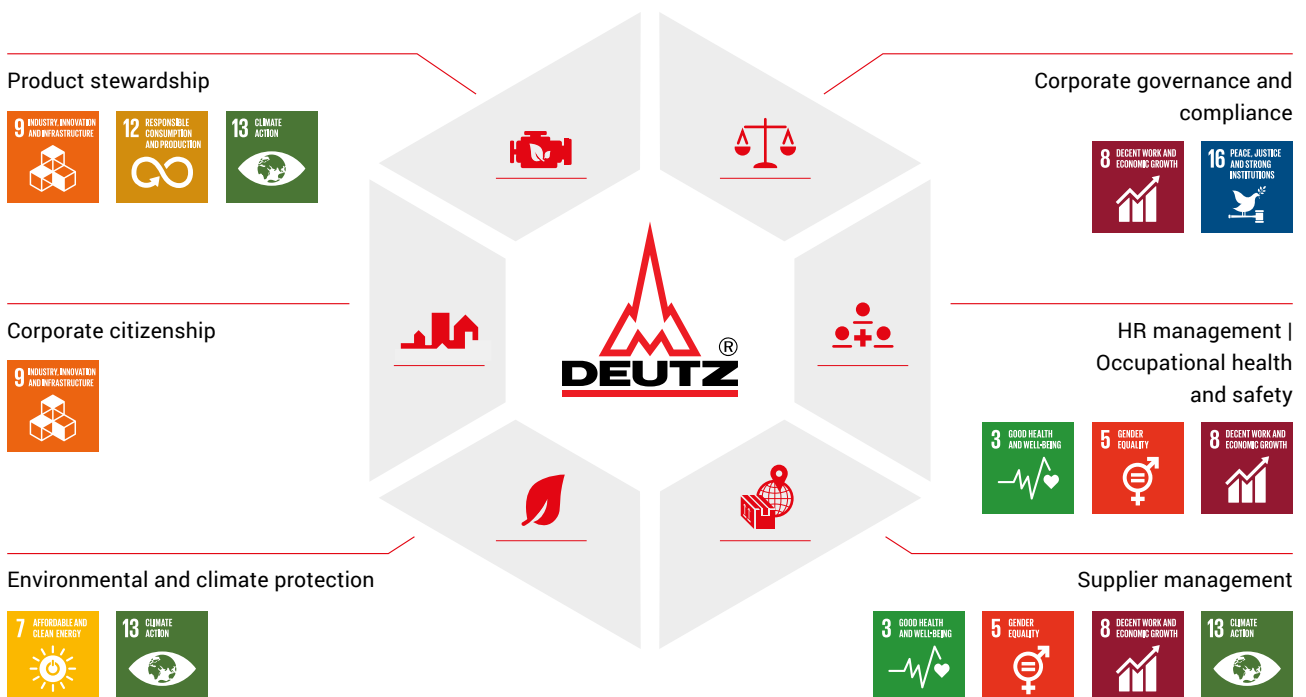
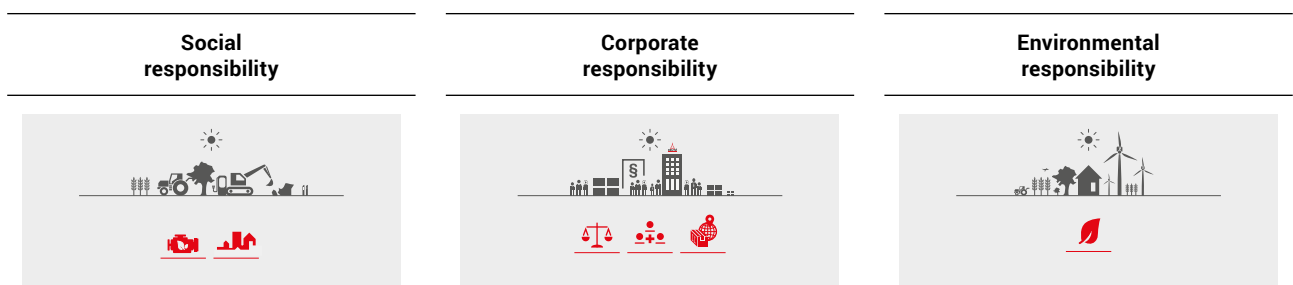


SUSTAINABILITY STRATEGY AND OBJECTIVES

The name of the groupwide sustainability strategy, Taking Responsibility, reflects the Company’s ambition of achieving its financial objectives while fulfilling its environmental, social and corporate governance responsibilities. Consequently, the DEUTZ Group’s sustainability activities are divided into three fields of action to which the relevant key topics are assigned. DEUTZ had set quantitative targets for 2023 when adopting its sustainability strategy in 2019 and has now followed this up by setting new medium-term targets for 2026. [See DEUTZ Sustainability Vision 2023 and 2026 at a glance, p. 99.](#)

Because it operates within global value chains, DEUTZ has an influence on economic, environmental, and social developments. The Company is aware of the responsibility that comes with this, and as a consequence signed up to the United Nations Global Compact in 2021. As a member of the UNGC, DEUTZ has voluntarily undertaken – on the basis of ten universally accepted principles – to promote human rights, fair working conditions, environmental protection, and the fight against corruption and to support the achievement of the United Nations’ general objectives, in particular its 17 sustainable development goals (SDGs). DEUTZ focuses on a total of eight of the 17 SDGs, which are incorporated into the strategic planning of groupwide sustainability activities, with the aim of continually raising its own contribution to their achievement.

Taking Responsibility – DEUTZ’s sustainability strategy



Sustainability as a component of Board of Management remuneration

In accordance with the German Corporate Governance Code, remuneration for the Board of Management must be aligned with the sustainable, long-term growth of the Company and contribute to the delivery of the business strategy. The DEUTZ Group's sustainability strategy forms an integral part of the overarching corporate strategy, which means that incentives need to be put in place to ensure that it is implemented rigorously. The Board of Management remuneration system has included a sustainability target since 2021, for example. The specific performance criteria, which apply not only to all members of the Board of Management but also to other senior managers, are

specified on an annual basis by the Supervisory Board. These criteria relate to environmental and climate protection targets, alternative drives, corporate governance, occupational health and safety, diversity, personnel development, and supply chains. [See also 'Remuneration report', p. 70 onward.](#)

Sustainability-linked loan

DEUTZ restructured the Group's funding in 2022. [See also 'Financial position', p. 43 onward, for further information](#)

In addition to better overall terms and conditions, the new lending arrangements include an ESG component derived from the Company's sustainability strategy. An improvement in the recordable incident rate (RIR) and a reduction in CO₂ emissions were the specific key performance indicators that were agreed.

DEUTZ Sustainability Vision 2023 and 2026 at a glance

Key topics	Corresponding KPIs	Targets for 2023	Targets for 2026	Status in 2022
Corporate governance and compliance	<ul style="list-style-type: none"> Proportion of workforce to have completed compliance training¹ 	> 95 %	> 95 %	97.4 %
HR management	<ul style="list-style-type: none"> Proportion of women in the workforce² 	> 10 %	12 %	12.9 %
	<ul style="list-style-type: none"> Proportion of women in management positions³ 	> 20 %	18 % ⁴	15.4 %
	<ul style="list-style-type: none"> Ratio of trainees to total employees⁵ 	2.5–3.0 %	2.5–3.0 %	2.4 %
	<ul style="list-style-type: none"> Engagement⁶ 	78 %	80 %	–
	<ul style="list-style-type: none"> Enablement⁶ 	69 %	75 %	–
	<ul style="list-style-type: none"> Rate of staff turnover⁷ 	5–10 %	5–10 %	9.6 %
Occupational health and safety	<ul style="list-style-type: none"> Recordable incident rate⁸ 	8.5	7	8.8
Supplier management	<ul style="list-style-type: none"> Proportion of new production component suppliers to have had their compliance with the supplier code of conduct verified 	90 % ⁹	100 %	71 %
	<ul style="list-style-type: none"> Number of existing suppliers to have had their compliance with the supplier code of conduct verified (Cumulated numbers) 	55 ¹⁰	25 ¹¹	43
	<ul style="list-style-type: none"> Proportion of suppliers assessed against sustainability criteria¹² 	50 %	80 %	62 %
	<ul style="list-style-type: none"> Proportion of suppliers that have passed business partner compliance checks¹³ 	90 %	–	2 %
Product stewardship	<ul style="list-style-type: none"> (Proportion of) Consolidated revenue generated by the Green¹⁴ segment 	€60 – 100 million	5 – 10 % ¹⁵	3.3 %
Environmental and climate protection	<ul style="list-style-type: none"> CO₂ emissions from production sites (tonnes CO₂e)¹⁶ 	– 61 % ¹⁸	– 66 % ¹⁸	– 62.5 %
	<ul style="list-style-type: none"> CO₂ emissions from production sites per manufactured engine (kg CO₂e)¹⁷ 	– 66 % ¹⁸	– 70 % ¹⁸	– 68.1 %
	<ul style="list-style-type: none"> Waste for disposal 	– 10 % ¹⁹	15 % ¹⁹	– 22.3 %

¹ To be completed by all administrative employees of the DEUTZ Group.

² Including staff on fixed-term contracts but excluding temporary workers.

³ Including staff on fixed-term contracts but excluding temporary workers, second level below the Board of Management.

⁴ The reason for this reduction is because it is already clear that the target for the proportion of female managers in 2023 will not be achieved as even a small number of personnel changes in this narrow field has the potential to disproportionately affect the ratio.

⁵ Number of trainees at the sites in Cologne, Ulm, and Herschbach (Germany) in relation to the number of employees in Germany, including staff on fixed-term contracts but excluding temporary workers, Torquedo, and Futavis.

⁶ Measured using a groupwide employee survey (all employees within the Group including staff on fixed-term contracts but excluding temporary workers), which was first carried out in 2019 and will be repeated in 2023.

⁷ Relates to all employees within the DEUTZ Group, excluding staff on fixed-term contracts and temporary workers. The calculation includes both resignations and dismissals.

⁸ For the production sites in the DEUTZ Group, excluding joint ventures. The recordable incident rate (RIR) is the number of reportable accidents at work per year per one million hours worked. An accident is deemed reportable if it occurs during working hours on the Company's premises while an insured activity is taking place and results in an absence of more than three calendar days. The day of the accident itself is not counted, but weekends are included if a medical certificate has been issued by an occupational health practitioner. Working hours are defined as the recorded or calculated actual time spent working and/or traveling by the employees. The working hours of permanent employees are counted, as are those of temporary workers, employees with fixed-term contracts, part-time staff, interns, and student workers.

⁹ 90 percent of the suppliers brought on board between 2020 and 2023.

¹⁰ 2020 to 2023; existing suppliers as at the end of 2019. Verified by way of on-site audits.

¹¹ 2023 to 2026; existing suppliers as at the end of 2023. Verified by way of on-site audits.

¹² Proportion of the top 150 suppliers as measured by DEUTZ's purchasing volume in the prior year.

¹³ Existing suppliers with which DEUTZ's purchasing volume for the prior year exceeded €0.5 million.

¹⁴ Including revenue of DEUTZ subsidiary Torquedo.

¹⁵ Target for 2025.

¹⁶ CO₂e = carbon dioxide equivalents; CO₂ emissions from the production sites of the DEUTZ Group excluding joint ventures. CO₂ figures are reported in accordance with the Greenhouse Gas Protocol and are determined by multiplying the energy consumed by the relevant emissions factor.

¹⁷ Excluding joint ventures. CO₂e = carbon dioxide equivalents; CO₂ figures are reported in accordance with the Greenhouse Gas Protocol. The 'emissions per engine' figure is calculated by dividing total emissions by the number of engines made. CO₂ reporting covers Scope 1 (CO₂ emissions from diesel, natural gas, LPG, heating oil, CNG, gasoline and hydrogen caused by combustion in our own facilities) and Scope 2 (CO₂ emissions relating to purchased energy (e.g. electricity, district heating)). Only internal combustion engines and electric drives are counted.

¹⁸ Base year 2017.

¹⁹ Base year 2019.