4	5	6	7	8	9	10	11	12
Dr. Dietmar Voggenreiter	X	X	X	X	X		X	X	X		X	X
Sabine Beutert	X	X	X	X	X					X		
Dr. Fabian Dietrich		X	X	X	X			X			X	X
Helmut Ernst	X	X	X	X	X	X	X	X	X	X		X
Melanie Freytag	X	X		X	X			X	X	X	X	
Patricia Geibel-Conrad	X	X	X	X	X			X	X			X
Ismail-Hilmi Kocer			X	X	X			X		X		
Gottfried Laengert	X	X		X		X	X			X		
Dr. Ing. Rudolf Maier	X	X	X	X		X	X	X	X	X		
Bernd Maierhofer	X	X	X	X	X	X		X	X	X		X
Katja Olligschläger				X	X		X	X		X		
Hans-Jörg Schaller		X		X		X						



**Disclosures pursuant to section 289f (2) no. 5a HGB**

Pursuant to section 76 (3a) AktG, DEUTZ AG is required to appoint at least one woman and at least one man as members of its Board of Management, provided that the Board of Management comprises more than three members. Any appointment of a member of the Board of Management that is made in breach of this minimum quota requirement is void.

DEUTZ AG complied with this requirement in the reporting period.

**Disclosures pursuant to section 289f (2) no. 1a HGB**

The remuneration report for the last financial year, the auditor's report pursuant to section 162 AktG, the applicable remuneration system pursuant to section 87a (1) and (2) sentence 1 AktG, and the most recent resolution on remuneration pursuant to section 113 (3) AktG can be accessed online at [www.deutz.com](http://www.deutz.com) under Corporate Governance.

**Disclosures relevant to corporate management practices: compliance management system, environmental, quality, and energy management**

DEUTZ AG has a **compliance** management system that is firmly anchored in the Company's organizational structure. The system is continually enhanced in order to meet changing requirements. At the time this annual report was published, the Chairman of the Board of Management, Dr. Sebastian C. Schulte, was the member of the Board of Management responsible for compliance.

The prime objective of the compliance management system is to prevent violations of applicable laws, rules, regulations, and internal policies. To this end, employees are given help in familiarizing themselves with the relevant laws, regulations, and policies as well as guidance on how to apply them correctly. This is primarily achieved through a structured policy management system in which existing policies are reviewed on an ongoing basis to see if they need updating and new policies are published. The policy management system is based on the code of conduct, which provides a framework for ensuring that behavior toward business partners and employees is fair and in compliance with the law.

In 2023, the code of conduct was made accessible to all employees via internal communications platforms. Third parties can view the code of conduct on the Company's website. The guidelines set out in the code of conduct are supplemented by and formalized in specific policies, including a compliance policy, a policy on gifts and entertainment, a business partner compliance policy, an information security policy, a policy on engaging external sales service providers, an anti-money laundering policy, a policy on export controls, a privacy policy, and an insider trading policy. These policies help to ensure that employees are aware of the relevant laws and regulations and are able to apply them correctly.

The Board of Management supports and promotes ethical conduct. It is unreservedly committed to corporate compliance and declines to be involved in any transactions that are inconsistent with these values. The Board of Management does

not tolerate any form of corruption and is fully committed to compliance with competition law and to incorporating sustainability aspects into the Company's activities. In addition, DEUTZ has adopted a human rights code that documents the human rights principles that are most relevant to the Company. It is based on national and internal laws, on conventions and declarations such as the **UN Guiding Principles on Business and Human Rights**, on the fundamental conventions of the International Labour Organization, and on the **United Nations Global Compact**. DEUTZ believes that professional and business relationships absolutely have to be grounded in compliance with the human rights code and that this will secure the long-term success of the Company. More detailed information on this is provided in the LkSG declaration of principles, which was published in 2023. This ambition is also reflected in the name of the new groupwide sustainability strategy, Taking Responsibility.

Training is intended to ensure that employees are aware of the relevant laws and corporate policies, and that they comply with them at all times in their day-to-day work. For all administrative employees who work in the central sales, purchasing, research & development, production, and administrative functions, or in subsidiaries, and work at a PC, training courses were conducted via a web-based e-learning program. In addition to the fixed modules (basic principles of compliance, anti-corruption, antitrust law, export controls and embargoes, health and safety in the office, prevention of money laundering/financing of terrorism, and information security), the training program includes further modules that change on an annual basis. These cover subjects such as data protection for employees, the German **General Equal Treatment Act** (AGG) and non-discrimination, and how to handle trade secrets and prevent insider trading. In 2023, a new module entitled »Dealing with conflicts of interest« was rolled out. During the reporting year, a total of 3,733 administrative employees successfully completed all modules of the e-learning program that had been assigned to them. This equates to a compliance training completion ratio of 97.75 percent. In the production plants, compliance training takes place in conjunction with the regular safety training in a manner that is tailored to the particular area of work.

A Chief Compliance Officer appointed by the Board of Management coordinates compliance activities at DEUTZ. The individual business units and subsidiaries have their own compliance coordinators, who are responsible for compliance in their organizations and submit regular structured reports in writing to the Chief Compliance Officer, who in turn reports to the Board of Management and Audit Committee. The basic principles of the compliance organization are described in the compliance organizational policy. The duties of the relevant employees are set out in job descriptions.

Employees can supply information or direct questions to line managers, compliance coordinators, the Chief Compliance Officer, or the managers responsible for the legal affairs or internal audit units. Furthermore, the Company's website incorporates a whistleblowing system that can also be accessed by non-employees. Notices can also be submitted anonymously and any information supplied is rigorously followed up. Any necessary investigations are carried out by the Chief Compliance Officer, with external support if required.

Regular meetings are held to develop, discuss, and coordinate compliance initiatives. The compliance activities focus on preventing corruption, tackling money laundering, and complying with export regulations (including export controls). They also ensure safety in the workplace, IT and data security, corporate security, and product safety. A further aim is to prevent breaches of environmental, antitrust, and insider trading laws.

As and when needed, the Board of Management and the Chief Compliance Officer take legal advice on establishing and continuously improving the compliance management system. The internal audit department reviews the activities, and the Audit Committee monitors them on behalf of the Supervisory Board.

Another essential element of corporate management is rigorous environmental, quality, energy, and workplace safety management. In the year under review, DEUTZ AG continued to satisfy the quality management requirements in accordance with ISO 9001, the environmental management requirements in accordance with ISO 14001, and the energy management requirements in accordance with ISO 50001, and applied a system ensuring health and safety in the workplace in accordance with ISO 45001. The relevant certificates from TÜV Rheinland can be found on the DEUTZ AG website.

All standards set by the Deutsches Institut für Normung e.V., Berlin (DIN) can be inspected free of charge at DIN standards repositories.

## CORPORATE GOVERNANCE REPORT

### **Basic principles and objectives of the composition of the Supervisory Board; particularly, conflicts of interest/ independence of Supervisory Board members and the consideration of women**

At its meeting held on December 13, 2022, the Supervisory Board adopted the profile of skills and expertise required for its members together with the objectives regarding its composition in accordance with article C.1 DCGK as amended on April 28, 2022. [See also p. 25 onward.](#)

The Supervisory Board has met the applicable objectives, such as the international experience available on the Supervisory Board and the number of independent members. The current members of the Supervisory Board are all considered independent within the meaning of article C.6 sentence 2 DCGK, as amended on April 28, 2022. No conflicts of interest between members of the Supervisory Board and DEUTZ AG arose in the year under review.

### **Consideration of women when making appointments to the Board of Management**

At the time this annual report was published, the Board of Management of DEUTZ AG consisted of four members, one of whom was female. This equates to a ratio of 25 percent.

### **Responsible risk management**

A forward-looking, prudent, and responsible approach to corporate risk is a core aspect of good **corporate governance** and forms the basis for the risk management system at DEUTZ. The Board of Management regularly notifies the Supervisory Board of any existing or anticipated risks. [See also Risk report, p. 74 onward, for further information on risk management.](#)

### **Comprehensive transparency and active investor relations**

The transparent presentation of developments and decisions in a company forms the core of any model system of corporate governance. Regular, open, and proactive dialogue with all stakeholders ensures trust in a company and its value creation process. It is therefore of utmost importance to DEUTZ to ensure that all stakeholder groups receive the same information simultaneously and in a timely manner. We achieve this objective by using various communication formats and media. DEUTZ AG reports on the performance and development of its business and on significant changes and events four times a year, in its annual report, its half-year report, and its quarterly statements. The quarterly statements and half-year reports are published within 45 days of the end of a reporting period; the annual report is published within 90 days of the end of the financial year. At the annual analysts' meeting held when the Company's consolidated financial statements are published, and at conference calls on the publication dates of half-year reports and quarterly statements, senior management is available to answer questions from investors and analysts. [See also DEUTZ in the capital markets, p. 31 onward, and Corporate governance and compliance | Stakeholder engagement and dialogue, p. 120](#)

No further direct talks between the chairman of the Supervisory Board and DEUTZ investors took place in the reporting period. However, the chairman of the Supervisory Board did discuss the further development of the remuneration system for the Board of Management with relevant proxy advisory firms in 2023.

The Annual General Meeting, at which our shareholders have the opportunity to exercise their voting rights, is usually held in the first five months of each year; shareholders who do not attend the AGM in person can instruct proxies to vote on their behalf.

The website also offers comprehensive information on DEUTZ: Annual reports, half-year reports, quarterly statements, press releases, ad hoc announcements, voting right notifications, analyst recommendations, presentations, the Company's Statutes, and the remuneration systems for the Supervisory Board and Board of Management can all be found at [www.deutz.com](http://www.deutz.com). In addition, the financial calendar provides information on upcoming events in the Company's financial year.

Website content is generally published in both German and English to ensure that important company news and information is as accessible as possible, including to an international audience.

Apart from the regularly published information, DEUTZ also issues ad hoc announcements regarding circumstances that are not in the public domain but that could have a significant impact on DEUTZ's share price were they to become known. The Company's reporting policy therefore complies both with legal requirements and the guidelines in the DCGK, as amended on April 28, 2022.

### Accounting and auditing

DEUTZ AG's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The consolidated financial statements are prepared by the Board of Management and audited by the auditor.

The auditor has agreed to inform the chairperson of the Supervisory Board or the chairperson of the Audit Committee of any findings or incidents relevant to their role of which it becomes aware during the audit.

The auditor has also agreed to inform the Supervisory Board or the Audit Committee if it identifies any facts while performing the audit that show that the declaration of conformity with the DCGK submitted by the Board of Management and Supervisory Board contains misrepresentations. The auditor will also note this in the audit report.

The Audit Committee discussed the assessment of audit risk, the audit strategy, the audit plan, and the findings of the audit with the auditor. The chairperson of the Audit Committee regularly discussed the progress of the audit with the auditor and reported on the discussion to the committee. The Audit Committee also regularly met the auditor without the Board of Management.

The auditor informs the chairperson of the Supervisory Board without delay of any findings or incidents relevant to the role of the Supervisory Board that arise during the audit of the financial statements.

### Conflicts of interest and consultancy agreements


Information about conflicts of interests in relation to Supervisory Board members can be found under »Basic principles and objectives of the composition of the Supervisory Board« at the start of this corporate governance report.

The Company does not have any consultancy agreements with members of the Supervisory Board.

The members of the Board of Management must disclose any conflicts of interest to the Supervisory Board. The Supervisory Board then reports these cases, along with any conflicts of interest relating to its own members, to the Annual General Meeting.

### Remuneration report

The remuneration of the Board of Management complies with the German Act on the Appropriateness of Management Board Remuneration (VorstAG) and the recommendations in the DCGK. From 2021, the remuneration also complies with the German Act Implementing the Second Shareholder Rights' Directive (ARUG II).

 See also Remuneration report, p. 88 onward, for further information on the remuneration systems for the Board of Management and Supervisory Board and the remuneration granted to individual board members.

### Dealings subject to reporting requirements

Article 19 of the Market Abuse Regulation (MAR) states that persons with executive functions or persons with whom they are closely associated must notify both the company and the German Federal Financial Supervisory Authority (BaFin) of their own dealings in shares of the company or in financial instruments of the company based on such shares.

In 2023 and up to the time that this annual report was published, Dr. Schulte and Mr. Krutoff disclosed the purchase of DEUTZ shares in accordance with article 19 MAR. The disclosed transactions are published in the Investor Relations section of the DEUTZ AG website.