

# Report of the Supervisory Board

## OPERATING PROCEDURES OF THE SUPERVISORY BOARD

In 2021, the Supervisory Board of DEUTZ AG continued its ongoing monitoring of the management of the business in accordance with the requirements of the German Stock Corporation Act (AktG) and the German Corporate Governance Code and provided advice to the Board of Management on key decisions. The Supervisory Board was involved in all material decisions made by the Board of Management. In particular, the Board of Management coordinated closely with the Supervisory Board on the Company's corporate strategy.

A total of four ordinary and three extraordinary meetings of the Supervisory Board were held in 2021. Apologies for absence were received from Mr. Alois Ludwig for the meetings on October 20 and 21, 2021 and from Ms. Sophie Albrecht for the meeting on December 9, 2021. All members of the Supervisory Board participated in all the other meetings in 2021. Furthermore, all members took part in all the meetings of the Supervisory Board committees to which they belonged.

The attendance rates of the individual Supervisory Board members were as follows:



**Dr. Dietmar Voggenreiter**  
Chairman of the Supervisory Board

Supervisory Board member	Number of meetings of the Supervisory Board and its committees	Number of meetings attended	Attendance rate
Dr. Ing. Bernd Bohr Chairman of the Supervisory Board (until February 12, 2022)	15	15	100%
Corinna Töpfer-Hartung Deputy Chairwoman of the Supervisory Board	15	15	100%
Sophie Albrecht	8	7	87.5%
Sabine Beutert	11	11	100%
Yavuz Büyükdag	7	7	100%
Dr. Fabian Dietrich	7	7	100%
Hans-Peter Finken	7	7	100%
Patricia Geibel-Conrad	11	11	100%
Alois Ludwig	10	8	80%
Dr. Ing. Rudolf Maier	7	7	100%
Dr. Dietmar Voggenreiter Chairman of the Supervisory Board (from February 12, 2022)	7	7	100%
Ali Yener	8	8	100%

At each of the ordinary meetings of the Supervisory Board, the Board of Management reported on the general economic, market, and competitive environment for the DEUTZ Group, presented a business update and sales report that included detailed information on the actual performance of the business over the immediately preceding period, submitted an up-to-date risk report, provided information on key operational issues, and offered an overview of the results forecast for the year as a whole. These reports were made on the basis of the key performance indicators that were already familiar to the Supervisory Board members from the Company's written monthly reports. These key performance indicators included new orders, orders on hand, revenue, unit sales, EBIT, research and development expenditure, capital expenditure, **working capital**, quality data, and headcount data, in each case compared against the prior-year figures and budget. Reports from the Human Resources and Audit Committees presented by their respective chairpersons were also a regular item on the agenda of the Supervisory Board meetings.

## FOCUS OF SUPERVISORY BOARD DELIBERATIONS

The deliberations and discussions of the Supervisory Board in the year under review focused on the current business position and risk situation of the DEUTZ Group as well as on the operational and strategic development of the business. The latter was the subject of two extraordinary meetings of the Supervisory Board. Particular attention was once again paid to the impact of the coronavirus pandemic on the Company's revenue, earnings, liquidity, and staffing levels. The China strategy, the continued expansion of the E-DEUTZ strategy, including in reference to the acquisition of a minority stake in the fuel cell manufacturer Blue World Technologies Holding ApS, Aalborg, Denmark, the development of new business, and steps to bring about lasting quality improvements were also the subject of in-depth discussion.

Other key decisions concerned the 2022 budget, the medium-term planning up to 2026, and the approval of capital expenditure and development projects. The Supervisory Board also adopted resolutions concerning the achievement of targets by the Board of Management – and consequently its variable remuneration for the previous year – as well as the setting of its targets and medium-term targets for the current year.

The Board of Management ensured that it provided the Supervisory Board with comprehensive, regular, and timely information at all times during the period under review. Between meetings, the Board of Management informed the members of the

Supervisory Board in writing about all important events. In addition, the chairman of the Supervisory Board and the chairman of the Board of Management remained in regular contact to discuss all important transactions, imminent decisions, and optimization measures. All the decisions that the Supervisory Board was required to make in accordance with the law and Statutes were made on the basis of the reports and draft resolutions submitted by the Board of Management and, where necessary, following preparation by the relevant committees of the Supervisory Board.

## COMPOSITION OF THE BOARD OF MANAGEMENT

At the time this annual report was published, the Company's Board of Management consisted of three people: Dr. Sebastian C. Schulte (Chairman since February 13, 2022, responsible for technical and head office functions, excluding production, and responsible for finance, human resources, and information services on an interim basis; had already been responsible for finance, human resources, purchasing, and information services since March 1, 2021), Dr. Ing. Markus Müller (responsible for research and development since March 15, 2021; responsible for production and purchasing on an interim basis since February 12, 2022), and Mr. Michael Wellenzohn (responsible for sales, service, and marketing).

At the Supervisory Board meeting on March 11, 2021, following preparatory work by the Human Resources Committee and deliberation by the Arbitration Committee, the Supervisory Board appointed Dr. Ing. Markus Müller as a member of the Board of Management for the period from March 15, 2021 to March 14, 2024. From March 1, 2021, following his appointment to the Board of Management on January 1, 2021, Dr. Sebastian C. Schulte assumed responsibility for finance, human resources, purchasing, and information services, as well as the role of Human Resources Director, from Dr. Andreas Strecker, whose term of appointment on the Board of Management ended on February 28, 2021. The Supervisory Board would like to take this opportunity to thank Dr. Strecker again for the dedication that he showed in his work on the Board of Management and for the impetus that he gave the Company.

At an extraordinary Supervisory Board meeting held on February 12, 2022, the Supervisory Board decided unanimously and for good cause to revoke the appointment of Dr. Ing. Frank Hiller as Chairman of the Board of Management of DEUTZ AG, whose term of office had been extended in February 2021. At the same meeting, the Supervisory Board decided that a woman was to be appointed to the Board of Management again. The relevant process has been initiated and the Board of Management will consist of four people again once it is completed.

## CORPORATE GOVERNANCE: DECLARATION OF CONFORMITY NO DEVIATIONS

At its meeting on December 9, 2021, the Supervisory Board held in-depth discussions on the German Corporate Governance Code (DCGK, version dated December 16, 2019) and, together with the Board of Management, issued a declaration of conformity pursuant to section 161 AktG. This declaration does not include any deviations from the Code. Since December 10, 2021, it has been available in the 'Investor Relations/Corporate Governance' section of the Company's website at [www.deutz.com](http://www.deutz.com), where it can be downloaded.

## MATTERS HANDLED EFFICIENTLY BY FOUR COMMITTEES

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 200 to 201 of this annual report. In the reporting year, the Supervisory Board once again discussed in detail the results of the efficiency audit (article 5.6 DCGK, version dated February 7, 2017) that had been conducted in the prior year and identified measures for improvement on this basis.

At the time this annual report was published, the members of the Human Resources Committee were Dr. Dietmar Voggenreiter (chairperson), Ms. Corinna Töpfer-Hartung, and Mr. Alois Ludwig. 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 committee held three meetings in 2021, all of which were attended by all members of the committee. Among the main matters addressed were succession planning for the Board of Management, the achievement of the Board of Management's targets for 2020, and the setting of Board of Management targets, including medium-term targets, for 2021.

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), Ms. Corinna Töpfer-Hartung, and Dr. Dietmar Voggenreiter. The committee's work primarily focused on the preparatory review of the annual and consolidated financial statements, including the combined management report, of the proposal for the appropriation of profit, and of the separate combined non-financial report of DEUTZ AG and the DEUTZ Group. The recommendations prepared for the Supervisory Board for resolutions concerning these matters were adopted in each case. The auditor's report on its review of the condensed consolidated financial statements and the interim management report as of June 30, 2021 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 with the Board of Management. The committee held four meetings in 2021, all of which were attended by all its members, by the Board of Management and, except on one occasion, by the auditor. The chairwoman of the committee and the auditor also shared information between the meetings on an ad hoc basis. For individual agenda items, the heads of relevant head-office functions were also available in the committee's meetings to answer questions and give reports.

At its meeting on March 1, 2022, which was attended by the auditor and the Board of Management, the Audit Committee carried out a detailed review of the annual and consolidated financial statements based on the statements themselves, the combined management report of DEUTZ AG, the Board of Management report, and the corresponding auditor's reports for 2021. During the meeting, the auditor gave a detailed report on the process and key findings of the audits of the financial statements. The internal control system relating to the accounting system, the early-warning system for risk, the key audit matters, and the defined focus of the audit were discussed in detail and the auditor provided in-depth answers to all further questions. No issues were raised in the audit findings. The committee's preparatory review also encompassed the separate combined non-financial report of DEUTZ AG and the DEUTZ Group. The Supervisory Board had engaged PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft to also conduct a review with limited assurance of the non-financial report and to produce a related assurance report. The auditor reported in detail on this review as well. This was followed by an intensive discussion of the main results and findings. At the meeting of the full Supervisory Board, the chairwoman of the committee reported in detail on the aforementioned reviews and their findings.

The Audit Committee monitored the independence and qualifications of the auditor, the requirements with regard to rotation, and the quality of the auditing. It specified the catalog of approvable non-audit services to be performed by the auditor and approved the services rendered. It appointed the auditor selected by the AGM for 2021, set the auditor's fees, and determined the focus of the audit.

The Board of Management reported regularly on the course of business, the relevant key performance indicators, the liquidity and funding situation, and the Group's working capital. There were extensive discussions on the adjustment of the segment reporting to the new growth strategy for carbon-neutral, off-highway drive solutions. The measurement of investments, goodwill, and intangible assets, the structuring and refinement of non-financial reporting, and accounting-related matters were also addressed throughout the year. The committee also focused on the Board of Management's deliberations on the refinement of the financial control of investments, on tax strategy and the tax compliance management system, on IT matters, and on the management accounts requested by the Audit Committee. At various meetings, the committee examined the effectiveness of the internal control system, the adaptation of the risk management system to meet the new requirements under IDW PS 340, the effectiveness and findings of Corporate Audit, the compliance management system, and the reports on pending and potential legal disputes. The ICS coordinator, the head of Corporate Audit, and the Chief Compliance Officer gave reports on these matters and answered the Audit Committee's questions. Reports regarding potential transactions with related parties were provided on at least a quarterly basis; there were no transactions requiring approval or disclosure in the reporting year.

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 the requirements of the ESEF regulation, the German Supply Chain Act, and other new legislation, and to refine the non-financial reporting process. In the reporting year, in order to ensure compliance with the new requirements arising from the Financial Market Integrity Strengthening Act (FISG), the Supervisory Board resolved to change its rules of procedure, the rules of procedure of its Audit Committee, and its profile of skills and expertise and diversity plan.

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

The members of the Arbitration Committee are Dr. Ing. Bernd Bohr (chairman), Ms. Corinna Töpfer-Hartung, Ms. Sophie Albrecht, and Mr. Ali Yener. 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 needed to be convened once in 2021 in connection with the appointment of Dr. Ing. Markus Müller as a member of the Board of Management.

At the time this annual report was published, the members of the Arbitration Committee were Dr. Dietmar Voggenreiter (chairperson), Ms. Corinna Töpfer-Hartung, Ms. Sophie Albrecht, and Mr. Ali Yener. 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 was convened once in 2021 in connection with the appointment of Dr. Ing. Markus Müller as a member of the Board of Management.

At the time this annual report was published, the members of the Nomination Committee were Dr. Dietmar Voggenreiter (chairman), Ms. Sophie Albrecht, and Mr. Alois Ludwig. The Nominations Committee is tasked with proposing to the Supervisory Board suitable candidates as shareholder representatives on the Supervisory Board. The Nominations Committee did not meet in 2021.

The Supervisory Board gave its approval to the recommendations for board resolutions submitted by the committees.

## ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS AUDITED IN DETAIL AND APPROVED

The annual financial statements of DEUTZ AG prepared by the Board of Management in accordance with the German Commercial Code (HGB), the consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS), and the combined management report for DEUTZ AG and the DEUTZ Group, in each case for the year ended December 31, 2021, were audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Cologne, Germany, the auditor appointed by the Annual General Meeting on April 29, 2021. The auditor issued unqualified opinions. The annual financial statements of DEUTZ AG, the consolidated financial statements, the combined management report, the Board of Management's proposal for the appropriation of profit, and the auditor's reports

were made available to all members of the Supervisory Board and were examined by the Supervisory Board. The auditor explained its audit findings in detail to the Audit Committee meeting held on March 1, 2022 and to the Supervisory Board meeting held on March 10, 2022 and answered any supplementary questions raised. The Supervisory Board approved the findings of the auditor's reports on DEUTZ AG and the DEUTZ Group. The concluding findings of the Supervisory Board's own review have not led to any reservations about either the annual financial statements or the consolidated financial statements, and the Supervisory Board has therefore approved them. The annual financial statements have thus been adopted. Finally, the Supervisory Board reviewed the separate combined non-financial report in accordance with its obligation pursuant to section 171 (1) sentence 4 AktG. It did not identify any issues.

## COMPOSITION OF THE SUPERVISORY BOARD AND ITS COMMITTEES

There were no changes to the composition of the Supervisory Board in 2021. However, after Dr. Ing. Bernd Bohr stepped down as chairman of the Supervisory Board at the extraordinary Supervisory Board meeting on February 12, 2022, the Supervisory Board elected Dr. Dietmar Voggenreiter as its new chairman. The Supervisory Board would like to take this opportunity to thank Dr. Ing. Bohr for his work as chairman of the Supervisory Board and welcomes the continuation of a professional and close working relationship with him.

There were no changes to the composition of the Supervisory Board's committees in 2021 and up to the time that this annual report was published. At the extraordinary Supervisory Board meeting on February 12, 2022, in view of the fact that Dr. Dietmar Voggenreiter was taking over as chairman of the Supervisory Board from Dr. Ing. Bernd Bohr, it was also decided that Dr. Voggenreiter would succeed Dr. Ing. Bohr in all his committee roles with immediate effect.

DEUTZ AG supports members when they first join the Supervisory Board and subsequently offers them training and continuing professional development (CPD). Suitable training and CPD measures are regularly discussed by the Supervisory Board members among themselves and also with the Board of Management and the chairman of the Supervisory Board. There were two training courses on specific themes for the Supervisory Board in the reporting year. New members are provided with comprehensive information on the Company's corporate governance. As is customary at DEUTZ AG, Supervisory Board members are given the chance to get to know the Company and the individual departments for themselves.

## CONFLICTS OF INTEREST / INDEPENDENCE OF SUPERVISORY BOARD MEMBERS / THANKS

No conflicts of interest between members of the Supervisory Board and DEUTZ AG arose in the year under review. The current members of the Supervisory Board of DEUTZ AG are all considered independent within the meaning of article C.6 sentence 2 of the German Corporate Governance Code. The Supervisory Board would like to express its thanks and appreciation to all employees of the DEUTZ Group in Germany and abroad, to the elected employee representatives, and to the Board of Management for their valuable efforts and the considerable dedication they showed in 2021. Special thanks are due for the hard work and flexibility shown by all employees as they dedicated themselves to the Company's cause while having to cope with the measures taken to combat the coronavirus crisis.

Cologne, March 2022



Dr. Dietmar Voggenreiter  
The Supervisory Board