
REMUNERATION REPORT

REMUNERATION REPORT OF DEUTZ AG PURSUANT TO SECTION 162 AKTG

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REMUNERATION REPORT OF DEUTZ AG PURSUANT TO SECTION 162 AKTG

The remuneration report provides details of the remuneration granted and owed to former and current members of the Board of Management and Supervisory Board of DEUTZ AG in 2021. It meets the requirements of section 162 of the German Stock Corporation Act (AktG).

I. REVIEW OF 2021 FROM A REMUNERATION PERSPECTIVE

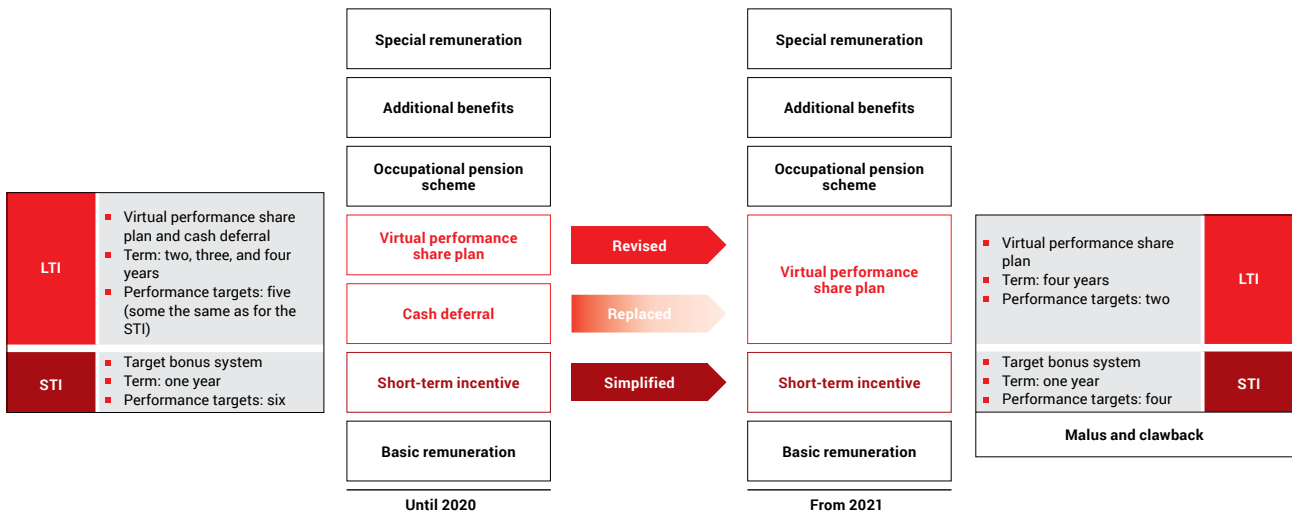
The Supervisory Board of DEUTZ AG revised the remuneration system for the members of the Board of Management in line with the German Act Implementing the Second Shareholder Rights' Directive (ARUG II). The revised system incorporates the statutory requirements and the recommendations in the version of the **German Corporate Governance Code (DCGK)** dated December 16, 2019 and supports DEUTZ AG's long-term, sustainable development. The new remuneration system for the members of the Board of Management was used for the first time in 2021.

Short-term variable remuneration (**short-term incentive, STI**) supports the aim of profitable growth and underpins the strategy for a future of carbon-neutral drive systems. It does so by setting out

not only financial but also strategic and non-financial (**ESG**) performance criteria. Long-term variable remuneration (**long-term incentive, LTI**) is focused on DEUTZ AG's value-based development in terms of both capital employed and performance in the capital markets. The Board of Management members' ability to share in the Company's short-term and long-term success (the latter has a higher weighting) incentivizes them to develop the Company in a sustainable manner and ensure its long-term success. [See also](#) 'Remuneration for Board of Management members', p. 60 onward.

When the Board of Management remuneration system was revised, the underlying idea was to make the system understandable, bring the interests of investors and Board of Management members closer into line, and strengthen the long-term focus of remuneration. For example, the structure of the STI and LTI was simplified by reducing the number of performance targets. The cash deferral was removed completely. In return, the allocation value for the virtual performance share plan was increased, thereby lending it more importance. A share-based performance criterion was also added to the LTI. In addition, malus and clawback provisions were introduced for members of the Board of Management, reflecting the recommendation in the DCGK.

Comparison of the current and future remuneration systems



In accordance with section 120a (1) AktG, the new Board of Management remuneration system was presented to the shareholders of DEUTZ AG for approval at the virtual Annual General Meeting on April 29, 2021, at which it was approved with 72.01 percent of the votes. Although the vast majority of shareholders supported the system presented to them, a number of shareholders expressed criticism. This mainly related to the inclusion of sustainability targets (ESG targets) in the short-term incentive, the lack of share ownership guidelines, and the option for the Supervisory Board to grant a special bonus to the Board of Management members. The Supervisory Board of DEUTZ AG studied the main areas of criticism extensively and has issued the following statement explaining its position.

Sustainability targets in the short-term incentive The Supervisory Board of DEUTZ AG believes that the long-term strategies – such as the China strategy, the E-DEUTZ strategy, and the general Taking Responsibility sustainability strategy – are the right building blocks with which to achieve successful growth for DEUTZ AG in the medium and long term. The strategy targets and sustainability targets embedded in the remuneration system reflect the main elements of the long-term corporate strategy. The specific targets for the individual years are thus derived directly from the overarching long-term and forward-looking targets. [See also 'Remuneration for Board of Management members', p. 60 onward.](#)

When the remuneration system was developed in summer 2020, economic conditions were plagued by significant uncertainty created by the fallout from the coronavirus pandemic. The impact of the coronavirus crisis on DEUTZ meant that the medium-term targets that DEUTZ originally wanted to achieve in 2022 had to be postponed to 2023/2024. For example, the target set for 2022 as part of the E-DEUTZ strategy, whereby electric drive systems are to account for between 5 percent and 10 percent of consolidated revenue, was adjusted and is now not expected to be achieved until 2023/2024.

The actual macroeconomic conditions in which long-term strategic plans are being implemented are thus changing constantly, which means that the situation has to be reassessed regularly. The Supervisory Board therefore believes that, for the time being, embedding the sustainability targets in the short-term incentive is the right approach as it enables them to be incorporated into the incentive system for the Board of Management as effectively as possible and in line with the actual situation faced by

the Company at any given time. This enables the Company to respond flexibly and appropriately to the rapid pace of change in the market.

Share ownership guidelines The bulk of the variable remuneration – and thus a significant proportion of the total remuneration – is granted to the Board of Management members in the form of share-based long-term variable remuneration. The share price affects the level of long-term variable remuneration in two ways because this remuneration component is based on virtual shares. Firstly, the value of the virtual shares changes as a result of changes in the DEUTZ AG share price. Secondly, the number of virtual shares is influenced by the share price. [See also 'Remuneration for Board of Management members', p. 60 onward.](#) In the opinion of the DEUTZ AG Supervisory Board, the interests of the Board of Management and those of shareholders are already sufficiently linked as a result of this mechanism. Nonetheless, the Supervisory Board will reconsider whether to introduce share ownership guidelines when the remuneration system is updated in the future.

Special remuneration The option of special remuneration reflects recommendation G.11 in the German Corporate Governance Code, according to which the Supervisory Board should have the option of taking extraordinary developments into account. This provision is the consequence of a ruling by the German Federal Court of Justice (BGH) relating to the takeover of Mannesmann by Vodafone and is thus in line with current best practice for executive pay. No special bonus was granted in the past ten years, and this was again the case in 2021.

There were changes to the membership of the Board of Management in 2021. Dr. Andreas Strecker left the Board of Management on February 28, 2021. Dr. Sebastian C. Schulte was appointed to the Board of Management on January 1, 2021 and Dr. Ing. Markus Müller was appointed on March 15, 2021. The new remuneration system also applies analogously to the two new Board of Management members.

The remuneration report was jointly prepared by the Board of Management and Supervisory Board and was audited by the auditor. [See 'Auditor's report', p. 205 onward.](#)

II. REMUNERATION FOR BOARD OF MANAGEMENT MEMBERS

A. GENERAL PRINCIPLES OF THE REMUNERATION SYSTEM

The aim of the remuneration system is to support the achievement of DEUTZ's strategic objectives and ensure that the members of the Board of Management are paid appropriately. In line with DEUTZ's corporate strategy, the remuneration system incentivizes the Board of Management members to achieve profitable growth and sustainable value creation. Long-term variable remuneration is higher than short-term variable remuneration in order to underscore the particular importance of DEUTZ AG's long-term development.

The Supervisory Board of DEUTZ AG is responsible for the remuneration system and for setting the remuneration of the individual members of the Board of Management. It is supported by the Human Resources Committee, which prepares recommendations on the Board of Management remuneration system and carries out the preparatory work for the decisions of the Supervisory Board and for the review of the appropriateness of the level of remuneration.

B. REMUNERATION SYSTEM IN 2021

In 2021, the remuneration of the members of DEUTZ's Board of Management consisted of non-performance-related and performance-related remuneration components. The individual components of the remuneration system in 2021 are summarized in the following table:

Remuneration components	Support for long-term development	Structure in 2021
Non-performance-related remuneration		
Basic remuneration	Forms the basis for attracting and retaining highly qualified Board of Management members who develop and implement the strategy	<ul style="list-style-type: none"> Fixed remuneration paid in monthly installments
Additional benefits		<ul style="list-style-type: none"> Company car and insurance policies
Retirement pension		<ul style="list-style-type: none"> Annual contribution to a benevolent fund
Performance-related remuneration		
Short-term variable remuneration (bonus)	Rewards the degree to which the corporate strategy has been operationalized and specific forward-looking sustainability targets have been implemented during a year	<ul style="list-style-type: none"> Plan type: target bonus Performance criteria: <ul style="list-style-type: none"> – 30% revenue – 30% EBIT – 25% strategy target – 15% sustainability target Payment cap: 150% of target amount Term: one year
Long-term variable remuneration	Incentivizes Board of Management members to contribute to the sustainable growth of DEUTZ AG and increase its value over the long term; brings the interests of investors and Board of Management members into line	<ul style="list-style-type: none"> Plan type: virtual performance share plan Performance criteria: <ul style="list-style-type: none"> – 50% relative total shareholder return (TSR) compared with DAXsubsector All Industrial Machinery – 50% return on capital employed (ROCE) Payment cap: 180% of target amount Term: four years
Miscellaneous		
Malus/clawback	Safeguards responsible corporate governance for the benefit of DEUTZ AG	<ul style="list-style-type: none"> Option to reduce or claw back some or all of the variable remuneration in the event of a serious compliance violation
Special remuneration	Rewards special achievements in connection with exceptional (structural) events that were not factored into the strategic planning or that have a particularly strong impact on the Group	<ul style="list-style-type: none"> Option to grant special remuneration Limited to half of the annual basic remuneration and also limited by the maximum amount of remuneration
Maximum amount of remuneration	Limits remuneration to an amount that is high enough to motivate the members of the Board of Management but is not inappropriately high	<ul style="list-style-type: none"> Limit on the total remuneration granted for a year in accordance with section 87a (1) sentence 2 no. 1 AktG: <ul style="list-style-type: none"> – Chairman of the Board of Management: €2,800,000 – Ordinary members of the Board of Management: €1,900,000 each
Cap on severance pay	Avoids excessive severance payments that are not in the interests of DEUTZ AG	<ul style="list-style-type: none"> Severance payments are limited to twice the amount of annual remuneration and may not exceed the remuneration due for the remaining term of the contract

B.1. NON-PERFORMANCE-RELATED REMUNERATION

Non-performance-related remuneration is granted to the Board of Management members irrespective of their specific performance in relation to their targets and irrespective of the Company's performance. This remuneration comprises basic remuneration, additional benefits, and a retirement pension. The components of non-performance-related remuneration form the basis for attracting and retaining highly qualified Board of Management members who develop and implement the strategy.

Basic remuneration The basic remuneration is a fixed amount that is granted irrespective of the actual performance of DEUTZ AG.

Additional benefits Each Board of Management member receives additional benefits in the form of non-monetary remuneration and other benefits. In 2021, the additional benefits for the members of the Board of Management comprised the provision of a company car that can also be used privately, the option of a driver for the car, and payment of insurance premiums for accident and D&O insurance policies.

Retirement pension The retirement pension for Board of Management members is structured as a defined contribution plan. For each Board of Management member, DEUTZ AG paid an amount into a reinsured benevolent fund in 2021 (pension expense). When they retire, the Board of Management members are entitled to the capital promised to them; this payment is made by the benevolent fund.

Aspect	Details
Pension plan type	Defined contribution pension plan
Start of retirement	Standard retirement age is 65; earliest possible retirement age is 62 (provided that the statutory pension is also drawn)
Return	The return depends on the policyholder dividend arrangements of the insurer. There is no guaranteed return, i.e. there is no return over and above what is agreed in the policyholder dividend arrangements.
Payment options	An amount of capital is promised. In agreement with the Board of Management member, DEUTZ AG can agree a life-long annuity instead of a lump sum. This annuity is paid by the benevolent fund once there has been a pension trigger event.
Invalidity/death	Death before the start of retirement: the policy value is paid out. Benefits may also be paid in the form of a share of the valuation reserves. Death after the start of retirement (applies only if a life-long annuity has been arranged): payment of ten times the annual annuity guaranteed from the start of retirement. Guaranteed annuities that have already been paid are deducted from this amount.

Pension expense for Board of Management members The pension expenses in 2021 are shown in the following table:

	Pension expense in 2021 (€ thousand)
Dr. Ing. Frank Hiller	150
Dr. Ing. Markus Müller (since March 15, 2021)	50
Dr. Sebastian C. Schulte (since January 1, 2021)	50
Dr. Andreas Strecker (until February 28, 2021)	12.5
Michael Wellenzohn	80

B.2. PERFORMANCE-RELATED REMUNERATION

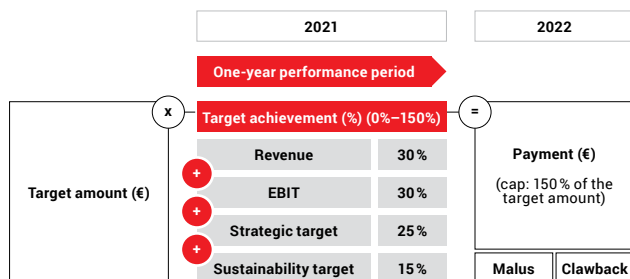
The following chapters describe the structure of the remuneration granted or owed in 2021. Remuneration granted is the remuneration for which the related (one-year or multiple-year) work has been performed in full, i.e. the performance period has ended and the performance criteria have been met. Remuneration owed is when DEUTZ has a legal obligation to the Board of Management member that is due but has not yet been fulfilled.

The structure of the LTI promised in 2021 (2021–2024) is also described. Remuneration promised is the remuneration that is promised to the Board of Management members for 2021, irrespective of the timing of payment (target remuneration).

2.1 SHORT-TERM VARIABLE REMUNERATION – BONUS (STI)

The bonus contributes to the Company's long-term development by specifying how the corporate strategy is to be implemented operationally during a year and rewarding its implementation. Success is assessed on the basis of financial, strategic, and sustainability performance criteria. The financial targets revenue and EBIT underpin DEUTZ AG's growth strategy and its regional growth initiatives because together they incentivize the Board of Management members to contribute to profitable growth. The strategy target is based on the achievement of specific strategic initiatives, such as implementation of the E-DEUTZ strategy. The sustainability target reflects DEUTZ AG's social and environmental responsibility and is derived from the groupwide Taking Responsibility sustainability strategy, which forms part of the overall strategy.

Short-term variable remuneration – bonus (STI)



The target amount is the starting point for the STI. The target amount is multiplied by the total target achievement rate to obtain the amount payable. Total target achievement for the STI is the weighted sum of the rates of target achievement for the four performance criteria revenue, EBIT, strategy target, and sustainability target. For 2021, the Supervisory Board specified a strategy target from the internationality category and a sustainability target from the alternative drives category.

The target values for the performance criteria are set by the Supervisory Board, and target achievement in respect of these values is determined by the Supervisory Board after the end of the performance period. If performance is below a threshold, target achievement for the relevant share of the STI is 0 percent. This may result in no STI being paid at all. Target achievement is limited to a maximum of 150 percent. Linear interpolation is applied between the aforementioned rates of target achievement.

Revenue Revenue is defined as the consolidated revenue calculated and audited in accordance with the accounting principles that apply to DEUTZ AG by law. Revenue has a weighting of 30 percent.

The minimum threshold, the target value corresponding to 100 percent target achievement, the cap, the actual value achieved in 2021, and the resulting rate of target achievement for the revenue performance criterion are shown in the following table:

STI 2021

	Revenue	Target achievement
Minimum threshold	€1,160.0 million	50%
Target value	€1,432.0 million	100%
Cap	€1,700.0 million	150%
Actual value	€1,617.3 million	134.6%

If a value is achieved between the minimum threshold and the target value, target achievement is interpolated on a linear basis between 50 percent and 100 percent. If a value is achieved between the target value and the cap, target achievement is interpolated on a linear basis between 100 percent and 150 percent.

EBIT EBIT is defined as the consolidated earnings before interest and tax (EBIT) calculated and audited in accordance with the accounting principles that apply to DEUTZ AG by law. EBIT has a weighting of 30 percent.

The minimum threshold, the target value corresponding to 100 percent target achievement, the cap, the actual value achieved in 2021, and the resulting rate of target achievement for the EBIT performance criterion are shown in the following table:

STI 2021

	EBIT	Target achievement
Minimum threshold	-€30.0 million	50%
Target value	€0.1 million	100%
Cap	€30.0 million	150%
Actual value	€37.2 million	150%

If a value is achieved between the minimum threshold and the target value, target achievement is interpolated on a linear basis between 50 percent and 100 percent. If a value is achieved between the target value and the cap, target achievement is interpolated on a linear basis between 100 percent and 150 percent.

Strategy target and sustainability target The strategy target for 2021 was selected from the internationality category and given a weighting of 25 percent. The sustainability target for 2021 was selected from the alternative drives category and given a weighting of 15 percent.

Within their categories, ten individual targets were set for the strategy target and for the sustainability target. Examples of these individual targets, which are grouped into clusters, are shown in the following table:

Strategy targets for 2021 in the internationality category, derived from the growth and internationalization strategy

Target cluster	Examples of individual targets
China	Establish a new factory; localize purchasing
USA	Establish a new diesel power center; design a US long block concept
Spain	Establish a shared service center
Europe	Expand DEUTZ Engineering

Sustainability targets for 2021 in the alternative drives category, derived from the sustainability strategy

Target cluster	Examples of individual targets
Hydrogen	Complete a development test bay; establish a mobile H2 genset as a demonstration model; secure a project eligible for support
E-DEUTZ	Complete customer applications; secure a volume production order

Target achievement for the strategy target and sustainability target is measured by the number of individual targets that were reached in the relevant category in 2021. The correlation between the number of targets reached and target achievement is shown in the following table along with the actual rate of target achievement in 2021:

STI 2021

	Number of individual targets reached in the relevant categories for the strategy target and sustainability target	Target achievement
Minimum threshold	3	50%
Target value	5	100%
Cap	7	150%
Actual value: strategy target	7	150%
Actual value: sustainability target	10	150%

Ex post changes to the performance criteria and target values for the performance criteria are not permitted. In accordance with the recommendation in G.11 DCGK, the Supervisory Board also has the option of taking exceptional developments appropriately into account in the STI if such developments were not explicitly factored into the strategic planning and defined individual targets. The Supervisory Board did not exercise this option in 2021.

Determination of the STI The determined target achievement rates are multiplied by the relevant weightings for the performance criteria and then added up to give the total target achievement. This is multiplied by the target amount to obtain the amount payable, which is limited to 150 percent of the target amount.

The following table summarizes the target amount, total target achievement, and the resulting amount payable under the STI 2021 for each member of the Board of Management:

STI 2021

	Dr. Ing. Frank Hiller	Dr. Ing. Markus Müller	Dr. Sebastian C. Schulte	Dr. Andreas Strecker	Michael Wellenzohn
Target amount	€428 thousand	€238 thousand	€300 thousand	€50 thousand	€300 thousand
Total target achievement	145.4%	145.4%	145.4%	145.4%	145.4%
Amount payable	€622 thousand	€345 thousand	€436 thousand	€72 thousand	€436 thousand

2.2 LONG-TERM VARIABLE REMUNERATION (LTI)

Long-term variable remuneration contributes to the Company's long-term development by rewarding implementation of the Company's strategies, their focus on sustainability, and the long-term increase in the value of DEUTZ AG on the basis of the original remuneration system that applied until 2020 and the new remuneration system that has applied to the Board of Management since 2020. Success is assessed using financial and share-based performance criteria derived from DEUTZ AG's strategy.

2.2.1 2020–2021 DEFERRAL (2019 BONUS) AND 2021–2022 DEFERRAL (2020 BONUS) – GRANTED IN 2021

Of the bonus promised in the past, only 60 percent was paid following the determination of target achievement, while 20 percent was deferred for one year and another 20 percent for two years. These deferred amounts were then paid, provided that further performance targets (medium-term targets) were achieved. Consequently, the deferred portions of the 2019 bonus (deferred for two years) and of the 2020 bonus (deferred for one year) were paid in 2021.

The amounts payable under the 2019 and 2020 bonuses were determined on the basis of the total target achievement rate for the performance criteria. If total target achievement was below 75 percent, there was no entitlement to a bonus. If total target achievement was 75 percent (minimum threshold), the bonus was 50 percent. If total target achievement was 100 percent, the bonus was measured at 100 percent. And if total target achievement was 150 percent or higher (cap), the bonus was 150 percent. The bonus was interpolated on a linear basis between the minimum threshold and 100 percent target achievement and between 100 percent target achievement and the cap.

The total target achievement rate for the bonus in 2019 was based on the performance criteria EBIT margin before exceptional items (40 percent), average working capital (30 percent), and revenue (30 percent). In 2020, the total target achievement rate for the bonus was measured using the performance criteria EBIT margin before exceptional items (40 percent), average working capital (20 percent), revenue (20 percent), and strategic objectives (30 percent). In 2019, the target values were 4.9 percent for the EBIT margin before exceptional items, 16.5 percent for average working capital, and €1.9 million for revenue. And in 2020, they were 2.5 percent for the EBIT margin before exceptional items, 20.6 percent for average working capital, and approximately €1.6 million for revenue. The strategic objectives for 2020 related to E-DEUTZ, the China strategy, and external alliances with other companies; they consisted of three targets in each of these areas. Target achievement for 2019 was determined to be 86.4 percent for the EBIT margin before exceptional items, 77.5 percent for average working capital, and 90.2 percent for revenue. This gives a total target achievement of 84.9 percent and a bonus of 69.8 percent in 2019. Target achievement for 2020 was 0 percent for the EBIT margin before exceptional items, 0 percent for average working capital, 0 percent for revenue, and 139.0 percent for the strategic objectives. This gives a total target achievement of 41.7 percent for 2020. As total target achievement for 2020 was below the minimum threshold, there was no entitlement to a bonus for 2020. Consequently, no bonus amounts were deferred from 2020.

The amount payable for the deferral is determined by multiplying the deferred amount by the total target achievement rate for the deferral performance criteria. The deferral performance criteria (medium-term targets) for the deferred payment of the 2019 and 2020 bonus are revenue and the EBIT margin. These two financial performance criteria have an equal weighting.

Revenue Revenue is defined as the consolidated revenue calculated and audited in accordance with the accounting principles that apply to DEUTZ AG by law. The minimum threshold, the target value corresponding to 100 percent target achievement, the actual value achieved in 2021, and the resulting rate of target achievement for the revenue performance criterion are shown in the following table for the two deferred payments:

2020–2021 deferral (2019 bonus)

	Revenue	Target achievement
Minimum threshold	€0 billion	0 %
Target value	€2.07 billion	100 %
Actual value	€1.62 billion	78.1 %

2021–2022 deferral (2020 bonus)

	Revenue	Target achievement
Minimum threshold	€0 billion	0 %
Target value	€1.90 billion	100 %
Actual value	€1.62 billion	45.1 %

If a value is achieved between the minimum threshold and the target value, target achievement is interpolated on a linear basis between 0 percent and 100 percent. If revenue is higher than the target value, target achievement for revenue is extrapolated on a linear basis. Total target achievement for revenue and the EBIT margin is capped at 150 percent.

EBIT margin The EBIT margin is defined as EBIT divided by revenue. EBIT is defined as the consolidated earnings before interest and tax (EBIT) calculated and audited in accordance with the accounting principles that apply to DEUTZ AG by law. The minimum threshold, the target value corresponding to 100 percent target achievement, the actual value achieved in 2021, and the resulting rate of target achievement for the EBIT margin performance criterion are shown in the following table for the two deferred payments:

2020–2021 deferral (2019 bonus)

	EBIT margin	Target achievement
Minimum threshold	0 %	0 %
Target value	6.4 %	100 %
Actual value in 2021	2.3 %	35.9 %

2021–2022 deferral (2020 bonus)

	EBIT margin	Target achievement
Minimum threshold	0 %	0 %
Target value	5.0 %	100 %
Actual value in 2021	2.3 %	46.0 %

If a value is achieved between the minimum threshold and the target value, target achievement is interpolated on a linear basis between 0 percent and 100 percent. If the EBIT margin is higher than the target value, target achievement for the EBIT margin is extrapolated on a linear basis. Total target achievement for revenue and the EBIT margin is capped at 150 percent.

Determination of the deferral The target achievement rates determined in this way are multiplied by the relevant weightings for the performance criteria and then added up to give the total target achievement. This is multiplied by the deferred amount for the bonus to obtain the amount payable, which is limited to 150 percent of the target amount.

The following table summarizes the deferred amount for the bonus, total target achievement, and the resulting amount payable for the 2020–2021 deferral and 2021–2022 deferral for each member of the Board of Management to whom a deferral was granted:

2020–2021 deferral (2019 bonus)

	Dr. Ing. Frank Hiller	Dr. Andreas Strecker	Michael Wellenzohn
Deferred amount	€105 thousand	€63 thousand	€65 thousand
Total target achievement	57.1 %	57.1 %	57.1 %
Amount payable	€60 thousand	€36 thousand	€37 thousand

2021–2022 deferral (2020 bonus)

	Dr. Ing. Frank Hiller	Dr. Andreas Strecker	Michael Wellenzohn
Deferred amount	€0 thousand	€0 thousand	€0 thousand
Total target achievement	65.6 %	65.6 %	65.6 %
Amount payable	€0 thousand	€0 thousand	€0 thousand

2.2.2 LTI (LTI 2018–2021)

In 2021, the Board of Management members were granted remuneration in connection with the LTI promised in 2018. The LTI promised in 2018 was promised in the form of virtual performance shares. The target amount is the starting point for the allocation.

Long-term Incentive (2018–2021)



At the start of the four-year term, the target amount was divided by the average DEUTZ AG share price (arithmetic mean of the XETRA closing price on the last 60 trading days prior to the start of the performance period) in order to determine a number of virtual shares that are promised conditionally (virtual performance shares, VPSs). The start of the term was January 1, 2018 for Dr. Ing. Hiller and Mr. Wellenzohn. For Dr. Strecker, it was the date of his appointment to the Board of Management, i.e. March 1, 2018. The average DEUTZ AG share price was €7.03 for Dr. Ing. Hiller and Mr. Wellenzohn. For Dr. Strecker, it was €7.58. The number of VPSs promised to the Board of Management members for 2018 is shown in the following table:

Number of virtual shares promised conditionally to each Board of Management member in 2018

Board of Management member	Number of virtual shares promised conditionally in 2018
Dr. Ing. Frank Hiller	28,455
Dr. Andreas Strecker (until February 2021)	19,789
Michael Wellenzohn	18,963

Entitlement to payment after expiry of the four-year performance period depends on whether one of the two performance criteria – share price increase or relative share price increase – has been met.

The LTI payment is limited to 150 percent of the target amount. Target achievement for the performance criteria is calculated as follows:

Share price increase To calculate the increase in the share price during the performance period, the price of DEUTZ shares on the stock exchange (average closing price of DEUTZ AG shares in Xetra trading on the Frankfurt Stock Exchange during the last 60 trading days prior to expiry of the performance period) is compared with the reference price (average closing price of DEUTZ AG shares in Xetra trading on the Frankfurt Stock Exchange during the 60 trading days prior to the allocation date). In this calculation of the share price increase, any gross dividends distributed up to the end of the vesting period are added to the market value of the DEUTZ shares.

The target value resulting in 100 percent target achievement and the actual value achieved in 2021 for the share price increase performance criterion are as follows:

LTI grant in 2021

	Share price increase in the period 2018 to 2021	Target achievement
Minimum threshold	< 30 %	0 %
Target value	>= 30 %	100 %
Actual value in 2021	-6.7 %	0 %

Relative share price increase To calculate the relative increase in the share price, the increase in the DEUTZ share price (see 'Share price increase performance criterion') is compared with the increase in share prices on the MDAX.

The target value resulting in 100 percent target achievement and the actual value achieved in 2021 for the relative share price increase performance criterion are as follows:

LTI grant in 2021

	Difference between the increase in the DEUTZ share price and the increase in share prices on the MDAX in the period 2018 to 2021	Target achievement
Minimum threshold	< 10 percentage points	0 %
Target value	>= 10 percentage points	100 %
Actual value in 2021	-41.1 %	0 %

Ex post changes to the performance criteria and target values for the performance criteria are not permitted.

Determination of the LTI After the end of the performance period, it is determined whether entitlement to payment arose during the performance period. To calculate the amount of the cash payment after the end of the performance period, the final number of VPSs in the event of entitlement to payment is multiplied by the average DEUTZ AG share price (arithmetic mean of the closing price on the last 60 trading days prior to expiry of the performance period). The amount payable is limited to 150 percent of the target amount.

The following table summarizes various items of information, including the target amount, total target achievement, and the resulting amount payable for the LTI 2018–2021 for each member of the Board of Management to whom the LTI 2018–2021 was granted:

LTI 2018-2021¹

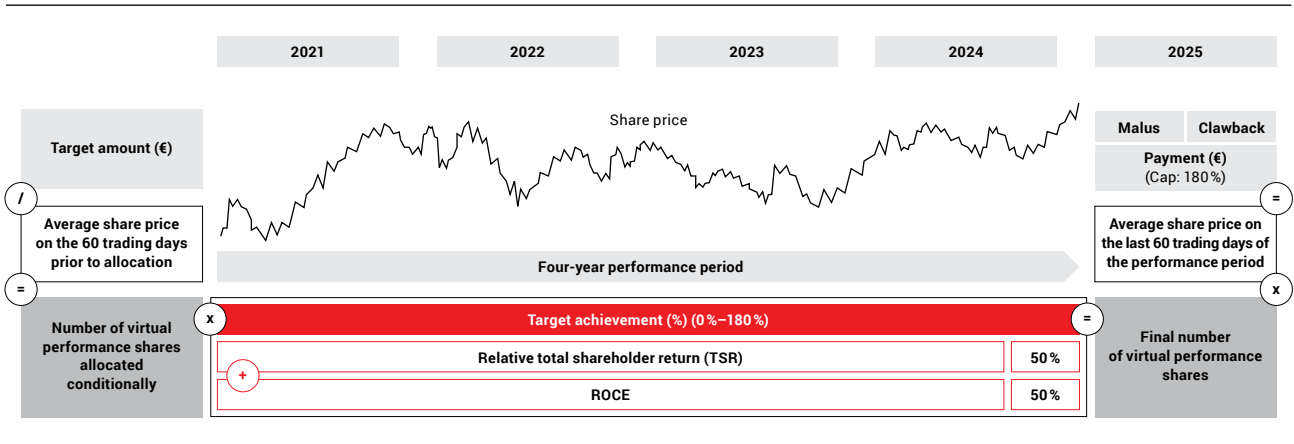
	Dr. Ing. Frank Hiller	Michael Wellenzohn
Target amount	€200 thousand	€133 thousand
Allocation price	€7.03	€7.03
Number of virtual shares	28,455	18,963
Total target achievement	0%	0%
Final number of virtual shares	0	0
Closing price	€6.82	€6.82
Amount payable	€0	€0

¹ For Dr. Andreas Strecker, the term of the LTI 2018–2021 began on March 1, 2018 and ends on February 28, 2022. Consequently, it will not be possible to disclose target achievement and the amount payable until the 2022 remuneration report.

2.2.3 LTI (ALLOCATION IN 2021)

The LTI promised in 2021 is promised as annual tranches of virtual shares (virtual performance shares, VPSs). The target amount is the starting point for the promised LTI and totals between 63 percent and 69 percent of the Board of Management members’ basic remuneration.

Long-term Incentive (2021–2024)



At the start of the four-year term, the target amount is divided by the average DEUTZ AG share price (arithmetic mean of the XETRA closing price on the last 60 trading days prior to the start of the performance period) in order to determine a number of VPSs that are promised conditionally. For 2021, the average DEUTZ AG share price was €4.79. The number of VPSs promised to the Board of Management members for 2021 is shown in the following table:

Board of Management member	Promised LTI amount (target amount)	Number of virtual shares allocated conditionally in 2021
Dr. Ing. Frank Hiller	€522 thousand	108,977
Dr. Ing. Markus Müller (since March 15, 2021)	€294 thousand	61,372
Dr. Sebastian C. Schulte (since January 1, 2021)	€370 thousand	77,244
Dr. Andreas Strecker (until February 28, 2021)	€0 thousand	0
Michael Wellenzohn	€365 thousand	76,200

The final number of VPSs depends on the aggregated rates of target achievement for the performance criteria return on capital employed (ROCE) and relative total shareholder return (relative TSR).

Target achievement for relative TSR is determined after the end of the performance period on the basis of DEUTZ AG’s **percentile ranking** within a TSR peer group. The target value for the ROCE performance criterion is set by the Supervisory Board. Target achievement for ROCE is determined once the relevant consolidated financial statements for the final year of the performance period have been approved by the Supervisory Board.

The LTI payment is limited to 180 percent of the target amount. Target achievement for the performance criteria is calculated as follows:

Relative total shareholder return Relative TSR compares DEUTZ’s TSR performance against that of a specific peer group and has a weighting of 50 percent. TSR performance is calculated by comparing the share price (plus the dividend paid) at the end of the performance period with the value at the start of the performance period. The TSR peer group comprises companies in the DAXsubsector All Industrial Machinery.

Some of the companies in this peer group are therefore different from those in the peer group used to check whether the Board of Management’s remuneration is typical in comparison with that in similar companies. The composition of the peer group for assessing how remuneration compares with that of other companies is based on stock-corporation law criteria, such as sector, size, and country. The composition of the TSR peer group has been given a greater sectoral focus, which means that companies

that are larger or smaller than DEUTZ are also included. Some companies in the TSR peer group would therefore not meet the stock-corporation law criteria regarding size that are applied in the comparison of Board of Management remuneration with that in similar companies. The Supervisory Board believes that a peer group with a greater sectoral focus is better suited to evaluating DEUTZ's performance relative to relevant competitors and the overall sector than the peer group used to compare Board of Management remuneration with that in similar companies.

As at December 2021, the TSR peer group comprised the following companies:

Aumann AG, Datron AG, DMG MORI AG, Dürr AG, Francotyp-Postalia Holding AG, Heidelberger Druckmaschinen AG, Jungheinrich AG, KHD Humboldt Wedag International AG, KHD Humboldt Wedag Vermögensverwaltungs-AG, KION GROUP AG, Knorr-Bremse AG, Koenig & Bauer AG, Krones AG, KSB SE & Co. KGaA, Kuka AG, Maschinenfabrik Berthold Hermle AG, Masterflex SE, NORMA Group SE, PITTLER Maschinenfabrik AG, SAF-Holland SE, Schaltbau Holding AG, SCHUMAG AG, Stabilus S.A., Wacker Neuson SE, WashTec AG.

TSR performance is determined for each company in the peer group and for DEUTZ after the end of the performance period. The individual values are then ranked and given a percentile ranking in which the 0th percentile ranking represents the lowest TSR performance and the 100th percentile ranking represents the highest TSR performance.

Target achievement for relative TSR is determined after the end of the performance period on the basis of DEUTZ AG's percentile ranking as follows:

LTI allocation in 2021

	DEUTZ's percentile ranking for TSR	Target achievement
Minimum threshold	25th	0%
Target value	50th	100%
Cap	75th	180%

If a value is achieved between the minimum threshold and the target value, target achievement is interpolated on a linear basis between 50 percent and 100 percent. If a value is achieved between the target value and the cap, target achievement is interpolated on a linear basis between 100 percent and 180 percent.

Return on capital employed ROCE is the ratio of consolidated earnings before interest and tax (EBIT, based on the consolidated financial statements) to capital employed and has a weighting of 50 percent. The relevant figure for the assessment of target achievement for the 2021 tranche is ROCE for the final year of the performance period, i.e. ROCE in 2024.

The threshold for ROCE equates to DEUTZ AG's **weighted average cost of capital (WACC)**. If ROCE is below the WACC, target achievement is 0 percent. There is thus no entitlement to the payment of a bonus unless the return on capital employed exceeds the costs.

The minimum threshold, the target value corresponding to 100 percent target achievement, and the cap including the resulting target achievement for ROCE in 2024 are as follows:

LTI allocation in 2021

	ROCE	Target achievement
Minimum threshold	7.6%	50%
Target value	11.0%	100%
Cap	15.0%	180%

If a value is achieved between the minimum threshold and the target value, target achievement is interpolated on a linear basis between 50 percent and 100 percent. If a value is achieved between the target value and the cap, target achievement is interpolated on a linear basis between 100 percent and 180 percent.

Ex post changes to the performance criteria and target values for the performance criteria are not permitted. In accordance with the recommendation in G.11 DCGK, however, for the LTI, the Supervisory Board has the option of taking exceptional developments appropriately into account in respect of measurement variables, targets, and the determination of target achievement. The Supervisory Board did not exercise this option in 2021.

Determination of the LTI After the end of the performance period, the final number of VPSs is determined by multiplying the number of VPSs that are promised conditionally by the weighted total target achievement. To calculate the amount of the cash payment after the end of the performance period, the final number of VPSs is multiplied by the average DEUTZ AG share price (arithmetic mean of the closing price on the last 60 trading days prior to expiry of the performance period). The amount payable is limited to 180 percent of the target amount.

2.3 OVERVIEW OF THE VARIABLE REMUNERATION GRANTED AND OWED IN 2021

The following table summarizes the short-term and long-term variable remuneration resulting from the performance criteria that was granted or owed for 2021:

2.4 MISCELLANEOUS

Malus and clawback The short-term variable remuneration and the virtual performance shares are subject to malus and clawback conditions. This means that if, as proved by the Company, a Board of Management member is in serious violation of applicable law, his or her statutory obligations, or the obligations in his or her employment contract, the Supervisory Board is entitled to withhold some of the variable remuneration that has not yet been paid (malus) and to claw back variable remuneration that has already been paid. The Supervisory Board decides on this at its professional discretion. The Supervisory Board did not withhold or claw back any variable remuneration components in 2021.

	Dr. Ing. Frank Hiller	Dr. Ing. Markus Müller	Dr. Sebastian C. Schulte	Dr. Andreas Strecker	Michael Wellenzohn
STI 2021					
Target amount	€428 thousand	€238 thousand	€300 thousand	€50 thousand	€300 thousand
Total target achievement	145.4%	145.4%	145.4%	145.4%	145.4%
Amount payable	€622 thousand	€345 thousand	€436 thousand	€72 thousand	€436 thousand
LTI – deferral (2019 bonus)					
Deferred amount	€105 thousand	–	–	€63 thousand	€65 thousand
Total target achievement	57.1%	–	–	57.1%	57.1%
Amount payable	€60 thousand	–	–	€36 thousand	€37 thousand
LTI – deferral (STI 2020)					
Deferred amount	€0 thousand	–	–	€0 thousand	€0 thousand
Total target achievement	65.6%	–	–	65.6%	65.6%
Amount payable	€0 thousand	–	–	€0 thousand	€0 thousand
LTI 2018–2021					
Target amount	€200 thousand	–	–	€150 thousand	€133 thousand
Allocation price	€7.03	–	–	€7.58	€7.03
Number of virtual shares	28,455	–	–	19,789	18,963
Total target achievement	0%	–	–	- ¹	0%
Final number of virtual shares	0	–	–	–	0
Closing price	€6.82	–	–	–	€6.82
Amount payable	€0	–	–	-¹	€0
Variable remuneration granted and owed (total)	€682 thousand	€345 thousand	€436 thousand	€108 thousand	€473 thousand

¹ For Dr. Andreas Strecker, the term of the LTI 2018–2021 began on March 1, 2018 and ends on February 28, 2022. Consequently, it will not be possible to disclose target achievement and the amount payable until the 2022 remuneration report.

Special remuneration In exceptional cases, the Supervisory Board can, at its professional discretion, grant a special bonus to Board of Management members in accordance with recommendation G.11 in the German Corporate Governance Code. The Supervisory Board must both identify and provide grounds for

such exceptions. The special bonus is limited in two ways. Firstly, it is limited in relative terms to half of the Board of Management member's annual basic remuneration. Secondly, it is limited by the maximum remuneration pursuant to section 87a (1) sentence 2 no. 1 AktG, which represents the absolute upper limit on total remuneration. No such special bonus has been granted in the past ten years, and this was again the case in 2021.

Adherence to the maximum remuneration limit As well as limiting the variable remuneration components, the Supervisory Board has specified a maximum amount of remuneration for each member of the Board of Management pursuant to section 87a (1) sentence 2 no. 1 AktG that limits the remuneration to be paid that was granted for a particular year. This maximum remuneration encompasses the basic remuneration, additional benefits, retirement pension, payments under the STI and LTI, and any special bonuses. The following maximum remuneration amounts for the members of the DEUTZ Board of Management are lower than the maximum remuneration amounts specified in the 2021 remuneration system and therefore meet the requirements of this system.

Maximum remuneration pursuant to section 87a (1) sentence 2 no. 1 AktG

Board of Management member	
Dr. Ing. Frank Hiller	€2,482 thousand
Dr. Ing. Markus Müller (since March 2021)	€1,746 thousand
Dr. Sebastian C. Schulte (since January 2021)	€1,746 thousand
Dr. Andreas Strecker (until February 2021)	€1,754 thousand
Michael Wellenzohn	€1,767 thousand

For 2021, the maximum remuneration limit was adhered to in respect of the basic remuneration, additional benefits, retirement pension, and payments under the STI without having to reduce any component. Because the amount payable for the multi-year variable remuneration will not be known until the third year after the end of the reporting year owing to the four-year performance period, it will not be possible to report conclusively on adherence to the maximum remuneration limit for 2021 until the remuneration report for 2024.

Benefits in the event of early termination of Board of Management membership If the employment contract or the appointment of a Board of Management member is terminated prematurely without good cause pursuant to section 626 of the German Civil Code (BGB), the Board of Management member receives a severance payment equivalent to the total remuneration that the Company is likely to owe him or her for the period until the original termination date of the contract of employment up to a maximum of two years (cap on severance pay).

In 2021, no member of the Board of Management was granted benefits due to the early termination of his or her Board of Management membership.

C. AMOUNT OF BOARD OF MANAGEMENT REMUNERATION IN 2021

C.1. REMUNERATION FOR BOARD OF MANAGEMENT MEMBERS WHO WERE CURRENT MEMBERS IN THE REPORTING YEAR

Remuneration promised and remuneration granted and owed in 2021 The remuneration that was promised to the members of the Board of Management and the remuneration that was granted and owed in 2021 pursuant to section 162 (1) sentence 1 AktG is shown in the following tables.

Promised remuneration: Remuneration promised is the remuneration that is promised to the Board of Management members for 2021, irrespective of the timing of payment (target remuneration).

In respect of the remuneration components in 2021, 'promised' specifically refers to the following:

Remuneration promised in 2021

Remuneration components
Basic remuneration
Additional benefits
Expenses for occupational pension scheme
STI 2021 (granted in 2021)
LTI 2021–2024 (to be granted in 2024)

Granted and owed: Remuneration granted is the remuneration for which the related (one-year or multiple-year) work has been performed in full. Remuneration owed is when DEUTZ has a legal obligation to the Board of Management member that is due but has not yet been fulfilled.

In respect of the remuneration components in 2021, 'granted and owed' specifically refers to the following:

Remuneration granted and owed in 2021 pursuant to section 162 (1) sentence 1 AktG¹

Remuneration components	
Basic remuneration	
Additional benefits	
STI 2021 (promised in 2021)	
LTI	LTI 2018–2021 (promised in 2018)
	2020–2021 deferral (2019 bonus) (promised in 2019)
	2021–2022 deferral (2020 bonus) (promised in 2020)

¹ Pension expenses for a year are not deemed remuneration granted and owed pursuant to section 162 (1) no. 1 AktG because the work to which the remuneration is related has not yet been performed in full.

The following tables show the remuneration promised to the members of the Board of Management in 2021 (target remuneration):

Target remuneration

	Dr. Ing. Frank Hiller, Chairman of the Board of Management (until February 13, 2022)				Dr. Ing. Markus Müller, ordinary member of the Board of Management (since March 15, 2021)			
	2021		2020		2021		2020	
	(€ thousand)	(%)	(€ thousand)	(%)	(€ thousand)	(%)	(€ thousand)	(%)
Basic remuneration	750	40.1	750	52.7	459	24.5	–	–
+ Additional benefits	22	1.2	22	1.5	19	1.8	–	–
= Total non-performance-related remuneration	772	41.2	772	54.3	478	45.1	–	–
+ One-year variable remuneration (total)	428	22.9	0	0.0	238	12.7	–	–
STI 2020 ¹	–	–	0	0.0	–	–	–	–
STI 2021	428	22.9	–	–	238	22.4	–	–
+ Multi-year variable remuneration (total)	522	27.9	500	35.2	294	15.7	–	–
2021–2022 deferral (STI 2020) ²	–	–	300	21.1	–	–	–	–
LTI 2020–2023	–	–	200	14.1	–	–	–	–
LTI 2021–2024	522	27.9	–	–	294	27.7	–	–
+ Expense for occupational pension scheme	150	8.0	150	10.5	50	4.7	–	–
= Total remuneration	1,872	100.0	1,422	100.0	1,060	100.0	–	–

	Dr. Sebastian C. Schulte, ordinary member of the Board of Management (since January 1, 2021)				Dr. Andreas Strecker, ordinary member of the Board of Management (until February 28, 2021)				Michael Wellenzohn, ordinary member of the Board of Management			
	2021		2020		2021		2020		2021		2020	
	(€ thousand)	(%)	(€ thousand)	(%)	(€ thousand)	(%)	(€ thousand)	(%)	(€ thousand)	(%)	(€ thousand)	(%)
Basic remuneration	580	43.9	–	–	97	59.8	580	55.0	580	42.8	580	54.3
+ Additional benefits	21	1.6	–	–	3	1.9	24	2.3	30	2.2	37	3.5
= Total non-performance-related remuneration	601	45.5	–	–	100	61.6	604	57.3	610	45.0	617	57.8
+ One-year variable remuneration (total)	300	22.7	–	–	50	30.6	0	0.0	300	22.1	0	0.0
STI 2020 ¹	–	–	–	–	–	–	0	0.0	–	–	0	0.0
STI 2021	300	22.7	–	–	50	30.6	–	–	300	22.1	–	–
+ Multi-year variable remuneration (total)	370	19.8	–	–	–	–	330	31.3	365	26.9	351	32.9
2021–2022 deferral (STI 2020) ²	–	–	–	–	–	–	180	17.1	–	–	186	17.4
LTI 2020–2023	–	–	–	–	–	–	150	14.2	–	–	165	15.4
LTI 2021–2024	370	28.0	–	–	–	–	–	–	365	26.9	–	–
+ Expense for occupational pension scheme	50	3.8	–	–	13	7.7	120	11.4	80	5.9	100	9.4
= Total remuneration	1,321	100.0	–	–	162	100.0	1,054	100.0	1,355	100.0	1,068	100.0

¹ In 2020, the Board of Management waived its one-year variable remuneration due to the pandemic.

² The deferral target amount comprises the target amount for a one-year deferral (2021 performance period) and the target amount for a two-year deferral (2021–2022 performance period).

The following tables show the remuneration granted and owed to the members of the Board of Management in 2021 pursuant to section 162 (1) sentence 1 AktG:

Remuneration granted and owed

	Dr. Ing. Frank Hiller, Chairman of the Board of Management (until February 13, 2022)				Dr. Ing. Markus Müller, ordinary member of the Board of Management (since March 15, 2021)			
	2021		2020		2021		2020	
	(€ thousand)	(%)	(€ thousand)	(%)	(€ thousand)	(%)	(€ thousand)	(%)
Basic remuneration	750	51.6	750	97.2	459	55.8	-	-
+ Additional benefits	22	1.5	22	2.8	19	2.3	-	-
= Total non-performance-related remuneration	772	53.1	772	100.0	478	58.1	-	-
+ One-year variable remuneration (total)	622	42.8	-	-	345	41.9	-	-
STI 2020	-	-	-	-	-	-	-	-
STI 2021	622	42.8	-	-	345	41.9	-	-
+ Multi-year variable remuneration (total)	60	4.1	-	-	-	-	-	-
2019–2020 deferral (STI 2018)	-	-	-	-	-	-	-	-
2020–2021 deferral (STI 2019)	60	4.1	-	-	-	-	-	-
2021–2022 deferral (STI 2020)	0	0.0	-	-	-	-	-	-
LTI 2017–2020	-	-	-	-	-	-	-	-
LTI 2018–2021	0	0.0	-	-	-	-	-	-
+ Miscellaneous ¹	-	-	-	-	-	-	-	-
= Total remuneration	1,454	100.0	772	100.0	823	100.0	-	-

	Dr. Sebastian C. Schulte, ordinary member of the Board of Management (since January 1, 2021)				Dr. Andreas Strecker, ordinary member of the Board of Management (until February 28, 2021)				Michael Wellenzohn, ordinary member of the Board of Management			
	2021		2020		2021		2020		2021		2020	
	(€ thousand)	(%)	(€ thousand)	(%)	(€ thousand)	(%)	(€ thousand)	(%)	(€ thousand)	(%)	(€ thousand)	(%)
Basic remuneration	580	55.9	-	-	97	46.6	580	96.0	580	53.5	580	94.0
+ Additional benefits	21	2.0	-	-	3	1.4	24	4.0	30	2.8	37	6.0
= Total non-performance related remuneration	601	57.9	-	-	100	48.0	604	100.0	610	56.3	617	100.0
+ One-year variable remuneration (total)	436	42.1	-	-	72	34.7	-	-	436	40.3	-	-
STI 2020	-	-	-	-	-	-	-	-	-	-	-	-
STI 2021	436	42.1	-	-	72	34.7	-	-	436	40.3	-	-
+ Multi-year variable remuneration (total)	-	-	-	-	36	17.3	-	-	37	3.4	-	-
2019–2020 deferral (STI 2018)	-	-	-	-	-	-	-	-	-	-	-	-
2020–2021 deferral (STI 2019)	-	-	-	-	36	17.3	-	-	37	3.4	-	-
2021–2022 deferral (STI 2020)	-	-	-	-	0	0.0	-	-	0	0.0	-	-
LTI 2017–2020	-	-	-	-	-	-	-	-	-	-	-	-
LTI 2018–2021	-	-	-	-	-	-	-	-	0	0.0	-	-
+ Miscellaneous ¹	-	-	-	-	-	-	-	-	-	-	-	-
= Total remuneration	1,037	100.0	-	-	207	100.0	604	100.0	1,083	100.0	617	100.0

¹ Miscellaneous remuneration comprises any remuneration not covered by the other remuneration components, e.g. severance payments or compensation for a non-compete period.

Remuneration of the Board of Management members in 2021 pursuant to section 314 (1) no. 6a HGB The total remuneration for the Board of Management of DEUTZ AG recognized in expenses for 2021 was €7,072 thousand (2020: €2,586 thousand). This consisted of short-term employee benefits of €5,268 thousand (2020: €2,362 thousand), other long-term benefits of €0 thousand (2020: minus €291 thousand), and share-based long-term benefits as part of the long-term incentive plans amounting to €1,804 thousand (2020: €515 thousand).

Remuneration for former members of the Board of Management or their surviving dependants pursuant to section 314 (1) no. 6a HGB amounted to €1,101 thousand (2020: €1,181 thousand) for DEUTZ AG and the Group. Provisions of €10,247 thousand (December 31, 2020: €10,657 thousand) have been recognized to cover pension obligations to former members of the Board of Management.

Review of whether Board of Management remuneration is typical The Supervisory Board reviews the level of the Board of Management's remuneration every two years in order to ensure that it is typical for the market and is competitive. This review involves checking and assessing factors such as whether the remuneration is typical in comparison with that of Board of Management members in similar companies and is typical in comparison with remuneration and employment conditions within DEUTZ. Companies are selected that are similar to DEUTZ, particularly in terms of the criteria country, sector, and size. Within DEUTZ, a comparison is made with the current situation and with the situation over time in respect of senior management and the workforce as a whole.

The remuneration of the Board of Management members was last reviewed in 2020 when the current remuneration system was being drawn up. It was found to be typical. Two peer groups were formed in order to assess whether the remuneration is typical in comparison with that in similar companies. The first peer group primarily consisted of German listed companies that were similar to DEUTZ in terms of sector, volume of revenue, and number of employees. The following companies were part of this peer group: Aumann AG, DMG MORI AG, ElringKlinger AG, Jungheinrich AG, KION GROUP AG, Knorr-Bremse AG, LEONI AG, Rolls-Royce Power Systems AG, Sulzer AG, VARTA AG, and Wacker Neuson SE. The SDAX was chosen as the second peer group because DEUTZ is listed on the SDAX.

C.2. REMUNERATION OF FORMER MEMBERS OF THE BOARD OF MANAGEMENT

The remuneration that was granted and owed to the former members of the DEUTZ AG Board of Management pursuant to section 162 (1) sentence 1 AktG amounted to €332 thousand in 2021. The remuneration granted and owed to Dr. Margarete Haase, who left in 2018, amounted to €55 thousand in 2021 and was entirely attributable to her fixed, non-performance-related retirement pension. Dr. Ing. Helmut Leube, who left in 2016, received a fixed, non-performance-related retirement pension of €78 thousand in 2021. The remuneration of the other former members, who stepped down from the DEUTZ AG Board of Management more than ten years ago, came to €199 thousand in 2021 and was entirely attributable to the granting of fixed, non-performance-related retirement pensions. The retirement pensions of former members of the Board of Management are granted entirely by the benevolent fund, not by DEUTZ AG.

C.3. DISCLOSURES ON THE RELATIVE CHANGE IN THE REMUNERATION OF THE BOARD OF MANAGEMENT, THE REMUNERATION OF THE REST OF THE WORKFORCE, AND THE COMPANY'S EARNINGS PERFORMANCE

The following table shows the year-on-year change in the remuneration granted and owed to the Board of Management members in the reporting year, the earnings performance of DEUTZ AG, and the remuneration of the workforce. The change in the remuneration granted and owed to the Board of Management members is based on the remuneration presented above (see section C. 'Amount of Board of Management remuneration in 2021', chapters 1 and 2, remuneration granted and owed). The earnings performance of the Company (DEUTZ AG) and of the Group (DEUTZ Group) is presented on the basis of EBIT, which is one of the main financial KPIs. The remuneration of the workforce shows the average remuneration of the Company's (DEUTZ AG's) salaried and non-salaried employees in Germany (excluding trainees, apprentices, and interns). To ensure comparability, the remuneration of part-time workers was extrapolated into remuneration for full-time equivalents.

The retirement pensions of the former members of the Board of Management Dr. Margarete Haase and Dr. Ing. Helmut Leube are paid by the benevolent fund, not by DEUTZ AG.

Year-on-year change (%)	2021 (absolute)	2021 vs. 2020	2020 vs. 2019	2019 vs. 2018	2018 vs. 2017
Board of Management remuneration					
Dr. Ing. Frank Hiller	€1,454 thousand	88.3%	-47.2%	-5.6%	10.2%
Dr. Ing. Markus Müller (since March 15, 2021) ¹	€823 thousand	- ¹	-	-	-
Dr. Sebastian C. Schulte (since January 1, 2021) ¹	€1,037 thousand	- ¹	-	-	-
Michael Wellenzohn	€1,083 thousand	75.6%	-50.6%	1.1%	29.5%
Dr. Andreas Strecker (March 1, 2018 to February 28, 2021) ²	€207 thousand	-65.6 ²	-31.3%	13.6%	- ²
Dr. Margarete Haase (until April 30, 2018)	€55 thousand	1.0%	1.0%	-95.9%	25.8%
Dr. Ing. Helmut Leube (until December 31, 2016)	€78 thousand	1.0%	1.0%	141.0%	-90.0%
Earnings performance of DEUTZ					
EBIT of DEUTZ AG	€36.6 million	131.9%	-226.2%	83.8%	-68.1%
EBIT of the DEUTZ Group	€37.2 million	134.9%	-221.0%	7.4%	-43.0%
Average remuneration of the DEUTZ AG workforce					
Workforce		-0.2%	3.5%	2.1%	1.9%

¹ As Dr. Ing. Markus Müller and Dr. Sebastian C. Schulte only joined the Board of Management in 2021, a comparison with their 2020 remuneration is not possible.

² As Dr. Andreas Strecker was a Board of Management member for the whole of 2020 but only part of 2021, the 2021 vs. 2020 comparison shows a sharp fall in the remuneration granted and owed to him. As he joined the Board of Management in 2018, there is no 2017 remuneration for comparison.

III. REMUNERATION FOR SUPERVISORY BOARD MEMBERS

A. REMUNERATION SYSTEM IN 2021

The remuneration system for the members of the Supervisory Board, which is governed by section 15 of the Company's Statutes, was adopted by the Annual General Meeting on April 26, 2018 and approved by the AGM with 99.65 percent of the votes on April 29, 2021. The remuneration of the Supervisory Board is structured so as to help to attract highly qualified people to the Supervisory Board and ensure that they remain with the Company. This means that the Supervisory Board can advise the Board of Management on the development of strategy and monitor the work of the Board of Management.

The annual remuneration of the Supervisory Board members consists of fixed basic remuneration, fixed remuneration for committee membership, and attendance fees for participating in meetings of the Supervisory Board and its committees. The basic remuneration and committee remuneration are paid annually after the end of the financial year, before the Annual General Meeting; the attendance fees are paid after each meeting attended.

Each ordinary member of the Supervisory Board is paid fixed basic remuneration of €40,000 each year. The chairperson of the Supervisory Board receives €80,000 and the deputy receives €60,000. Members of the Human Resources Committee and members of the Audit Committee receive an additional €12,000 per year, and members of the Nominations Committee and members of the Arbitration Committee receive an additional €8,000. The chairpersons of each committee receive double these amounts, and their deputies one-and-a-half times these amounts.

In addition, each member is paid an attendance fee of €1,500 for each Supervisory Board meeting and committee meeting attended. Furthermore, DEUTZ reimburses the members of the Supervisory Board for any VAT they incur in connection with the performance of their mandate and ensures that appropriate liability insurance is taken out (D&O insurance).

B. REMUNERATION GRANTED AND OWED IN 2021

The remuneration granted and owed to the members of the Supervisory Board in 2021 is shown below. Remuneration granted is the remuneration for which the related (one-year or multiple-year)

work has been performed in full. Remuneration owed is when DEUTZ has a legal obligation to the Supervisory Board member that is due but has not yet been fulfilled.

In respect of the remuneration components in 2021, 'granted and owed' specifically refers to the following:

Remuneration granted and owed in 2021 (section 162 (1) sentence 2 no. 1 AktG)

Remuneration components

Fixed basic remuneration
(promised for membership of the Supervisory Board in 2021)

Remuneration for committee membership
(promised for membership of a committee in 2021)

Attendance fees
(promised for attendance of meetings in 2021)

The remuneration granted and owed to all members of the Supervisory Board for 2021 totaled €897 thousand. The breakdown of the total remuneration by individual Supervisory Board member is shown in the following table:

	Fixed basic remuneration		Remuneration for committee membership		Attendance fees		Total remuneration
	(€ thousand)	(%)	(€ thousand)	(%)	(€ thousand)	(%)	(€ thousand)
Dr. Ing. Bernd Bohr (chairman until February 12, 2022)	80.0	46.9	68.0	39.9	22.5	13.2	170.5
Corinna Töpfer-Hartung ¹ (deputy chairwoman)	60.0	49.8	38.0	31.5	22.5	18.7	120.5
Sophie Albrecht ¹	40.0	60.2	16.0	24.1	10.5	15.8	66.5
Sabine Beutert ¹	40.0	53.7	18.0	24.2	16.5	22.1	74.5
Yavuz Büyükdag ¹	40.0	79.2	0.00	0.0	10.5	20.8	50.5
Dr. Fabian Dietrich ¹	40.0	79.2	0.00	0.0	10.5	20.8	50.5
Dr. Ing. Rudolf Maier	40.0	79.2	0.00	0.0	10.5	20.8	50.5
Hans-Peter Finken ¹	40.0	79.2	0.00	0.0	10.5	20.8	50.5
Patricia Geibel-Conrad	40.0	49.7	24.0	29.8	16.5	20.5	80.5
Alois Ludwig	40.0	55.6	20.0	27.8	12.0	16.7	72.0
Dr. Dietmar Voggenreiter (chairman since February 12, 2022)	40.0	79.2	0.00	0.0	10.5	20.8	50.5
Ali Yener ¹	40.0	66.7	8.0	13.3	12.0	20.0	60.0
Total remuneration	540.0		192.0		165.0		897.0

¹ Employee representative.

C. DISCLOSURES ON THE RELATIVE CHANGE IN THE REMUNERATION OF THE SUPERVISORY BOARD, THE REMUNERATION OF THE REST OF THE WORKFORCE, AND THE COMPANY'S EARNINGS PERFORMANCE

The following table shows the year-on-year change in the remuneration granted and owed to the Supervisory Board members in the reporting year, the earnings performance of DEUTZ AG, and the remuneration of the workforce. DEUTZ AG's earnings performance and the remuneration of its workforce are calculated in the same way as in the section on Board of Management remuneration.

Year-on-year change (%)	2021 (absolute)	2021 vs. 2020	2020 vs. 2019	2019 vs. 2018	2018 vs. 2017
Supervisory Board remuneration					
Dr. Ing. Bernd Bohr (since April 26, 2018; chairman from January 1, 2019 to February 12, 2022)	€170.5 thousand	4.6%	-2.7%	368.0%	-
Corinna Töpfer-Hartung ¹ (deputy chairwoman since April 26, 2018)	€120.5 thousand	5.2%	-1.3%	43.0%	-
Sophie Albrecht (since April 26, 2018)	€66.5 thousand	4.7%	10.2%	45.0%	-
Sabine Beutert ¹	€74.5 thousand	6.4%	-4.1%	3.2%	48.9%
Yavuz Büyükdag ¹ (since April 26, 2018)	€50.5 thousand	9.8%	-6.1%	36.9%	-
Dr. Fabian Dietrich ¹ (since April 26, 2018)	€50.5 thousand	9.8%	-6.1%	36.9%	-
Hans-Peter Finken ¹	€50.5 thousand	9.8%	-6.1%	2.2%	27.8%
Patricia Geibel-Conrad (since April 26, 2018)	€80.5 thousand	5.9%	-3.8%	43.2%	-
Alois Ludwig	€72.0 thousand	-4.0%	2.0%	14.7%	70.9%
Dr. Ing. Rudolf Maier (since October 7, 2020)	€50.5 thousand	368.0%	-	-	-
Dr. Dietmar Voggenreiter (since April 30, 2019; chairman since February 12, 2022)	€50.5 thousand	9.8%	40.0%	-	-
Ali Yener ¹ (since April 26, 2018)	€60.0 thousand	14.3%	-7.9%	38.2%	-
Earnings performance of DEUTZ					
EBIT of DEUTZ AG	€36.6 million	131.9%	-226.2%	83.8%	-68.1%
EBIT of the DEUTZ Group	€37.2 million	134.9%	-221.0%	7.4%	-43.0%
Average remuneration of the DEUTZ AG workforce					
Workforce		-0.2%	3.5%	2.1%	1.9%

¹ Employee representative.