

become available, the Board of Management and the HR department are striving to ensure that at least one woman is always shortlisted for the post (article 4.1.5 DCGK). This means that external recruitment must focus on female managers.

At the time of publication, the proportion of women in the top level of senior management below the Board of Management is 11.11 per cent and in the second level of senior management below the Board of Management 5.26 per cent. Although these figures are an improvement on last year (9.19 per cent and 3 per cent), DEUTZ AG has not yet attained the targets specified above. This is because only very few management positions have been newly filled since the Board of Management set the targets on 12 August 2015. Furthermore, it remains the case that women continue to be under-represented in the scientific and technical degree courses that are of particular relevance to DEUTZ AG.

At its meeting on 24 September 2015, the Supervisory Board of DEUTZ AG set the following target in accordance with section 111 (5) AktG: on 30 June 2017, the members of the Board of Management of DEUTZ AG should still include at least one woman.

#### **Disclosures regarding compliance with the statutory quotas for women and men on the Supervisory Board**

In accordance with the Law for the equal participation of women and men in managerial positions in the private and public sectors (law on the quota for women), the Supervisory Board of DEUTZ AG must have at least four female members and four male members after the elections scheduled for 2018, if not before.

At the time this law came into effect on 1 January 2016 the Supervisory Board of DEUTZ AG comprised eleven men and one woman. Since 1 June 2016, following the appointment of Ms Füssel to succeed Mr Paust, it has had ten male members and two female members.

As both women are employee representatives, and the Supervisory Board decided that the minimum quota has to be met separately for shareholder and employee representatives, the employee representatives are already in compliance with the statutory quota.

This is not currently the case for the shareholder representatives, as it has not been necessary to appoint new shareholder representatives to the Supervisory Board since the law on the quota for women came into effect.

#### **Disclosures relevant to corporate management practices: compliance management system, environmental and quality management, energy management**

DEUTZ AG has a compliance management system that is firmly anchored in the Company's organisational structure. The system

is continually enhanced in order to meet changing requirements. Dr Haase is the member of the Board of Management responsible for compliance.

The overriding objective of the compliance management system is to use preventive measures to ensure that the business practices of DEUTZ AG and the internal regulations and policies are known across the Group. This is primarily achieved through a structured policy management system in which existing policies are reviewed on an ongoing basis to see if they need updating and new policies are published. The policy management system is based on the code of conduct, which provides a framework for ensuring that behaviour towards business partners and employees is fair and in compliance with the law. Employees can access the code of conduct via the internal communications platform. Third-parties can view the code of conduct on the DEUTZ AG website. The guidelines set out in the code of conduct are formalised in specific policies, including a zero-tolerance policy, a policy on gifts and entertainment, a policy on engaging external sales service providers, an anti-money laundering policy and an insider trading policy, that help to ensure that employees are aware of the relevant laws and policies and are able to apply them correctly.

The Board of Management supports and promotes ethical conduct. It is unreservedly committed to corporate compliance and declines to be involved in any transactions that are inconsistent with these values. The Board of Management does not tolerate any form of corruption and is fully committed to compliance with competition law and to incorporating the notion of sustainability into the Company's activities.

Training is intended to ensure that employees are aware of the relevant laws and corporate policies, and that they comply with them at all times in their day-to-day work. Salaried staff in the head office sales, procurement, research and development and administration units, as well as in the subsidiaries, generally receive annual training sessions that are specifically tailored to their areas of activity. In the production plants, compliance training takes place in conjunction with the regular safety training.

A Compliance Officer appointed by the Board of Management coordinates compliance activities at DEUTZ AG. The individual business units and subsidiaries have their own compliance coordinators, who are responsible for compliance in their organisations and submit regular structured reports in writing to the Compliance Officer, who in turn reports to the Board of Management and Audit Committee. The basic principles of the compliance organisation are described in rules of procedure. The duties of the relevant employees are set out in job descriptions.

Employees can supply information or direct questions to line managers, compliance coordinators, the Compliance Officer or the managers responsible for the legal affairs or internal audit units. Furthermore, since the beginning of 2017, the DEUTZ AG website has featured a whistleblowing system that can also be