

## CORPORATE GOVERNANCE DECLARATION AND CORPORATE GOVERNANCE REPORT

For DEUTZ, a responsible approach to management that meets the standards of good corporate governance forms the basis for enhancing shareholder value over the long term. This is one of the main reasons why we attach great importance to the implementation of the German Corporate Governance Code (DCGK) and ensure quality and transparency in all key decisions and processes in our Company.

### CORPORATE GOVERNANCE DECLARATION PURSUANT TO SECTION 289A HGB

#### Declaration of conformity with some exceptions

In 2016, the Board of Management and the Supervisory Board once again carefully considered to what extent it was proper and consistent with the Company's objectives for DEUTZ to apply all the guidelines and recommendations of the DCGK. As a result, DEUTZ AG complies with the recommendations of the Code, as amended on 5 May 2015, with the following exceptions:

1. The D&O insurance taken out by DEUTZ AG for the members of the Supervisory Board does not provide for any excess, contrary to article 3.8 (2) and (3) DCGK. In the case of Supervisory Board members, an excess of this type is, as before, not considered an appropriate means of control.
2. There is no age limit at DEUTZ AG for members of either the Board of Management or Supervisory Board, contrary to articles 5.1.2 (2) sentence 3 and 5.4.1 (2) sentence 1 DCGK. Furthermore, there is no general limit on length of membership of the Supervisory Board, contrary to article 5.4.1 (2) sentence 1 DCGK. These exceptions enable DEUTZ AG to retain the option of benefiting from the experience brought to the Company by older members of the Board of Management and Supervisory Board and by long-standing members of the Supervisory Board.

The current declaration of conformity in accordance with section 161 of the German Stock Corporation Act (AktG), which the Board of Management and Supervisory Board submitted on 22 September 2016, can be accessed in the Investors / Corporate Governance section of the Company's website at [www.deutz.com](http://www.deutz.com). Declarations of conformity from previous years can also be viewed and downloaded there.

#### Description of the operating procedures of the Board of Management and Supervisory Board

At DEUTZ, responsibility for the executive function lies with the Board of Management; the Supervisory Board monitors and advises the Board of Management in its activities.

With the long-term development of the Company in mind, the Board of Management and Supervisory Board maintain an

open, ongoing dialogue on all strategic decisions in the Company – a process that continued in the year under review. The primary aim of the close cooperation between the two bodies is to enhance the value of the Company over the long term for the benefit of shareholders, employees and business partners. Accordingly, the Board of Management provides the Supervisory Board with regular, comprehensive and timely reports on all relevant issues relating to planning, business performance, risk position and risk management.

The Supervisory Board's work is based on rules of procedure, which can be downloaded from the DEUTZ AG website at [www.deutz.com](http://www.deutz.com).

Five meetings of the Supervisory Board took place in 2016.

No former members of the DEUTZ AG Board of Management are now members of the Supervisory Board.

The Supervisory Board is elected for a period that runs until the Annual General Meeting in 2018.

The principles by which the Board of Management operates are summarised in rules of procedure issued by the Supervisory Board, which can also be downloaded from the DEUTZ AG website.

Board of Management meetings generally take place every two weeks.

#### Composition of the Board of Management and Supervisory Board; composition and operating procedures of Supervisory Board committees

The Company's Board of Management consists of three people: Dr Frank Hiller (chairman, responsible for technical and head-office functions), Dr Margarete Haase (responsible for finance, HR and investor and public relations) and Mr Michael Wellenzohn (responsible for sales, service and marketing).

At its meeting on 22 September 2016 the Supervisory Board, following preparation by the Human Resources Committee, approved the intention of Dr Helmut Leube to step down as a member and the Chairman of the Board of Management with effect from 31 December 2016; at the same time it appointed Dr Hiller as a member and the Chairman of the Board of the