

# CORPORATE GOVERNANCE

## Corporate Governance Report / Group Declaration on Corporate Management

Business Report information not reviewed for content<sup>1</sup>

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 AG 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 2024, the Executive Board and Supervisory Board issued a Compliance Statement pursuant to Section 161 of the German Stock Corporation Act (AktG). This statement confirms that DMG MORI AG complied with the recommendations of the "Government Commission on the German Corporate Governance Code" in the version dated 28 April 2022 and will continue to comply with them in the future, but with the following exception:

### — Exception: Recommendation G.10 of the German Corporate Governance Code

In accordance with G.10 of the German Corporate Governance Code, the majority of the Executive Board remuneration is to be paid in the form of company shares or a corresponding share-based arrangement. DMG MORI AG is not implementing this recommendation, but is rather basing the long-term remuneration components of the Executive Board on performance indicators the Supervisory Board has found to bear significant relevance on the company's success over the long term.

Share-based remuneration is not suitable for DMG MORI AG, as DMG MORI AKTIENGESELLSCHAFT, as a result of the domination and profit transfer agreement from 2 June 2016, is a dependent company whose shareholders have been promised compensation and settlement as part of the conclusion of the domination and profit transfer agreement. Thus, the Executive Board's performance does not significantly affect the company's share price performance and the latter is therefore not an appropriate means of measuring Executive Board long-term remuneration at DMG MORI AG.

DMG MORI AG fully complies with the non-mandatory suggestions of the German Corporate Governance Code. The current declaration of conformity and the Corporate Governance Report, together with the declarations of conformity from previous years, are permanently accessible on our website.

<sup>1</sup> <https://en.dmgmori-ag.com/investor-relations/corporate-governance/corporate-governance-overview>

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. Group-wide risk management is based on an integrated governance, risk and compliance model (GRC model). Detailed information on the opportunities and risk management system can be found in the <sup>page 67 et seqq.</sup> **Opportunities and Risk Report**. We are not aware of any material circumstances from our reviews of internal control and risk management or from reports by internal audit that speak against the appropriateness and effectiveness of these systems.

## Cooperation between the Executive Board and Supervisory Board

The Executive Board and Supervisory Board work together closely 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.

<sup>page 87 et seqq.</sup> The remuneration of both the members of the Supervisory Board and of the Executive Board is presented in detail in the **Remuneration Report** – as part of the Business Report of the Consolidated Financial Statements of DMG MORI AKTIENGESELLSCHAFT.

The Supervisory Board and Executive Board work together to ensure long-term succession planning. The Supervisory Board has set an age limit of 70 years for the (re-)appointment of Executive Board members.

## Composition Targets of the Supervisory Board

The following section contains information marked with a bracket, which also deals with the specifically stated disclosure requirements of the ESRS. An overview of this information can be <sup>page 109</sup> found in chapter Sustainability Report in table **T.40**.

- 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 important areas of DMG MORI AG on the employee representatives' side;

- Knowledge about DMG MORI AG and key markets for DMG MORI AG, as well as knowledge about technical contexts and technology management should be taken into consideration;
- Specialist knowledge and experience in the application of accounting principles, internal monitoring procedures and compliance processes should be given consideration;
- At least two male and two female Supervisory Board members should be among the shareholder representatives as well as the employees' representatives;
- A least 50 % of all Supervisory Board members should be independent;
- Avoiding conflicts of interest;
- An upper age limit of 75 years at the time of election to the Supervisory Board should be observed; limit of five office terms;
- Nominations for future composition of the Supervisory Board should also look, in particular, to the interests of the company, while observing the aforementioned objectives.

The re-election of the Supervisory Board in May 2023 meant that the Supervisory Board again met its gender quota targets in financial year 2023. It also complied with recommendation C.7 of the German Corporate Governance Code on the independence of at least 50 % of Supervisory Board members. In the reporting year, the Supervisory Board reviewed the necessary qualifications and also defined the competencies for the entire board. Further details on this competency profile are shown in table [T.20](#).

Taking into account the shareholder structure and the current domination and profit transfer agreement dated 2 June 2016, the shareholder representatives expect at least 3 members of the shareholder side to be independent (table [T.20](#)).

**T.20 QUALIFICATION MATRIX OF SUPERVISORY BOARD – PART 1: EMPLOYER REPRESENTATIVES**

	Dr.-Eng. Masahiko Mori	Ulrich Hocker	Irene Bader	Prof. Dr.-Ing. Berend Denkena	Prof. Dr. Annette Köhler	James Victor Nudo
<b>Tenure</b>						
Joined Board in	2009/09/06	2010/05/11	2016/05/24	2013/05/17	2017/05/06	2018/05/04
Elected until	AGM 2027 <sup>2)</sup>	AGM 2027 <sup>2)</sup>	AGM 2027 <sup>2)</sup>	AGM 2027 <sup>2)</sup>	AGM 2027 <sup>2)</sup>	AGM 2027 <sup>2)</sup>
<b>Personal Suitability</b>						
Independence <sup>1)</sup>	•			•	•	
No Overboarding <sup>1)</sup>	•	•	•	•	•	•
<b>Diversity</b>						
Gender	male	male	female	male	female	male
Nationality	Japanese	German	Austrian	German	German	US-American
Date of birth	1961/09/16	1950/11/06	1979/01/01	1959/11/05	1967/01/13	1954/05/30
<b>Professional Suitability</b>						
Technology and knowledge of mechanical engineering industry	•		•	•		
Strategy	•	•	•	•	•	•
Accounting		•			•	
Auditing		•			•	
Law / Regulation		•			•	•
Personnel / co-determination / remuneration	•	•		•		•
Corporate Governance / Internal processes		•		•	•	•
Compliance		•			•	•
Digitization	•			•		
ESG / Sustainability / Social and labor conditions	•			•	•	
<b>International Experience</b>						
Germany	•	•	•	•	•	
Europe	•	•	•	•	•	•
Asia	•	•	•	•		•
America	•	•	•	•		•

1) with the meaning of Corporate Governance Code

2) Annual General Meeting that will decide on the discharge for the financial year 2027 (probably in spring 2028)

• Criterion met, based on a self-assessment by the Supervisory Board. One point means at least "good knowledge" and thus the ability to understand the relevant issues well and make informed decisions based on existing qualifications, the knowledge and experience acquired in the course of work as a member of the Supervisory Board (for example, many years of service on the Audit Committee) or the training measures regularly attended by all members of the Supervisory Board.

ESRS 2 GOV-1

ESRS 2 GOV-1 – G1

Content which should also cover the requirements of the specified ESRS disclosure requirements.

**T.20 QUALIFICATION MATRIX OF SUPERVISORY BOARD – PART 2: EMPLOYEE REPRESENTATIVE**

	Tanja Föndel	Stefan Stetter	Dietmar Jansen	Thomas Reiter	Larissa Schikowski	Michaela Schroll
<b>Tenure</b>						
Joined Board in	2018/01/19	2018/05/04	2013/05/17	2023/05/12	2018/05/04	2018/05/04
Elected until	AGM 2027 <sup>2)</sup>					
<b>Personal Suitability</b>						
Independence <sup>1)</sup>	•	•	•	•	•	•
No overboarding <sup>1)</sup>	•	•	•	•	•	•
<b>Diversity</b>						
Gender	female	male	male	male	female	female
Nationality	German	German	German	German	German	German
Date of birth	1976/07/27	1968/12/30	1965/08/23	1969/08/25	1969/08/19	1976/02/16
<b>Professional Suitability</b>						
Technology and knowledge of mechanical engineering industry	•	•	•	•	•	•
Strategy		•				•
Accounting		•			•	
Auditing		•	•			
<b>Law / Regulation</b>						
Personnel/co-determination/ remuneration	•	•	•	•	•	•
Corporate Governance/ Internal processes		•	•			
Compliance		•		•	•	
Digitization	•		•	•		•
ESG/Sustainability/ Social and labor conditions	•	•	•	•	•	•
<b>International Experience</b>						
Germany	•	•	•	•	•	•
Europe	•	•				
Asia		•				
<b>America</b>						

1) with the meaning of Corporate Governance Code

2) Annual General Meeting that will decide on the discharge for the financial year 2027 (probably in spring 2028)

• Criterion met, based on a self-assessment by the Supervisory Board. One point means at least "good knowledge" and thus the ability to understand the relevant issues well and make informed decisions based on existing qualifications, the knowledge and experience acquired in the course of work as a member of the Supervisory Board (for example, many years of service on the Audit Committee) or the training measures regularly attended by all members of the Supervisory Board.

ESRS 2 GOV-1

ESRS 2 GOV-1 – G1

Content which should also cover the requirements of the specified ESRS disclosure requirements.

## Diversity

The diversity culture lived out at DMG MORI AG allows our employees to become involved e.g. in the group's international projects. This cultural exchange promotes personnel diversity and improves performance. At DMG MORI AG, all employees and applicants are treated and valued equally, regardless of nationality or ethnic origin, gender, age, religion, sexual orientation or physical impairment. The Executive Board has manifested this equal opportunity through the Code of Conduct of DMG MORI.

In the reporting year, the Supervisory Board of DMG MORI AG was composed of five female (42%) and seven male (58%) members. Overall, the Supervisory Board members belong to four different nationalities. The average age was 58 years.

In the reporting year, the Executive Board was composed exclusively of male members. Overall, the Executive Board members belong to two different nationalities. After the resignation of Michael Horn as of 31 March 2024, the average age was 68 years.

#### T.21 QUALIFICATION MATRIX OF EXECUTIVE BOARD

	Alfred Geißler	Hirotake Kobayashi
<b>Tenure</b>		
Joined Board in	2023/05/26	2024/01/01
<b>Diversity</b>		
Gender	male	male
Nationality	German	Japanese
Date of birth	1958/04/17	1954/12/25
<b>Professional suitability</b>		
Technology and knowledge of mechanical engineering industry	•	
Strategy	•	•
Accounting		•
Auditing		•
Law/regulation		•
Personnel/co-determination/remuneration	•	•
Corporate governance/internal processes		•
Compliance		•
Digitization	•	
ESG/sustainability/social and labor conditions	•	
<b>International experience</b>		
Germany	•	•
Europe	•	•
Asia	•	•
America	•	•

• Criterion met, based on a self-assessment by the Supervisory Board. One point means at least "good knowledge" and thus the ability to understand the relevant issues well and make informed decisions based on existing qualifications or the knowledge and experience acquired in the course of work as a board member.

ESRS 2 GOV-1

ESRS 2 GOV-1 – G1

Content of the Group Business Report, which should also cover the requirements of the specified ESRS disclosure requirements.

#### 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 passed a resolution on 5 May 2022 specifying that a quota of 20% of the Executive Board of DMG MORI AKTIENGESELLSCHAFT is to be occupied by female members of staff by 30 June 2027.

As a result of flat hierarchies, there is only one management level below that of the Executive Board at DMG MORI AKTIENGESELLSCHAFT. On 13 June 2022, the Executive Board agreed on a target female quota of 15 % for this management level. This target is to be achieved by 30 June 2027.

With regard to the Supervisory Board, the statutory quota of 30 % has been met consistently since the Supervisory Board elections in 2023. 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. This corresponds to a quota of 33 %. Three female Supervisory Board members have been among the employees' representatives since the Supervisory Board's elections. This corresponds to a quota of 50 %.

### **Prevention of Conflicts of Interest**

Members of the Executive Board and Supervisory Board are obliged to act in the best interests 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 interests, and from granting undue advantages to other persons. Any conflicts of interest that may arise from these and other situations must be immediately disclosed to, assessed by 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, among others, on the granting of discharge to the Supervisory Board and Executive Board, as well as on the election of the auditor of the annual financial statements and proposed amendments of the Articles of Association. In the reporting year, shareholders were able to personally exercise their voting rights at virtual Annual General Meeting. Shareholders who are unable to attend a virtual Annual General Meeting are offered the option of appointing an authorized representative of their choosing 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 obtain timely information about the Annual General Meeting online. All documents and information are made available to our shareholders online well ahead of the meeting date.

### **Transparency**

We aspire to ensure corporate communications that offer the greatest possible transparency and currency for all target groups, including shareholders, investors, business partners, employees and the general public. Our website is continuously updated with information on the company's current affairs. Press releases, quarterly releases, financial reports and a detailed financial calendar are also published on the website.

## Compliance

We are aware of our responsibility towards our business partners, shareholders and employees, as well as to the environment and to the society. With their best interest in mind, we are 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 2024 Sustainability Statement in accordance with CSRD guidelines and on our website.

## Accounting and Annual Audit

For the reporting year, it was agreed with the financial auditing firm, PwC Pricewaterhouse-Coopers GmbH, Frankfurt am Main, that the Chairman of the Supervisory Board and the Chairwoman of the Finance and Audit Committee are to be immediately informed 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 conformity 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 AG

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 member of the Supervisory Board holds a significant indirect interest in DMG MORI AKTIENGESELLSCHAFT. Dr. Eng. Masahiko Mori holds shares in DMG MORI COMPANY LIMITED (Nara, Japan). DMG MORI COMPANY LIMITED indirectly holds 88.93 % interest in the share capital of DMG MORI AKTIENGESELLSCHAFT. Hence, Dr. Eng. Masahiko Mori is holding an indirect 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, who are subject to reporting requirements, must notify both the company and the Federal Financial Supervisory Authority whenever they buy or sell, among others, shares or other securities of the company. The company is then required to immediately publish a corresponding notification. The relevant notices made by DMG MORI AKTIENGESELLSCHAFT can be accessed at any time on the company's website.