

Profile of skills and expertise, diversity concept and objectives for the composition of the Supervisory Board of DEUTZ AG

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 of the German Corporate Governance Code.

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 AG'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 digital strategy and Industry 4.0
- Communications expertise
- Fundamental knowledge of stock market law, stock corporation law and the financial markets

In addition, in accordance with the requirements of section 100 (5) of the German Stock Corporation Act (AktG), at least one member of the Supervisory Board and the Audit Committee must have expertise in the areas of accounting and at least one member of the Supervisory Board and the Audit Committee must have expertise in the areas of auditing (financial experts) and the members of the Supervisory Board must, collectively, be familiar with the engine manufacturing, drive systems or associated machinery sectors.

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 scrutinise the business model
- Fundamental knowledge of the relevant legal provisions
- Fundamental knowledge of compliance
- Fundamental financial expertise, particularly in accounting and annual financial statements
- Ability to examine the annual financial statements, if necessary with the assistance of the independent auditors
- The ability to understand, critically scrutinise 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
- Willingness and ability to devote the time and effort required
- 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 comprise at least 30 per cent women and at least 30 per cent 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 Supervisory Board members representing the shareholders should be independent within the meaning of article C.6 para 2 and article C.7 of the German Corporate Governance Code. Supervisory Board members representing the shareholders must not hold directorships or similar positions or advisory functions for major competitors of the DEUTZ Group or have a personal relationship with them and shall generally, and in any case in the majority, be assessed as independent of the Company, the Executive Board 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 Nominating 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 fulfil 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 Supervisory Board and its committees in its existing composition is able to carry out its duties effectively.

4. Diversity concept

a) Description of the diversity concept

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 concept

The objective of the diversity concept 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 taken by the Board of Management from different perspectives and on the basis of a wide range of experience.

c) Manner in which the diversity concept 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 per cent women and at least 30 per cent 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 74th 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 concept 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.