

Declaration on corporate governance

Corporate governance takes high priority at the Wacker Neuson Group. Our Executive and Supervisory Boards see it as their responsibility to comply with principles ensuring responsible, professional and transparent company management, as stipulated in the German Corporate Governance Code. Our activities are geared towards securing our company's long-term success and increasing its value. Embedded throughout the company, our mission statement is thus an integral part of all of our business practices.

Declaration on corporate governance

In the following statement, the Executive Board – also on behalf of the Supervisory Board – reports on the company's and the Group's corporate governance policies and practices in accordance with Sections 289f and 315d of the German Commercial Code (HGB) and Section 3.10 of the German Corporate Governance Code (DCGK) as amended on February 7, 2017, as well as Standard 22 DCGK as amended on December 16, 2019.

1. Declaration of compliance pursuant to Section 161 AktG

The Executive Board and the Supervisory Board of Wacker Neuson SE consider the German Corporate Governance Code as an important body of regulations. Both executive bodies feel compelled to comply with its principles of responsible, professional and transparent corporate governance. They have therefore thoroughly examined the recommendations of the German Corporate Governance Code and issued the following declaration of compliance as most recently amended on December 22, 2020.

Declaration of compliance with the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporation Act (AktG)

The German Corporate Governance Code contains recommendations and proposals for managing and monitoring German listed companies in relation to shareholders and the Annual General Meeting (AGM), the Executive Board and the Supervisory Board, transparency, accounting and auditing. The German Stock Corporation Act requires the Executive Board and the Supervisory Board of listed companies to disclose each year the recommendations of the German Corporate Governance Code which the company has not followed or is not following, and to explain the reasons for non-compliance ("comply or explain").

The Executive Board and the Supervisory Board identify with the duty as outlined in the German Corporate Governance Code to uphold the principles of a social market economy and maintain the substance of the company as a going concern and its ability to generate value in a sustainable fashion (company interest) and to further promote responsible and transparent management and governance of the company.

In accordance with Section 161 AktG, the Executive Board and the Supervisory Board of Wacker Neuson SE hereby declare that:

1. Since the submission of the most recent declaration of compliance dated December 12, 2019, the company has complied with the recommendations issued by the German Corporate Governance Code Commission published by the German Federal Ministry of Justice (BMJ) in the official section of the Federal Gazette as amended on February 7, 2017 ("DCGK 2017") with the exceptions listed below:

Section 3.8 (3) DCGK 2017: The company's D&O liability insurance policy for its Supervisory Board has been concluded without a deductible. The company is of the opinion that a deductible would not improve the sense of motivation and responsibility with which the Supervisory Board members perform their duties. D&O insurance safeguards the company against substantial internal risks and – only as a secondary function – protects the assets of members of its bodies. Hence the company refrained from applying a deductible to Supervisory Board members.

Section 4.2.2 (2) DCGK 2017: According to Section 4.2.2 (2) sent. 3 DCGK 2017, the Supervisory Board, when setting the overall remuneration payable to individual members of the Executive Board, shall also define Executive Board remuneration in relation to that of senior executives and general staff, also over time, whereby the Supervisory Board defines, for the purposes of comparison, how senior executives and general staff are to be delineated. The Supervisory Board has thus far not followed this recommendation.

Section 4.2.3 (2) sent. 3 DCGK 2017: Remuneration components spanning in some cases several years which are not tied to future performance have been and are agreed upon. The Supervisory Board was of the opinion that it was not necessary to tie all variable remuneration components to future performance to narrow down an appropriate framework for Executive Board remuneration.

Section 4.2.3 (6) DCGK 2017: The AGM was not informed separately about the main terms of and changes to the remuneration system for Executive Board members as this information is already disclosed in the Group Management Report, which is available to all shareholders.

Sections 4.2.4, 4.2.5, 5.4.6 (3) and 7.1.3 DCGK 2017: The AGM has decided not to publish the income of each individual Executive Board member in the notes to the Annual and Consolidated Financial Statements. In line with this, the remuneration report and the declaration on corporate governance do not include an individualized report on Executive Board remuneration. Nor do they contain specific information about share-based incentive systems for the Executive Board (which the company does not apply anyway). For this reason, this information is not presented in the model tables recommended in Section 4.2.5 (3) DCGK 2017.

Similarly, the remuneration of individual Supervisory Board members was not published. Remuneration is clearly regulated in the company's Articles of Incorporation. The Executive Board and Supervisory Board are of the view that these Articles coupled with other mandatory legal disclosures provide investors and the public with sufficient information in this area.

Section 5.3.3 DCGK 2017: The Supervisory Board has not formed a nomination committee. The size of the Supervisory Board (four shareholder representatives) and the shareholder structure do not warrant a dedicated committee for proposing the shareholders' Supervisory Board candidates.

Section 5.4.1 (1) to (4) sent. 1-3 DCGK 2017: When submitting its election proposals to the Annual General Meeting regarding the election of the shareholder representatives, the Supervisory Board took into account the statutory requirements and recommendations of the German Corporate Governance Code in relation to the suitability requirements to be met by Supervisory Board members.

Here the focus was placed – irrespective of nationality and gender – on the specialist and personal skills of potential candidates in relation in particular to the company's specific situation, and not on rounding out a given competency profile or pursuing a diversity concept. Within the scope of evaluating competence, the Supervisory Board also placed appropriate emphasis on the company's international engagement, potential conflicts of interest, the number of independent members of the Supervisory Board, the age limit stipulated for members of the Supervisory Board and the principle of diversity and, for elected employee representatives, the special regulations set down in Germany's co-determination acts (Mitbestimmungsgesetze). The Supervisory Board declined to set a limit on the term of office as it is of the view, given the business context of a family-run enterprise, that continuity is the main priority. Besides, provisions in place stipulating the maximum age effectively limit the term of office assuming members join the Board at the usual age.

In the Supervisory Board's view, it is not necessary to specify concrete targets for its composition or to develop a competency profile or a diversity concept for the governing body as a whole. Consequently, the declaration on corporate governance does not outline such profiles or concepts or the extent to which they have been implemented – with the exception of statements relating to compliance with legal requirements arising from the German law governing Equal Participation of Women and Men in Leadership Positions ("women's quota").

Section 5.4.1 (5) sent. 2 DCGK 2017: The Supervisory Board is of the view that the information made available to the Annual General Meeting and published on the company's website as standard practice to date is sufficient – even if it does not comply with the recommendation under the Code, and thus continues to refrain from complying with the Code's recommendation to draft, publish and update detailed resumes for proposed and current members of the Supervisory Board.

Sections 5.4.2, 5.4.1 (4) sent. 3 and 5.3.2 DCGK 2017: The following situation is noted, which is also described in

the Group Management Report: A pool agreement is in place between some of the shareholders of the Wacker and Neunteufel families. The parties to this pool agreement collectively hold about 58 percent of the shares of Wacker Neuson SE and can thus jointly (but not individually, i.e., individual members of the pool agreement acting in isolation) control the company. In accordance with the provisions of the pool agreement, each party to the pool agreement must exercise its right to vote and submit proposals at the Annual General Meeting such that two Supervisory Board members nominated as shareholder representatives by the Wacker family and two by the Neunteufel family are always elected. The shareholder representatives thus elected are, however, not bound in any way to the directions of individual, several or all of the parties to the pool agreement and any and all decisions they make within the Supervisory Board are made exclusively in the company's interests.

Even though these shareholder representatives always enjoy the special trust of the parties to the pool agreement appointing them, they are not, in the Supervisory Board's view, in any personal or business relationship with a controlling shareholder, which could lead to a fundamental conflict of interest. In the view of the Supervisory Board, the shareholder representatives in the Supervisory Board, including the Chairman of the Audit Committee, are therefore to be considered independent. It is therefore the Supervisory Board's view that the Supervisory Board is composed of a sufficient number of independent members, in particular with regard to the ownership structure. Given the ongoing legal uncertainty surrounding interpretation of the term "independence", the company nonetheless declares non-conformance as a precautionary measure.

Given the independence of all shareholder representatives on the Supervisory Board and the detailed disclosures relating to their appointment made herein, the Supervisory Board refrains from providing explicit information about what it considers to be an appropriate number of members and their names again in the declaration on corporate governance.

Section 5.4.3 (3) DCGK 2017: So that the Supervisory Board can vote impartially for its chairperson, the proposed candidates are not announced.

Section 5.4.6 (2) sent. 2 DCGK 2017: Along with a fixed remuneration, the Supervisory Board members shall be paid a variable remuneration which depends exclusively on the success of the relevant fiscal year. The Executive Board and the Supervisory Board are of the view that the current remuneration regulation is appropriate and reflects the Supervisory Board's tasks and functions.

2. On December 16, 2019, the Government Commission on the German Corporate Governance Code issued a new version of the German Corporate Governance Code, which came into force upon its publication in the Federal Gazette on March 20, 2020 ("DCGK 2020"). Wacker Neuson SE complies with recommendations of DCGK 2020 as applicable to it and shall continue to comply with these in future with the exceptions listed below:

Recommendation C.1 DCGK 2020: When submitting its election proposals to the Annual General Meeting regarding

the election of the shareholder representatives, the Supervisory Board takes into account the statutory requirements and recommendations of the German Corporate Governance Code in relation to the suitability requirements to be met by Supervisory Board members.

Here the focus is placed – irrespective of nationality and gender – on the specialist and personal skills of potential candidates in relation in particular to the company's specific situation, and not on rounding out a given competency profile or pursuing a diversity concept. Within the scope of evaluating competence, the Supervisory Board also places appropriate emphasis on the company's international engagement, potential conflicts of interest, the number of independent members of the Supervisory Board, the age limit stipulated for members of the Supervisory Board and the principle of diversity and, for elected employee representatives, the special regulations set down in Germany's co-determination acts (Mitbestimmungsgesetze).

In the Supervisory Board's view, it is not necessary to specify concrete targets for its composition or to develop a specific diversity-based competency profile for the governing body as a whole. Consequently, the declaration on corporate governance does not outline such profiles or concepts or the extent to which they have been implemented – with the exception of statements relating to compliance with legal requirements arising from the German law governing Equal Participation of Women and Men in Leadership Positions ("women's quota").

Given the disclosures relating to the independence of Supervisory Board members made in this declaration of compliance, the Supervisory Board refrains from providing explicit information about what it considers to be an appropriate number of members and their names again in the declaration on corporate governance (which itself contains the text of this declaration of compliance).

Recommendation C.14 DCGK 2020: The Supervisory Board is of the view that the information made available to the Annual General Meeting and published on the company's website as standard practice to date is sufficient and thus continues to refrain from drafting, publishing and updating more detailed resumes for proposed and current members of the Supervisory Board.

Recommendation D.1 DCGK 2020: To date, the Supervisory Board refrained from publishing its rules of procedure on the Internet as this was not previously recommended under DCGK 2017. The rules of procedure are currently being revised. Once they have been approved, the Supervisory Board intends to publish the updated version of its rules of procedure on the company's corporate website.

Recommendation D.5 DCGK 2020: The Supervisory Board has not formed a nomination committee. The size of the Supervisory Board (four shareholder representatives) does not warrant a dedicated committee for proposing the shareholders' Supervisory Board candidates.

Section G.I. DCGK 2020: Section G.I. of DCGK 2020 contains new and partially revised recommendations regarding remuneration for the Executive Board. The remuneration system used by the company for members of the Executive Board to date has not complied or not fully complied with the following of these recommendations: G.1 (determining the remuneration system), G.2 (determining the specific total remuneration), G.3 (vertical comparison), G.4 (horizontal comparison), G.6 (preponderance of long-term remuneration components), G.7 (determining variable remuneration components), G.10 (share-based remuneration), G.11 sent.

2 (retention option and recall of variable remuneration components). At the time of issuing this declaration of compliance, the Supervisory Board had not yet approved a new remuneration system for members of the Executive Board that complies with the regulations set out in the law governing implementation of the second shareholders' rights directive (Gesetz zur Umsetzung der zweiten Aktionärs-rechterrichtlinie, ARUG II).

However, the Supervisory Board will approve a remuneration system for the Executive Board in good time and submit this to the AGM in the first half of 2021. The new system will comply with legal requirements as well as all recommendations in Section G.I. DCGK 2020.

As of October 2020, all new Executive Board contracts or contracts that are due for renewal will reflect the standards set out in this new remuneration system and – by extension – the recommendations of Section G.I. DCGK 2020 unless otherwise stated in the following.

Recommendations G.6, G.7 and G.10 DCGK 2020: The Supervisory Board has appointed Mr. Kurt Helletzgruber to the Executive Board effective December 1, 2020 for a period of seven months. As such, the Supervisory Board has opted for a different remuneration structure that reflects this special situation.

Recommendation G.18 DCGK 2020: The previous remuneration system for the Supervisory Board contains a short-term remuneration component based on the company's success. This model shall be retained as it is not intended to be a management incentive or bonus for the Supervisory Board linked to the company's long-term development but rather as a mechanism that relieves remunerative pressure in less successful years.

Munich, December 22, 2020

Wacker Neuson SE

Executive Board and Supervisory Board

| | |
|---------------|-----------------------------------|
| Martin Lehner | Hans Neunteufel |
| CEO | Chairman of the Supervisory Board |

The above declaration has been made permanently available to shareholders on the Wacker Neuson SE company website → www.wackerneusongroup.com/en/ under Investor Relations / Corporate Governance. It is updated as required, at least once a year. Previous declarations of compliance, as well as declarations on corporate governance as part of the respective annual reports, are available for reference purposes on our website for a period of at least five years. Further details on our corporate governance policies and practices are presented in the following explanatory comments accompanying our declaration on corporate governance.

2. Corporate governance

These explanatory comments outline the roles and responsibilities of the Executive Board and the Supervisory Board as well as the composition plus roles and responsibilities of the Supervisory Board committees.

Wacker Neuson SE is a listed European company (Societas Europaea) incorporated under German law with its headquarters in Munich. It is registered in the German Register of Companies (Handelsregister) of the Munich Magistrate's Court under HRB 177839. Upon foundation of the company, shareholders chose the dual management system common under the German Stock Corporation Act, comprising two executive bodies, the Executive Board and the Supervisory Board, each vested with different spheres of competence. The two bodies work closely together on a basis of mutual trust and are committed to increasing the company's long-term value.

Executive Board

The Executive Board represents the company vis-à-vis third parties and manages its business in accordance with legal regulations, the Articles of Incorporation and the rules of procedure for the Executive Board. In the year under review, the Executive Board consisted primarily of three members and continues to do so for the time being. For a short time only, the Executive Board was expanded to four members in December 2020. The Executive Board is responsible for managing the company and represents it both legally and otherwise. It functions on the basis of joint accountability. All members of the Board are jointly responsible for all areas of company management.

The Executive Board plans the company's strategic direction, aligns it with the Supervisory Board and ensures it is appropriately executed. It is also responsible for establishing the company's and Group's business plans for the coming year and beyond as well as preparing legally required reports such as Annual Financial Statements, Consolidated Financial Statements and interim reports. In addition, the Executive Board also ensures that a suitable risk management and control system is in place and that regular, prompt and extensive reports are presented to the Supervisory Board regarding all issues relating to strategy, company planning, business developments, the risk situation, risk management and compliance activities that are relevant to the company and the Group.

Cooperation and areas of responsibilities within the Executive Board are governed by the rules of procedure for the Executive Board. These focus not only on the lines of responsibility vested in individual Executive Board members, but also the issues entrusted to the Executive Board as a whole, resolutions (quorum requirements in particular) and the rights and obligations of the chairperson of the Executive Board (CEO). Executive Board meetings are held regularly and are convened by the CEO or at the request of an Executive Board member. The Executive Board generally reaches decisions based on a simple majority of votes cast unless other legal provisions apply. If an equal number of votes are cast, the chairperson has the casting vote.

The CEO steers and coordinates the entire Executive Board and represents the company and Group vis-à-vis the public, in particular when dealing with the authorities, trade associations and publishing houses.

Mr. Martin Lehner was CEO of Wacker Neuson SE, the parent company of the Group, throughout the year under review. A Deputy CEO was not appointed. From January 1, 2021 until further notice, Mr. Kurt Helletzgruber, who was appointed to the Executive Board by the Supervisory Board, will be acting as CEO. Further details on individual

members of the Executive Board, in particular their areas of responsibility within the Executive Board, are disclosed in the Notes to the Consolidated Financial Statements in item 34 "Executive bodies" (Wacker Neuson Group Annual Report 2020).

Measures and transactions of fundamental importance must be approved by the Supervisory Board as set down in the rules of procedure for the Executive Board and/or the Articles of Incorporation. They are also communicated to shareholders and the capital market in a timely manner, thus ensuring that decision-making processes remain transparent – also throughout the year – and capital market players are kept appropriately up to date.

Supervisory Board

The Supervisory Board advises the Executive Board in key decisions, monitors its activities, appoints members and relieves them of their duties. It has set an age limit of 62 years for members of the Executive Board.

Drawing on support from the Presiding Committee and in consultation with the Executive Board, the Supervisory Board develops long-term succession plans for Executive Board positions. Succession planning is discussed internally within the Supervisory Board, in particular by the Presiding Committee, which continually monitors the performance of the Executive Board and identifies any need for additions at an early stage. When making any decisions regarding the composition of the Executive Board, the Supervisory Board considers the terms of office of the current members of the Executive Board and any extension options as well as the areas of responsibility that will need to be filled and the company's strategic plans.

With regard to the need for new Executive Board members moving forward, the Supervisory Board aligns with the Executive Board to focus on identifying and professionally developing individuals from the next management levels within the company. To this end, regular talks are held with different managers in the Group to determine, in collaboration with the Executive Board, whether these individuals are suited for higher-level executive positions and, where necessary, to ensure suitable candidates have access to targeted development measures.

As such, the Supervisory Board and the Executive Board consult regularly about specific potential successor candidates. Based on Supervisory Board and Executive Board consultations and personal discussions, the Supervisory Board and/or the Presiding Committee draw up profiles for upcoming vacancies outlining the key qualities/skills and qualifications required of potential candidates. The Chairman of the Executive Board is also included in this process, unless the CEO position is being profiled. Where necessary, external consultants are brought in to provide the Supervisory Board and/or the Presiding Committee with support in drawing up the requirements profiles and/or choosing suitable individuals. If a position on the Executive Board has to be filled at short notice, internal and external candidates are considered in parallel and selected in an appropriate process tailored to the specific situation.

The Supervisory Board has six members. In accordance with the agreement on employee representation in the Wacker Neuson SE Supervisory Board and the German One-Third Participation Act (Drittelbeteiligungsgesetz), four of these are shareholder representatives and two are employee representatives. Taking the company-specific ownership structure into consideration, the composition of the Supervisory Board reflects the company's international focus, the need to avoid conflicts of interest, the need for an appropriate number of Supervisory Board members considered independent by the Supervisory

Board, the age limit of 75 for Supervisory Board members as defined by the Supervisory Board, and the principle of diversity.

The Supervisory Board regards the definition of the term “independence” as outlined in DCGK 2020 as well as the indicators and/or criteria framing a lack (or alleged lack) of independence as defined therein to be factually incorrect. As all shareholder representatives gear all of their decisions as members of the Supervisory Board exclusively towards the interests of the company, the Supervisory Board deems them to be generally independent of the company, the Executive Board and the controlling shareholders – also in view of and especially with regard to the relations as outlined in the declaration of compliance under Sections 5.4.2, 5.4.1 (4) sent. 3 and 5.3.2 DCGK 2017 set out above under Section 1.

The terms of office of all Supervisory Board members, who were all most recently reelected or, in the case of employee representatives, reappointed during the period under review, run until the close of the AGM that tables a resolution to formally approve the actions taken by the company in fiscal 2024, but no longer than for six years. The members of the Supervisory Board have been in office for the following periods: Hans Neunteufel (since October 2007), Kurt Helletzgruber (since October 2007), Christian Kekelj (employee representative since June 2017), Prof. Dr. Matthias Schüppen (since May 2014), Elvis Schwarzmaier (employee representative since August 2002) and Ralph Wacker (since May 2014). Further details on individual members of the Supervisory Board are disclosed in the Notes to the Consolidated Financial Statements, item 34 “Executive bodies” (Wacker Neuson Group Annual Report 2020).

The principles of cooperation within the Supervisory Board are governed by the rules of procedure for the Supervisory Board. These rules reflect the recommendations of the German Corporate Governance Code and – as an integral part of the supervisory and control process – provide for clear and transparent procedures and structures. The rules of procedure will soon be available on the company’s website. The Supervisory Board regularly assesses the effectiveness of its own work and the work of its committees. For example, an assessment to this effect was again carried out at the start of the reporting period. To this end, all members of the Supervisory Board complete a detailed survey to rate the different aspects of the committees’ work and to also compare it to the previous year. Any areas that have markedly deteriorated since the previous year or which are rated as unsatisfactory in general are discussed in detail in plenary meetings and improvement measures are defined.

The Supervisory Board reaches decisions based on a simple majority of votes cast unless other legal provisions apply. In the event of a tie, the resolution or nomination proposal shall be deemed rejected; the chairperson shall not have the casting vote. The chairperson of the Supervisory Board convenes and steers Supervisory Board meetings and generally coordinates the activities of the Supervisory Board and its committees.

The Supervisory Board defines the Executive Board’s information and reporting duties in detail. The core areas of collaboration between the Executive Board and the Supervisory Board as well as specific details on the Supervisory Board’s activities and committees are disclosed in the report by the Supervisory Board. → [Report of the Supervisory Board, page 8 onwards](#)

Composition and roles/responsibilities of committees

In contrast to the Executive Board, the Supervisory Board forms two committees, the Presiding Committee and the Audit Committee.

The responsibilities of the Presiding Committee include in particular submitting proposals for Executive Board member appointments, terminations and mandate extensions, for Executive Board remuneration and remuneration scales, and for preparing measures to conclude, amend or terminate contracts with Executive Board members. The Presiding Committee members are Mr. Hans Neunteufel, Prof. Dr. Matthias Schüppen and Ralph Wacker. Mr. Hans Neunteufel is Chairman of the Presiding Committee.

The Audit Committee maintains close contact with the auditor. It appoints the auditor to review the Annual and Consolidated Financial Statements, identifies the focal points of the audit and receives the reports. Furthermore, the Audit Committee negotiates the fee with the auditor, assesses their independence and additional services they provide, and submits a proposal to the Supervisory Board for the auditor appointment to be approved by the AGM. It prepares the Supervisory Board discussions and resolutions required to approve the Annual and Consolidated Financial Statements, to review the Executive Board’s report on related third-party disclosures, and to review the non-financial Group statement. It supports and monitors the Executive Board in particular in relation to questions about the accounting process, the internal control system, the risk management system, the internal auditing system, and compliance. The Audit Committee members are Mr. Kurt Helletzgruber (up to November 30, 2020, after which his membership is suspended until further notice due to his appointment to the Executive Board), Prof. Dr. Matthias Schüppen, Mr. Ralph Wacker and Mr. Elvis Schwarzmaier. Mr. Kurt Helletzgruber was chairman up to and including November 30, 2020; from December 1, 2020, this position was assumed by Prof. Dr. Matthias Schüppen. As financial experts, they both fulfill the requirements set out in Sections 100 (5) and 107 (4) AktG.

The committee chairpersons provide the Supervisory Board with regular and timely information about the committees’ activities. The committees also reach decisions with a simple majority of votes cast. In the event of a tie, the resolution or nomination proposal shall be deemed rejected; the respective chairpersons shall not have the casting vote.

Further details on the activities of the Supervisory Board and its committees can be found in the current Supervisory Board report, which also reports on the participation of individual Supervisory Board and committee members in their sessions, as well as on any training or further education undertaken by members of the Supervisory Board. → [Report of the Supervisory Board, page 8 onwards](#)

Shareholders and the AGM

Shareholders exercise their rights, including voting rights, at the AGM. All shares in Wacker Neuson SE provide shareholders with full voting rights and are registered by name. Each share entitles its holder to one vote. The AGM agenda plus the reports and documents required for the AGM are published in good time – also on the company’s website, where they can be easily viewed by shareholders.

The AGM this year will take place on May 26, 2021. Due to the COVID-19 pandemic, it is highly likely that the AGM will be held virtually once more (as was the case in 2020). The Executive Board makes it easier for shareholders to exercise their voting rights at the AGM by offering the opportunity to issue binding voting instructions to proxies named by the company. Shareholders can also do this during the virtual AGM via a password-protected online service. Information on how to vote by proxy before the AGM takes place will additionally be included in the invitation to the AGM meeting. It is also possible to submit a postal vote via the password-protected online service. These named proxies are also available during the AGM to shareholders registered with or

using the password-protected online service. Furthermore, it is also possible to delegate voting rights to financial institutions, shareholder associations and other third parties.

Accounting and auditing

The Consolidated Financial Statements of Wacker Neuson SE are prepared in line with the International Financial Reporting Standards (IFRS). The Annual Financial Statements and the Combined Management Report of Wacker Neuson SE and its Group are prepared in accordance with the German Commercial Code (HGB).

The Supervisory Board proposes the auditor for appointment at the AGM, based on a recommendation from the Audit Committee. Prior to making its proposal, the Supervisory Board obtains a certificate of independence from the auditor in question.

The Chairman of the Audit Committee has asked the auditor to immediately report to the Audit Committee all significant findings or events material to their duties that were identified during the audit. Furthermore, the auditor must report and record in the auditor's report any facts uncovered during the audit that could indicate that the information disclosed in the declaration of compliance with the German Corporate Governance Code issued by the Executive Board and Supervisory Board may be inaccurate.

Risk management

Responsible handling of risks facing the Group and the company is, as always, a crucial part of sound corporate governance. The Executive Board and the Supervisory Board therefore continually monitor the Wacker Neuson Group's internal control and risk management system along with the accompanying reporting mechanisms.

Specific details on risk management within the Wacker Neuson Group are disclosed in the → [Risk report](#) in the Combined Management Report (Wacker Neuson Group Annual Report 2020). This also includes a report on the control system and risk management system in relation to the accounting process.

Transparency

Regular, active dialog with our shareholders and other stakeholders is one of the cornerstones of our corporate governance policy. We provide shareholders, financial analysts, shareholder associations and the media with information about business trends and significant changes within the company promptly, regularly and with the greatest possible transparency. We are fully committed to a policy of active and honest communication.

As stipulated by the German Securities Trading Act (WpHG) and the German Corporate Governance Code, we provide information on our company's business development and financial situation four times a year. This takes the form of one Annual Report, one half-year report and two quarterly reports. The Supervisory Board and the Audit Committee discuss these reports with the Executive Board prior to their publication. In addition, the Executive Board answers shareholders' questions at the AGM. We also use our Internet platform as a way of keeping our stakeholders up to date. Up-to-date press and all ad-hoc releases, financial reports and our financial calendar detailing important events are permanently available under Investor Relations at → www.wackerneusongroup.com/en/. Interested parties can join our distribution list to receive regular updates.

Director's dealings and significant voting interests

Wacker Neuson SE publishes reports on directors' dealings pursuant to Art. 19 of EU regulation No 596/2014 on market abuse. We use

these reports to provide immediate information about securities transactions with regard to Wacker Neuson shares made by members of the Executive or Supervisory Boards as well as by individuals and legal entities closely related to members of these bodies. This information is also disclosed on the company's website → www.wackerneusongroup.com/en/ under Investor Relations / Corporate Governance. Also under Investor Relations / IR News, we immediately publish information from shareholders regarding the purchase or sale of significant voting rights in line with Section 33 WpHG and the holding of financial and other instruments in line with Sections 38 and 39 WpHG.

Remuneration report

We report on the remuneration system applicable to the Executive Board in our Combined Management Report under → [Remuneration framework, page 69 onwards](#). The AGM approved a resolution to refrain from publishing remuneration details for individual Executive Board members for fiscal 2020 in the interest of their privacy. From fiscal 2021 onwards, the company will draw up and publish the remuneration report for the Executive Board and the Supervisory Board as required by law.

The overall remuneration of the Executive Board and the Supervisory Board is disclosed in the above-mentioned section and in the Notes to the Consolidated Financial Statements in item 35 "Related party disclosures".

Diversity – Declaration regarding fixed targets for the proportion of women at management level

When appointing members to the Executive Board and the Supervisory Board, the company focuses on the qualifications and personal skills of potential female and male candidates particularly in relation to the company's specific situation. In the process of evaluating competency profiles, the Supervisory Board also places particular emphasis on the international nature of the company's business operations and the principle of diversity, also in relation to the age, gender, educational background and professional experience of female and male candidates. In this regard, the company does not pursue an explicit diversity concept as set out in the CSR Directive Implementation Act (CSR-Richtlinie-Umsetzungsgesetz). For further information on this and to avoid repetition here, refer to the information in Section C.1 of the German Corporate Governance Code in the above declaration of compliance.

Wacker Neuson SE is required, as a listed company (albeit not one subject to parity codetermination as set out in Section 96 (2) AktG) to declare fixed targets for the proportion of women on the Supervisory Board, Executive Board and on the two management levels below the Executive Board. The Executive Board and the Supervisory Board have already examined this issue several times.

When selecting and appointing members of the Executive Board, the Supervisory Board focuses on the qualifications and personal skills of potential men and women candidates, paying special attention to the company-specific situation. In this context, gender does not play a major role in the decision-making process. There are currently no women on the Wacker Neuson SE Executive Board (current percentage: 0 percent). The Supervisory Board does not wish to be tied by the need to meet quotas for female representation, so it remains free to prioritize qualifications and personal skills as mentioned above. In a corresponding 2017 resolution, the Supervisory Board stated its intention to refrain from setting a target percentage for female representation on the Executive Board that would see the number of women rise from the present level by December 31, 2021 (target percentage: 0 percent).

Equally, the Supervisory Board is focused on the qualifications and personal skills of potential men and women candidates when selecting and appointing members of the Supervisory Board, paying special attention to the company-specific situation (petition rights and voting obligations of key shareholder groups governed by a pool agreement). In this context also, gender is not the main priority in the decision-making process. There are currently no women on the Wacker Neuson SE Supervisory Board (current percentage: 0 percent). The Supervisory Board does not wish to be tied by the need to meet quotas for female representation, so it remains free to prioritize qualifications, personal skills and the company-specific situation as mentioned above. In a corresponding 2017 resolution, the Supervisory Board stated its intention to refrain from setting a target percentage for female representation on the Supervisory Board that would see the number of women rise from the present level by December 31, 2021 (target percentage: 0 percent).

In 2017, the Executive Board approved the following targets for the proportion of women appointed to managerial positions at Wacker Neuson SE, which it intends to achieve by December 31, 2021. These targets refer to staff who are directly employed by the company Wacker Neuson SE. The target percentage for line one below the Executive Board is 27 percent (currently 12 percent) and the target for line two below the Executive Board is 20 percent (currently 29 percent).

3. Corporate governance best practices

Compliance – principles of sound business and financial governance

Moving beyond the guidelines and recommendations of the German Corporate Governance Code, the Wacker Neuson SE Executive Board is committed to conducting its business worldwide in a lawful manner, along socially and ethically responsible lines. Which is why we have developed a Group-wide strategic mission statement that informs the conduct of each and every individual in the Group – from the Executive Board members through managers to employees. This mission frames the way we do business for shareholders, customers, business partners, the general public and our employees alike.

Values such as integrity, openness, honesty and respect for other people and our surroundings inspire every one of us to succeed, excel and embrace sustainable business practices. More information can be found online at → www.wackerneusongroup.com/en/ under The Group / Sustainability.

Wacker Neuson has a Chief Compliance Officer. Together with the Compliance Office, this person serves as a contact point and advisor for compliance issues and is responsible for implementing a compliance management system geared towards the specific requirements of the Wacker Neuson Group. In this context, we defined the "Principles of our company ethics" – a mission statement outlining our commitment to integrity and to systematic compliance with statutory and regulatory requirements. These principles are explained in greater detail in the Code of Conduct for our employees. Both of these documents are available to the public at → www.wackerneusongroup.com/en/ under The Group / Compliance.

Compliance with these principles is also an essential foundation for trusted, long-term business relationships along our entire value chain. Our commitment in this area is set down in our code of conduct for suppliers, which can be found at → www.wackerneusongroup.com/en/ under The Group / Compliance.

Corporate Social Responsibility (CSR)

The Wacker Neuson Group assesses the effects of its value-adding processes on the environment and takes appropriate action to conserve resources as effectively as possible. As a matter of key importance, efforts here also focus on reducing costs associated with energy consumption and obtaining certification for production sites in line with ISO 50001 and ISO 14001 within the EU.

The Wacker Neuson Group aims to continue developing innovative, value-adding products and services to the same high levels of quality and reliability, while implementing sustainable and environmentally sound production and work processes.

For 2020, we have issued a separate non-financial Group report, which will be published at the same time as this report and is available on the company website (in line with Section 315b HGB; CSR Directive Implementation Act).

Munich, March 18, 2021

Wacker Neuson SE

The Executive Board

Kurt Helletzgruber

Chief Executive Officer (CEO)
Chief Financial Officer (CFO)

Felix Bietenbeck

Chief Operations Officer (COO)
Chief Technology Officer (CTO)

Alexander Greschner

Chief Sales Officer (CSO)