

# REPORT OF THE SUPERVISORY BOARD



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

*Dear Shareholders,*

Before I report in detail on the work of the Supervisory Board and its committees in 2022, I would like to mention the many exceptional external factors that the Supervisory Board and Board of Management had to deal with last year. These included the fall-out from the coronavirus pandemic, Russia's attack on Ukraine, supply disruptions, and prices for energy and raw materials, to name but a few. All of these issues had to be factored into the running of the Company. The newly formed Board of Management team responded to these external influences with determination, underpinned by a close relationship between the Board of Management and Supervisory Board based on trust, honesty, and a sense of partnership.

Despite the operational challenges to be overcome in 2022, DEUTZ reviewed and updated its strategy and set out the specific details in its Powering Progress strategy program. The program's objective is to prepare the Group for the transformation of the transportation sector, to further expand the service business, and to unlock potential for growth in the classic engine business. At the start of the 2022 financial year, DEUTZ introduced the Classic and Green segments in order to clearly show the transformation of the DEUTZ Group to you, our shareholders. These new segments form the basis for the full-year reporting for the first time in this annual report. Progress with this transformation is discussed and reported on regularly in the meetings of the Supervisory Board and its committees.

## OPERATING PROCEDURES OF THE SUPERVISORY BOARD

In 2022, 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 six extraordinary meetings of the Supervisory Board were held in 2022. Apologies for absence were received from Dr. Bernd Bohr for the meeting on June 9, 2022 and from Ms. Sophie Albrecht for the meeting on September 6, 2022. All members of the Supervisory Board participated in all the other meetings in 2022. At two meetings, everyone attended in person, while one meeting was held entirely as a telephone/video conference. The other seven meetings were hybrid events, with some attendees taking part in person and others joining virtually using telephone/video conferencing technology.

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

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)	10	9	90 %
Corinna Töpfer-Hartung Deputy Chairwoman of the Supervisory Board (until September 21, 2022)	20	19	95 %
Sophie Albrecht	12	11	92 %
Sabine Beutert Deputy Chairwoman of the Supervisory Board (from September 22, 2022)	15	15	100 %
Yavuz Büyükdag	10	10	100 %
Dr. Fabian Dietrich	10	10	100 %
Hans-Peter Finken	10	10	100 %
Patricia Geibel-Conrad	14	14	100 %
Alois Ludwig	19	19	100 %
Dr. Ing. Rudolf Maier	10	10	100 %
Dr. Dietmar Voggenreiter Chairman of the Supervisory Board (from February 12, 2022)	23	23	100 %
Ali Yener	10	10	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 an extraordinary Supervisory Board meeting. In addition to the impact of the ongoing coronavirus pandemic, the Company's revenue, earnings, liquidity, supply of parts, and staffing levels were particularly affected by the war in Ukraine. The continued expansion of the E-DEUTZ activities, the development of new customer business, and steps to bring about lasting quality improvements were also the subject of in-depth discussion.

Other key decisions concerned the 2023 budget, the medium-term planning up to 2027, 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 four people: Dr. Sebastian C. Schulte (Chairman since February 13, 2022, responsible for technical and head-office functions and for sustainability; in the period February 13, 2022 to November 30, 2022, he was responsible for technical and head-office functions, excluding production, and responsible on an interim basis for finance, human resources, and information services), Dr. Ing. Petra Mayer (since November 1, 2022, responsible for production and purchasing), Dr. Ing. Markus Müller (responsible for research and development and for sales and service; in the period February 12, 2022 to October 31, 2022, he was responsible for research and development and responsible on an interim basis for production and purchasing; from September 6, 2022, he was also responsible for sales and service), and Mr. Timo Krutoff (since December 1, 2022, responsible for finance, human resources, and information services).

Following his appointment to the Board of Management with effect from January 1, 2021, the Supervisory Board appointed Dr. Sebastian C. Schulte as Chairman of the Board of Management with effect from February 13, 2022 and initiated a process to continue the restructuring of the Board of Management.

At the Supervisory Board meeting on June 9, 2022, following preparatory work by the Human Resources Committee, the Supervisory Board appointed Dr. Ing. Petra Mayer as a member of the

Board of Management for the period from November 1, 2022 to October 31, 2025 and assigned responsibility for purchasing and production to her.

At the Supervisory Board meeting on September 6, 2022, following preparatory work by the Human Resources Committee, the Supervisory Board then appointed Mr. Timo Krutoff as a member of the Board of Management for the period from December 1, 2022 to November 30, 2025. He has taken over responsibility for finance, human resources, and information services and the role of Labor Director from Dr. Sebastian C. Schulte, to whom these responsibilities had been assigned on an interim basis since February 12, 2022.

Finally, 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.

Mr. Michael Wellenzohn, who had been the member of the Board of Management responsible for sales, marketing, and service and was actively involved in the restructuring of the Board of Management, left the Company on September 6, 2022 with immediate effect by mutual agreement. The Supervisory Board would like to thank Mr. Wellenzohn once again for his invaluable work and dedication and wishes him every success for the future.

As previously reported, the Supervisory Board decided unanimously at an extraordinary Supervisory Board meeting held on February 12, 2022 to revoke the appointment of Dr. Ing. Frank Hiller as Chairman of the Board of Management of DEUTZ AG for good cause and with immediate effect. Mutual agreement was subsequently reached with Dr. Ing. Hiller on the termination of his contract. The process of restructuring the Board of Management, which had begun in February 2022, was successfully concluded with the appointment of Dr. Ing. Petra Mayer and Mr. Timo Krutoff.

## CORPORATE GOVERNANCE: DECLARATION OF CONFORMITY NO DEVIATIONS

At its meeting on December 13, 2022, the Supervisory Board held in-depth discussions on the German Corporate Governance Code (DCGK, versions dated December 16, 2019 and April 28, 2022) 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 14, 2022, it has been available in the 'Corporate Governance' section of the DEUTZ AG 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 211 to 212 of this annual report.

At the time this annual report was published, the members of the Human Resources Committee were Dr. Dietmar Voggenreiter (chairman), Ms. Sabine Beutert, 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 Human Resources Committee held seven meetings in 2022, all of which were attended in person by all members of the committee. Among the main matters addressed were succession planning and the new structure for the Board of Management, the achievement of the Board of Management's targets for 2021, and the setting of Board of Management targets, including medium-term targets, for 2022.

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 held four meetings in 2022, all but one of which were attended by all its members (Ms. Töpfer-Hartung sent her apologies on one occasion) and by the Board of Management. The auditor also attended all but one of the meetings. The committee members attended the meetings in person. 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 with the Board of Management. The chairwoman of the Audit Committee kept in close contact with the Chief Financial Officer between meetings so that they could share information and ideas and to ensure that she was kept up to date on any important developments. The committee examined the monitoring of accounting and the accounting process, the appropriateness and effectiveness of the internal control system and the risk management system, internal auditing, the compliance management system, and the reports on significant legal disputes. For individual agenda items, the heads of relevant head-office functions were available in the committee's meetings to answer questions and give reports. 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, verified that it was qualified for the role, discussed the external rotation of the audit firm in 2024, and made a recommendation to the Supervisory Board on the proposal to be made to the Annual General Meeting regarding the election of the auditor for 2022. The committee appointed the auditor, discussed the auditor's fee, determined the focus of the audit, and monitored the quality of the auditing. The chairwoman of the committee and the auditor also shared information between the meetings. The Audit Committee amended the catalog of approvable non-audit services to be performed by the auditor to reflect the new rules, reviewed the services rendered during the year, and received reports on planned projects; no issues were identified.

The Board of Management reported regularly to the Audit Committee on the course of business in the segments, the relevant key performance indicators, the liquidity and funding situation, and the Group's working capital. The measurement of investments, goodwill, and other intangible assets, the structuring and refinement of non-financial reporting, and other accounting-related matters were addressed throughout the year. The Board of Management also reported to the committee on the refinement of the risk management system and of cybersecurity management, on progress with implementing the Supply Chain Due Diligence Act (LkSG), and on the call for tenders for the audit of the 2024 financial statements. At various meetings, the committee discussed the internal control system, the work and findings of Corporate Audit, compliance, IT issues and, due to the current situation, the sanctions compliance program. The head of Accounting, the ICS coordinator, the head of Corporate Audit, the Compliance Officer, the head of IT, and the head of Quality together with the head of Investor Relations 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; no transactions requiring approval or disclosure were identified in the reporting year. The Audit Committee held preparatory discussions on the qualification matrix for the Supervisory Board. Finally, the Audit Committee resolved on the planning for 2023.

Based on the annual and consolidated financial statements and the combined management report of DEUTZ AG for the year ended December 31, 2022, the Board of Management report, and the corresponding auditor's reports, the Audit Committee carried out a detailed review of the aforementioned financial statements, the proposal for the appropriation of profit, and the remuneration report at its meeting on March 7, 2023, which was attended by the auditor and the Board of Management. 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 defined focus of the audit were discussed in detail and the auditor provided in-depth answers to all further questions. No material weaknesses in the internal control system were reported. 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 requirements for the risk identification system in respect of risk-bearing capacity, risk aggregation, and the documentation of risks were determined by the auditor and then implemented.

The committee's preparatory review also encompassed the separate combined non-financial report of DEUTZ AG and the DEUTZ Group and the auditor's review of the remuneration report. The Supervisory Board had engaged PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft to also conduct reviews with limited assurance of the non-financial report and remuneration report and to produce related assurance reports. The auditor reported on these reviews at the meeting as well. This was followed by an intensive discussion of the main results and findings.

At the subsequent meeting of the full Supervisory Board, the chairwoman of the committee reported in detail on the aforementioned reviews 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.

In the year under review, the Audit Committee continued to keep 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 enhanced requirements of the European

Single Electronic Format (ESEF) regulation, the new rules on risk management systems, the DCGK reforms in 2022, and changes to sustainability reporting (particularly the requirements of the EU Taxonomy Regulation, the EU sustainability reporting standards, and the Corporate Social Responsibility Directive).

In 2022, the chairwoman of the Audit Committee also routinely provided detailed updates on the committee's work at each subsequent meeting of the full Supervisory Board.

At the time this annual report was published, the members of the Arbitration Committee were Dr. Dietmar Voggenreiter (chairman), Ms. Sabine Beutert, 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 did not need to be convened during the year under review.

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. It held two meetings in 2022, 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 to be held in 2023 and the identification and selection of suitable candidates.

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) – as adopted by the European Union (EU) – and the additional German statutory requirements pursuant to section 315 (1) HGB, and the combined management report for DEUTZ AG and the DEUTZ Group, in each case for the year ended December 31, 2022, were audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Cologne, Germany, the auditor appointed by the Annual General Meeting on April 28, 2022. The auditor issued unqualified opinions. 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. PwC GmbH Wirtschaftsprüfungsgesellschaft,



Cologne, has been the auditor for DEUTZ AG and the DEUTZ Group since the 2014 financial year. The designated German public auditors [Wirtschaftsprüfer] are Harald Wimmer (the German public auditor responsible for the audit since the 2021 financial year) and Clivia Döll (since the 2021 financial year).

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 7, 2023 and to the Supervisory Board meeting held on March 14, 2023 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 2022. However, the Supervisory Board elected Dr. Dietmar Voggenreiter as its new chairman 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 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.

At its extraordinary meeting on September 21, 2022, the Supervisory Board elected Ms. Sabine Beutert as its deputy chairwoman after Ms. Corinna Töpfer-Hartung resigned from the role on that day. The Supervisory Board would also like to expressly thank Ms. Töpfer-Hartung for her work as deputy chairwoman and is looking forward to the continuation of a successful working relationship with her.

The following changes to the composition of the Supervisory Board's committees were made in 2022 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 decided that Dr. Voggenreiter would succeed Dr. Ing. Bohr in all his committee roles with immediate effect.

Furthermore, because Ms. Sabine Beutert took over as deputy chairwoman of the Supervisory Board from Ms. Corinna Töpfer-Hartung, Ms. Beutert became a member of the Human Resources Committee on the basis of section 7 no. 1 a) of the rules of procedure for the Supervisory Board and a member of the Arbitration Committee on the basis of section 27 (3) MitbestG, in both cases with effect from September 21, 2022. By contrast, the composition of the Audit Committee was such that no changes were required to its membership; this was furthermore confirmed by the Supervisory Board, for the avoidance of doubt, at the extraordinary meeting.

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. New members are also 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 in the version dated April 28, 2022.

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 2022. Special thanks are due for the hard work and flexibility shown by all employees again this year as they dedicated themselves to the Company's cause in what remained a challenging environment.

Cologne, March 2023



Dr. Dietmar Voggenreiter  
The Supervisory Board