

Corporate Governance Report / Declaration on Corporate Governance in the Group

↗ Business Report information not reviewed for content

The Executive Board and Supervisory Board of DMG MORI AKTIENGESELLSCHAFT always act in accordance with good corporate governance and report on matters concerning corporate governance at DMG MORI in adherence to the German Corporate Governance Code. This is reflected in a responsible and transparent business management and corporate governance. Good corporate governance is an essential element of strategic thinking and action on all organizational levels throughout the group.

In November 2021, the Executive Board and Supervisory Board issued a declaration of compliance that confirmed adherence to all recommendations set out in the "Government Committee German Corporate Governance Code" in the Code's version dated 16 December 2019 for the time since the Code's publication in the electronic Federal Gazette on 20 March 2020, with the following exception:

- › In accordance with G.10 of the German Corporate Governance Code, the remuneration of the Executive Board shall be invested primarily in shares of the company or granted on a share-based basis. DMG MORI does not implement this recommendation but has based the long-term remuneration component of the Executive Board on key figures which, in the opinion of the Supervisory Board, are of material importance for the long-term success of the company. Share-based remuneration is not appropriate at DMG MORI, as DMG MORI AKTIENGESELLSCHAFT is a dependent company on the basis of the domination and profit transfer agreement of 2 June 2016, whose shareholders are entitled to compensation and severance pay under the domination and profit transfer agreement. The development of the company's share price is therefore not significantly influenced by the performance of the Executive Board and is therefore not an appropriate means of measuring the long-term remuneration of the Executive Board at DMG MORI.

The Executive Board and the Supervisory Board further confirm their intention to continue adherence to the recommendations set out in the "Government Committee German Corporate Governance Code" in accordance with the declaration of compliance issued for the year 2021.

DMG MORI complies with the suggestions of the German Corporate Governance Code with only two exceptions regarding the Annual General Meeting. For organizational and cost reasons, the physical Annual General Meeting is held without

being broadcast over the Internet and without the possibility of contacting the representatives with regard to exercising the voting rights of shareholders in accordance with their instructions during the Annual General Meeting.

The current declaration of compliance and the Corporate Governance Report together with the declarations of compliance of previous years are permanently accessible on our website. → en.dmgmori-ag.com/corporate-communications/corporate-governance

Pursuant to Section 317 (2) sentence 6 German Commercial Code (HGB), the purpose of the audit of the statements made in the group declaration on corporate governance pursuant to Section 289f (2) and (5) and Section 315d German Commercial Code is limited to determining whether such statements have been made.

Responsible Management of Opportunities and Risks

For us, part of good corporate governance is the comprehensive and systematic management of opportunities and risks within corporate management. Detailed information on the opportunities and risk management system can be found on page 88 et seqq.

Cooperation between the Executive Board and Supervisory Board

The Executive Board and Supervisory Board work closely together in the best interest of the company. The Executive Board coordinates the strategic direction of the company with the Supervisory Board and informs the Supervisory Board regularly, timely and comprehensively about all questions pertaining to the strategy, business development, risk position, risk management and compliance that are of relevance for the company. Any deviations in the course of business from the established plans and goals adopted by the group are investigated and explained. The Executive Board forwards the half-year reports and quarterly releases to the Finance and Audit Committee and discusses these reports and releases with the Finance and Audit Committee before their publication. The Articles of Association and the Rules of Procedure require the Supervisory Board's approval for a wide range of business transactions proposed by the Executive Board.

The remuneration of both the members of the Supervisory Board and of the Executive Board is presented in detail in

the remuneration report from page 52 et seqq. which forms part of the Business Report of the Consolidated Financial Statements of DMG MORI AKTIENGESELLSCHAFT.

The Supervisory Board and Executive Board jointly care for the long-term succession planning. To this end, the Supervisory Board regularly gives selected executives the opportunity to present themselves, for example. The Supervisory Board has set an age limit of 60 years for the (re-)appointment of Executive Board members.

Objectives concerning the Composition of the Supervisory Board

In its meeting on 22 September 2015, the Supervisory Board adopted the following resolution on the voluntary commitment pursuant to Section C.1 DCGK (German Corporate Governance Code):

- › The Supervisory Board should continue to be composed of the unchanged number of shareholder representatives with experience in the management or governance of companies with global operations;
- › Consideration of employees from significant areas of DMG MORI on the employee side;
- › Consideration of knowledge about DMG MORI and of markets of particular importance to DMG MORI, as well as knowledge about technical contexts and technology management;
- › Consideration of special knowledge and experience in the application of financial reporting principles, internal control procedures and compliance processes;
- › At least two male and two female Supervisory Board members should be among the shareholder representatives as well as the employees' representatives;
- › At least 50 % of all Supervisory Board members should be independent;
- › Avoiding conflicts of interest;
- › An upper age limit of 70 years at the time of election to the Supervisory Board should be observed; maximum limit of five office terms;
- › Nominations for the future composition of the Supervisory Board should continue to focus in particular on the interests of the company, while observing the aforementioned objectives.

The re-election of the Supervisory Board in May 2018 meant that the Supervisory Board again complied with its voluntary commitment of setting a gender quota in financial year 2021. It also adhered to its voluntary commitment to ensure the independence of at least 50 % of the Supervisory Board members.

Diversity

The diversity culture lived at DMG MORI allows our employees for example to become involved in the group's international projects. This cultural exchange promotes personnel diversity and increases performance. At DMG MORI, all employees and job applicants are held in high esteem irrespective of their nationality or ethnic origin, gender, age, religion, sexual orientation or physical impairments. The Executive Board has manifested this equal opportunity through the DMG MORI Code of Conduct.

Statutory Gender Quota Requirements

Taking into account the Act on Equal Participation of Men and Women in Executive Positions in Private Business and the Public Sector, the Supervisory Board on 30 November 2017 passed a resolution that provides for a quota of 20 % of the Executive Board of DMG MORI AKTIENGESELLSCHAFT to be filled with female members by no later than 30 June 2022.

As a result of flat hierarchies, DMG MORI AKTIENGESELLSCHAFT only has one management level subordinate to the Executive Board. On 18 October 2017, the Executive Board agreed on a target female quota of 10 % for this management level. The target is to be achieved by 30 June 2022. With regard to the Supervisory Board, the statutory quota of 30 % has been met consistently since the Supervisory Board elections in 2018. The shareholders' and employees' representatives have decided to meet the legal requirements separately from each other. Two female members have been among the shareholder representatives of the Supervisory Board since the Supervisory Board's election. Three female Supervisory Board members have been among the employees' representatives since the Supervisory Board's elections.

Avoiding Conflicts of Interest

The Executive Board and the Supervisory Board are obliged to act in the best interest of the company. The members of the Executive Board and of the Supervisory Board are prohibited from pursuing personal interests in their decisions and in connection with their office, from pursuing business opportunities the company is entitled to for their own benefit,

and from granting undue advantages to other persons. Any conflicts of interest that may arise from these and other situations must be disclosed to the Supervisory Board without delay and must be assessed and, if necessary, authorized by the Supervisory Board. The Supervisory Board reports to the Annual General Meeting on any conflicts of interest and how they are dealt with.

Shareholders and Annual General Meeting

Our shareholders exercise their rights at the occasion of the Annual General Meeting. The Annual General Meeting adopts resolutions, inter alia, on the approval of the actions of the Supervisory Board and Executive Board, as well as on the election of the auditor of the annual financial statements or any amendments of the Articles of Association. Due to the corona situation, the Annual General Meeting was once again held as a virtual event in the reporting year. For Annual General Meetings held in this format, we enable shareholders to exercise their voting rights by electronic or postal written ballot, within the legal possibilities, and by issuing instructions to the company's voting proxies. Shareholders may exercise their voting rights in person at Annual General Meetings conducted as presence events. Shareholders who are unable to personally attend a physical Annual General Meeting are offered the option of appointing an authorized representative of their choice to exercise their voting rights on their behalf, or to assign them to a proxy who must exercise them in accordance with their instructions. It is also possible to timely obtain information online about the Annual General Meeting. All documents and information are made available to our shareholders on our website well ahead of the meeting date.

Transparency

We strive to ensure corporate communications that offer the greatest possible transparency and actuality for all target groups, including shareholders, investors, business partners, employees and the general public. On our website, we continuously provide information on the company's current affairs and publish press and quarterly releases, annual reports as well as a detailed financial calendar.

Compliance

We are aware of our responsibility towards our business partners, shareholders and employees, as well as to the environment and the society. We are therefore firmly committed to clear principles and values. This particularly includes the adherence to and compliance with statutory requirements and regulatory standards, voluntary commitments and our internal policies. Our compliance management system is tasked with warranting our continued alignment with

our principles and values. Further information about our Compliance Management System can be found in the Sustainability Report 2021 and on our website.

Accounting and Annual Audit

For the reporting year, DMG MORI and financial auditing firm PwC PricewaterhouseCoopers, Bielefeld, agreed that the Chairman of the Supervisory Board and the Chairwoman of the Finance and Audit Committee shall be informed promptly of any reasons for exclusion or bias that arise during the audit and cannot be remedied. In addition, the auditor shall also immediately report any findings and events that arise during the audit of the financial statements and consolidated financial statements that have a significant bearing on the work of the Supervisory Board. Moreover, the auditor informs the Supervisory Board, or points out in the audit report, any circumstances that are inconsistent with the declaration of compliance issued by the Executive Board and Supervisory Board under the Corporate Governance Code.

Insurance for members of the Supervisory Board and the Executive Board of DMG MORI

The group has taken out D&O insurance policies (management liability insurance) and legal expenses insurance policies for members of the Supervisory Board, Executive Board members and Managing Directors. The D&O insurance contains the deductible provided for in the code or in the pertinent statutory provisions.

Shareholdings of the Executive Board and Supervisory Board members

Only one of the members of the Supervisory Board holds a significant indirect interest in DMG MORI AKTIENGESELLSCHAFT. Dr. Eng. Masahiko Mori holds shares in DMG MORI COMPANY LIMITED (Tokyo, Japan). DMG MORI COMPANY LIMITED indirectly holds an 86.42% interest in the share capital of DMG MORI AKTIENGESELLSCHAFT. Thus, Dr. Eng. Masahiko Mori is holding an indirect equity interest in DMG MORI AKTIENGESELLSCHAFT.

Pursuant to Section 19 MMVO (German Market Abuse Regulations), members of the Supervisory Board and Executive Board, as well as other individuals subject to reporting requirements, must notify both the company and the Federal Financial Supervisory Authority (BaFin) whenever they buy or sell, inter alia, of shares or other securities of the company. The company is then required to publish the notification without delay. The relevant notifications made by DMG MORI AKTIENGESELLSCHAFT are available on the company's website anytime.