

To upgrade the skills of our shop-floor staff, we continued to work with a training provider that specialises in production management and lean management and again made good use of the seminars on occupational health and safety offered by the professional association for the wood and metal industries. In 2016, we also continued our management development activities. At the Ulm site, for example, the 'management driving licence', a modular management training course, was completed by nine managers from different departments.

A rotation programme for high-potential candidates, covering production, quality and design, has been introduced at the Zafra site for the four best engineering graduates from the University of Extremadura and the two best graduates from the dual vocational training scheme. The programme aims to give potential employees for DEUTZ Spain the training they need over a twelve-month period.

Focus on promoting health After relocating from Cologne-Deutz to Cologne-Porz in early 2016, the occupational healthcare centre started operating from its new premises. The 'Ergonomics in the workplace' project continues unabated at the Cologne site. The focus was on the assembly area and the service warehouse. As part of the ERGO-DEUTZ initiative, 340 workstations in Ulm were ergonomically assessed, improvements made where necessary and employees shown how they could introduce exercises into their daily routine to alleviate the problems of sitting at a desk.

Rewards for creativity Our bonus-based ideas management system gathers creative suggestions for improvement from DEUTZ employees. Last year, more than 1,000 ideas were submitted.

CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility has a long tradition at DEUTZ. As a corporate citizen with operations around the world, we are aware of our duties and obligations. We assume responsibility for our decisions and our actions, for our products and services, for our customers and lenders, for the environment and for the society in which we live. We have been involved in corporate citizenship projects for many years, not only in our home region in the area around Cologne but also throughout Germany and beyond.

Learning about technology in the engine museum The number of visitors to the DEUTZ engine museum continues to rise. It includes exhibits on the origins and history of global motorisation and shows original machines from the early days of the engine. This all started more than 150 years ago with the founding of N.A. Otto & Cie., the predecessor of today's DEUTZ AG. The Company's history department, which is run on a voluntary basis, and the 'Friends of DEUTZ's Engine Collection' initiated joint projects with the Rhineland Regional Association, the Knowledge Foundation of the Sparkasse savings bank in Cologne/Bonn, the German Museum in Munich and the Luxembourg Science Center last year. DEUTZ also promotes a continual dialogue of ideas in order to nurture enthusiasm for technology among the general public, particularly young people.

As in previous years, DEUTZ took part in the 'Nacht der Technik' engineering and technology evening on 23 June 2016. Visitors were able to take a guided tour of our engine museum and the assembly hall at our Cologne-Porz site.

Helping young people and the unemployed into work For more than 25 years, we have been working with IN VIA – an association under the auspices of the German Caritas organisation – and the German Federal Employment Agency to provide career preparation courses for young people with learning and social difficulties. In 2015/2016, a total of 36 participants underwent basic metalwork training over a ten-month period at the DEUTZ training centre, which equipped them with a wealth of skills needed to take up a career. In 2016, 84 per cent of those who completed this training then enrolled on a vocational apprenticeship scheme, which is a relatively high proportion.

Employees

Corporate social
responsibility

Environment

Valuable contribution from people with disabilities DEUTZ has been successfully working with NOSTRA GmbH for more than 30 years. People with disabilities work as full and equal employees at DEUTZ AG's Cologne-Kalk site, where they are responsible for the picking and packaging process for the entire range of engine spare parts. Day in, day out, they prove that people with disabilities make a valuable, economically viable contribution in the modern world of work. Today, for example, around 50 full-time employees pack engine parts and put together gasket sets and spare parts kits. Highly complex certification standards, such as DIN EN ISO 9001, have been achieved.

DEUTZ has also successfully worked in partnership with GWK, a not-for-profit organisation based in Cologne, for more than 40 years. Currently, over 110 people work for us at various sites on tasks including processing packaging and assembly orders, using machines to produce additional articles such as belt pulleys and oil level gauges and handling printing orders. The many different work steps enable the integration of employees with a variety of abilities who benefit from the continuity of the repetitive tasks.

Variety of community activities DEUTZ has been supporting the community with its 'DEUTZ fulfils your wish' Christmas initiative for a number of years. In 2016, around 120 youngsters from Kalker Kindermittagstisch wrote down their wishes on 'wish notes' and hung them on the Christmas tree so that DEUTZ employees had the chance to make their wishes come true. Kalker Kindermittagstisch serves a hot meal to the children every day and supervises them while they do their homework. Employees at the Cologne-Kalk plant also organised a donations drive as part of this community project.

Our employees demonstrated their generosity in various other ways during 2016. In the spring, apprentices at our Ulm site got involved with 'Guter Hirte' in Ulm, an organisation that looks after young single parents with small children, young people in need and child refugees without parents. And in December, employees in Ulm collected donations for 'Radio 7 Drachenkinder', a fundraiser organised by the radio station for traumatised local children who have experienced a lot of suffering as a result of illness, disability or severe setbacks in life.

DEUTZ choir reaches a milestone The 100 voices of the DEUTZ choir celebrated 70 years of singing in 2016. They marked the occasion with two gala concerts entitled 'Tales from Vienna' at the Cologne Philharmonic Hall on 25 and 26 June. Another highlight was a concert tour to Berlin, where the choir's appearances included a benefit concert at the Kaiser Wilhelm Memorial Church on 29 September. On 10 and 11 December, the choir again gave outstanding performances at its three Advent concerts in Cologne-Gürzenich, at which it was joined by the Domstadt Philharmoniker orchestra. At these concerts, donations were collected by 'Kölner Kreidekreis', which supports orphans and children who have been taken into care.

Engagement as a matter of course DEUTZ has also long been committed to diversity management: we value the diversity of our individual employees around the world – in terms of gender, origin, age, religion and disability – and we try to harness this for the success of the Company. For example, we have a clear target to increase the number of management positions within the DEUTZ Group that are occupied by women. Further information can be found in the corporate governance report on pages 129 et seq. of this annual report.

The members of the Board of Management and managers at DEUTZ AG are also fully aware of their responsibility to lead by example. They have been contributing personally to various charitable associations, trade associations, committees, trusts and other forums for many years.

ENVIRONMENT

DEUTZ upholds its responsibility for protecting the environment and preventing climate change in a variety of ways, and our environmentally friendly products and resource-efficient production methods play an important role in this regard. Our environmental management system enables us to keep track of aspects that are highly relevant to the environment, such as keeping the air clean, avoiding and correctly disposing of waste, protecting against soil and water pollution and sustainably reducing energy consumption. Furthermore, the Board of Management of DEUTZ AG set a core environmental target for 2016 of a year-on-year reduction in carbon dioxide emissions of 2 per cent per engine produced.

ENERGY MANAGEMENT SYSTEM

After successfully implementing the energy management system and obtaining certification for it in recent years, we made organisational and technological refinements to the system in 2016.

For example, the energy teams were reorganised in connection with the restructuring of the Cologne and Ulm sites and we introduced a KPI system for monitoring energy targets in the plants. Data capture was further improved by integrating mobile data entry technology into the energy monitoring system. This system provides a basis for identifying potential savings through the use of detailed analyses.