



*Prof. Dr. Rüdiger Grube
Chairman of the Supervisory Board*

Supervisory Board of Vossloh AG

Prof. Dr. Rüdiger Grube (since February 5, 2020),
Chairman, managing partner of Rüdiger Grube
International Business Leadership GmbH and former
CEO of Deutsche Bahn AG, Hamburg

Ulrich M. Harnacke, Deputy Chairman,
independent auditor, tax advisor and management
consultant, Mönchengladbach

Dr. Roland Bosch, (since May 27, 2020),
former CEO of DB Cargo AG, Königstein im Taunus

Marcel Knüpfer (since June 1, 2020),
Technical Manager and Shift Leader, Zwenkau

Andreas Kretschmann, social security employee, Chairman
of the Works Council of Vossloh Fastening Systems GmbH
and Chairman of the Group Works Council, Neuenrade

Dr. Bettina Volkens (since May 27, 2020),
former member of the Executive Board of
Deutsche Lufthansa AG, Königstein im Taunus

Prof. Dr. Anne Christine d'Arcy (until May 27, 2020),
University Professor for Corporate Governance and
Management Control, Vienna, Austria

Dr. Sigrid Evelyn Nikutta (until May 27, 2020),
Member of the Management Board of Deutsche Bahn AG
for Freight Transport and CEO of DB Cargo AG, Berlin

Michael Ulrich (until May 31, 2020), Machinist, Chairman
of the Works Council of Vossloh Locomotives GmbH, Kiel

Report of the Supervisory Board

Dear shareholders,

On behalf of myself and my colleagues on the Supervisory Board, I would like to express my personal sorrow and grief at the unexpected death of our majority shareholder Heinz Hermann Thiele. Mr. Thiele supported and encouraged Vossloh for many years in his own unique way. As a shareholder, he invested his money in this Company; as Chairman of the Supervisory Board, he held a position of great responsibility in the company for many years; as an experienced businessman, he charted a path for Vossloh's realignment and accompanied us on our journey. Heinz Hermann Thiele's death is a great loss for us, for Germany and for the international business community. At first glance, he may have seemed a bit rough around the edges. Those who had the pleasure of getting to know him knew that he was a courageous and principled man of conviction. Vossloh owes him its gratitude and he has permanently secured an important place in this Company's history. Our deepest sympathies and condolences are with his bereaved family.

Once again in the 2020 fiscal year, the Supervisory Board discharged the duties incumbent upon it pursuant to the law and the Articles of Incorporation with due care, continually monitored the work of the Executive Board and advised the Executive Board on the Company's management. The Executive Board met its information obligations and regularly informed the Supervisory Board of all the issues relevant to Vossloh AG and the Group with regard to strategy, planning, business development, the risk situation and developments, and compliance on a comprehensive and prompt basis, in written and in verbal form. This also included information about deviations in the actual development from the previously reported targets and deviations in business performance from the plans.

The Supervisory Board discussed the Executive Board's reports in detail. In addition, it discussed and verified the plausibility of the economic situation depicted in these reports as well as the development prospects of the Group, the individual divisions/units and the key investees in Germany and abroad together with the Executive Board. The Supervisory Board was involved in all decisions of significance to the Company and was therefore assured at all times of the legality, appropriateness and regularity of the work of the Executive Board. At all times, the Supervisory Board members had sufficient opportunity to critically examine and comment on the reports and draft resolutions presented by the Executive Board. Insofar as the approval of management decisions or measures was required pursuant to statutory regulations, the Articles of Incorporation or the Rules of Procedure, the members of the Supervisory Board examined the draft resolutions and granted the necessary approval.

The Executive Board also informed the Supervisory Board of significant events between meetings. In addition, there was a regular exchange of information between the Chairman of the Supervisory Board and the CEO. In this way, the Supervisory Board was always informed of the intended business policies, the business plans including financial, investment and staff planning, profitability, the business situation and the overall situation of the Company and the Group.

Focus of the meetings

The Supervisory Board met 13 times during the year. The Supervisory Board convened for four ordinary meetings on March 18, May 26, October 1 and November 26, 2020. Extraordinary meetings were held on January 6, February 10, April 6, April 16 and April 28, May 27, September 30, October 8 and October 13. The Supervisory Board also made a written resolution in December 2020. Almost all the Supervisory Board meetings were attended by all of the members of the Supervisory Board. Attendance was 98.7 percent during the year under review. The only absence was caused by Dr. Sigrid Evelyn Nikutta being unable to attend the extraordinary meeting on April 28, 2020 due to a scheduling conflict. The Executive Board members attended the Supervisory Board meetings unless the Chairman of the Supervisory Board specified otherwise. When required, the Supervisory Board also met to discuss individual agenda items during the meetings without the members of the Executive Board.

In all their meetings last year, the Supervisory Board and Executive Board dealt extensively with the further development of the Vossloh Group. In addition, the Executive Board reported on the business situation in all the meetings and provided detailed information regarding the development of sales and earnings in the individual business units, on business development opportunities and risks and on key managing measures. The Supervisory Board also continually addressed the status of the regulatory and civil proceedings relating to earlier anticompetitive agreements, compliance issues and the ongoing development of the Vossloh Compliance-Management-System. The COVID-19 pandemic and its impact on operations was addressed on a regular basis from the beginning of the pandemic onwards. The Supervisory Board also focused on the following issues in the individual meetings:

The main items on the agenda of the extraordinary meetings on January 6 and February 10, 2020 were the organizational and personnel changes to the Supervisory Board which were made necessary by Dr. Bernhard Düttmann stepping down from the Supervisory Board and the judicial appointment of Prof. Dr. Rüdiger Grube as a member of the Supervisory Board effective February 5, 2020. The Supervisory Board received comprehensive information about the finalization of the sale of Vossloh Locomotives GmbH in its meetings on February 10, March 18, April 16, April 28, May 26 and May 27, 2020.

The balance sheet meeting on March 18, 2020, considered in particular the separate and consolidated financial statements for 2019 as well as the agenda and the draft proposals for the Annual General Meeting on May 27, 2020. The Supervisory Board also used this meeting as an opportunity to discuss preparations for the Annual General Meeting and remuneration for members of the Executive Board.

The extraordinary meetings on April 6, April 16 and April 28, 2020, focused on organizing the 2020 Annual General Meeting as a virtual event due to the COVID-19 pandemic, alongside the impact of the pandemic on the Vossloh Group. This included a discussion of the measures adopted by the Executive Board to keep employees safe and safeguard Vossloh's operations. At the meeting on April 16, 2020, the Supervisory Board scrutinized Vossloh's finance and liquidity situation in light of the pandemic and the preparatory work for putting forward Dr. Bettina Volkens and Dr. Roland Bosch as candidates for the Supervisory Board.

In addition to regular reporting topics, the meeting on May 26, 2020 also dealt with the sale of Vossloh Locomotives. The Supervisory Board also used this meeting to prepare for the virtual Annual General Meeting in 2020.

At the extraordinary meeting on May 27, 2020, following the Annual General Meeting, the Chairman and Deputy Chairman of the Supervisory Board were elected along with the committee members.

At the all-day extraordinary meeting on September 30, 2020, the Supervisory Board dealt extensively with Vossloh's future strategy. This strategy was discussed in detail with the Executive Board and the Head of Strategy in attendance and approved.

In addition to regular reporting topics, the agenda for the meeting on October 1, 2020, mainly concerned a thorough discussion of the updated version of the German Corporate Governance Code (GCGC) as amended on December 16, 2019, which had been published in the Federal Gazette on March 20, 2020, in addition to the German Act Implementing the Second Shareholder Rights Directive (Gesetz zur Umsetzung der zweiten Aktionärs-rechterichtlinie – ARUG II), the changes required in response and how these changes would be implemented.

The extraordinary meetings on October 8 and October 13, 2020 dealt with personnel matters relating to the Executive Board. Following an extensive selection process and in-depth preparations on the part of the Personnel Committee of the Supervisory Board, the Supervisory Board decided to expand the Executive Board to three members and appoint Dr. Thomas Triska and Mr. Jan Furnival, two long-serving executives at Vossloh, to the Executive Board with effect from November 01, 2020. Dr.-Ing. Karl Martin Runge left by mutual agreement on October 31, 2020.

At its final ordinary meeting of the year on November 26, 2020, the Supervisory Board dealt intensively with the business development in the 2020 fiscal year as well as planning for the years 2021 through 2023. The Supervisory Board approved the budget for 2021 following an in-depth examination and discussion with the Executive Board. The Supervisory Board also performed a self-evaluation to assess the effectiveness of the Supervisory Board and its committees. It focused on the composition of the Supervisory Board and how its members are appointed, how well the Supervisory Board members work together, the Supervisory Board's organization and work methods, both independently and with its committees, in addition to the agenda of the Supervisory Board's meetings and how it is provided with information. The agenda also included the discussion and approval of the new remuneration system for the Executive Board and an assessment and confirmation of the remuneration system for the Supervisory Board in light of the changes required under ARUG II and new recommendations of the GCGC. The Supervisory Board also decided on changes to the Rules of Procedure of the Supervisory Board and Executive Board, and established an internal procedure for specific related party transactions. There were no transactions which needed to be approved or published in the year under review. A declaration of conformity with the GCGC was approved in collaboration with the Executive Board.

The Supervisory Board and the Company are committed to providing support for new members and continuous training for existing Supervisory Board members. The Company provides the members of the Supervisory Board with an appropriate level of support in this regard. A number of events took place in the year under review with the aim of assisting new members of the Supervisory Board who only recently joined the Company. These included the new members of the Supervisory Board meeting Vossloh AG executives and touring the VFS production facility in Werdohl, where the "factory of the future" is currently under construction. At least one other site visit and meetings with local management is planned for 2021. In addition, the Supervisory Board held an all-day extraordinary meeting on September 30, 2020, to discuss Vossloh's situation and its strategy. Supervisory Board members also availed themselves of individual training on topics like corporate governance and digitalization in the rail sector with the support of the Company in the last fiscal year.

Supervisory Board committees

The Supervisory Board has formed three committees in order to execute its duties efficiently: the Personnel Committee, the Audit Committee and the Nomination Committee. These committees focus on the issues assigned to them and prepare decisions for plenary meetings where necessary. Insofar as is permissible by law and considered appropriate by the Supervisory Board, the Supervisory Board has also transferred its decision making

authority to the committees in certain cases. The committee chairs report on relevant issues and the results of discussions in the plenary Supervisory Board meeting following each committee meeting. The minutes of the meetings of the Audit Committee are made available to the Chairman of the Supervisory Board.

As in the previous year, the Audit Committee convened on six occasions in the 2020 fiscal year. All the Audit Committee meetings were attended by all of the committee members. The Executive Board is usually present in full at these meetings. Most of the meetings were also attended by representatives of the auditor and the individuals responsible for Accounting, Controlling and Legal Affairs & Compliance at Vossloh AG. Individuals are also asked to attend in order to provide input about specific agenda items.

Among other things, the Audit Committee focuses its activities in particular on auditing the Company's accounts, the separate and consolidated financial statements prepared by the Executive Board, the combined management report, the dependent company report (Section 312 AktG) and the proposal for the appropriation of net earnings.

Following an extensive discussion in the presence of the auditor based on the auditor's reports on the audit of the annual financial statements of Vossloh AG and the Vossloh Group and of the combined management report, the Audit Committee decided to recommend the approval of the consolidated financial statements, the financial statements of Vossloh AG and the combined management report for the 2019 fiscal year to the Supervisory Board during its meeting on March 18, 2020. At its meetings on April 29, July 29 and October 27, 2020, the Audit Committee discussed the half-year report and the quarterly statements with the Executive Board before their publication.

The Company's relationship with the auditor also falls within the responsibility of the Audit Committee. The committee submitted a proposal to the Supervisory Board on March 18, 2020, to appoint an auditor, and subsequently awarded auditing responsibility to the auditor elected by the Annual General Meeting and agreed the focal points of the audit and the remuneration with the auditor. The committee also monitored the auditor's independence and assessed the quality of the audit. The auditor may only be contracted to perform nonaudit services subject to the mandatory approval of the Audit Committee.

In all of its meetings, the Audit Committee also dealt with the key risks and legal and compliance issues. The Audit Committee discussed the main risks identified within the Group in detail with the Executive Board, as well as the necessity and adequacy of the risk provisioning, in particular also for risks due to legal disputes relating to earlier anticompetitive agreements. The Audit Committee also considered compliance issues continuously and

in depth, and received comprehensive information about related issues, how they were being handled and the ongoing monitoring and improvement of Vossloh's Compliance-Management-System. In addition, the Audit Committee dealt extensively with the Company's internal control system. Internal Audit provided the Audit Committee with information about its activities during the fiscal year at the meeting on November 26, 2020.

The Nomination Committee convened once in the course of the 2020 fiscal year. The meeting on April 16, 2020 dealt with the preparation of the election proposal for the by-elections of Dr. Bettina Volkens and Dr. Roland Bosch to the Supervisory Board by the Annual General Meeting on May 27, 2020. The Personnel Committee convened a total of three times in 2020. Their meetings focused on preparing for the changes to the Executive Board which were implemented on November 1, 2020. The Personnel Committee conducted an extensive selection process prior to these changes. This process involved considering and discussing a number of internal and external candidates, in addition to interviewing the candidates. Following this period of deliberation, the Supervisory Board appointed Dr. Thomas Triska and Mr. Jan Furnivall to the Executive Board in line with the Personnel Committee's recommendations.

Personnel changes on the Supervisory Board and Executive Board

Some changes took place in the Supervisory Board during the year under review. Dr. Bernhard Düttmann stepped down from the Supervisory Board at the end of the 2019 fiscal year in light of his obligations at CECONOMY AG. In an extraordinary meeting of the Supervisory Board on January 6, 2020, it was decided to apply for the court to appoint Prof. Dr. Rüdiger Grube as a new member of the Supervisory Board. Following his appointment by the court on February 5, 2020, Prof. Dr. Rüdiger Grube also took over as Chairman of the Supervisory Board on February 10, 2020. Mr. Ulrich M. Harnacke was re-elected Chairman of the Audit Committee with effect from the same day.

On May 27, 2020, the Annual General Meeting confirmed the Supervisory Board's proposed appointment of Prof. Dr. Rüdiger Grube and elected Dr. Bettina Volkens and Dr. Roland Bosch as new members of the Supervisory Board. Prof. Dr. Anne Christine d'Arcy and Dr. Sigrid Evelyn Nikutta, who had been appointed to the Executive Board of Deutsche Bahn AG, stepped down at the end of the 2020 Annual General Meeting. Due to the finalization of the sale of Vossloh Locomotives GmbH, Mr. Marcel Knüpfer replaced Mr. Michael Ulrich as an employee representative on the Supervisory Board effective June 1, 2020. At the extraordinary meeting following the Annual General Meeting, Dr. Bettina Volkens was appointed to the Personnel Committee and the Nomination Committee, while Dr. Roland Bosch was appointed to the Audit Committee and the Nomination Committee.

Mr. Andreas Kretschmann replaced Michael Ulrich on the Personnel Committee and the Audit Committee effective June 1, 2020.

There were also changes that took place to the Executive Board during the year under review. At its extraordinary meeting on October 13, 2020, the Supervisory Board decided to expand the Executive Board of Vossloh AG from two to three members effective November 1, 2020, while retaining Oliver Schuster as CEO. Dr. Thomas Triska and Mr. Jan Furnivall were appointed as additional members for the next three years. Dr.-Ing. Karl Martin Runge stepped down and left the Executive Board on October 31, 2020, by mutual agreement.

Corporate Governance and Declaration of Conformity

The Supervisory Board is committed to ensuring effective corporate governance. At its meeting on November 26, 2020, the Supervisory Board considered the recommendations of the GCGC and, together with the Executive Board, issued a Declaration of Conformity in accordance with Section 161 AktG. This was made permanently accessible on the Company website (see also page 28 of the annual report). Vossloh AG has been in compliance with all of the recommendations laid out in the February 7, 2017 version of the GCGC since submitting its most recent declaration of conformity in November 2019. It is also in compliance with all but two of the recommendations of the December 16, 2019 version of the GCGC. Details of corporate governance within the Company can be found in the Declaration on Corporate Governance (starting on page 25 of the annual report).

Separate and consolidated financial statements for 2020

The annual financial statements of Vossloh AG in accordance with German accounting standards, the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) applicable in the EU and the combined management report for Vossloh AG and the Group for the 2020 fiscal year, including the accounting, were examined by the auditor duly appointed by the Annual General Meeting on May 27, 2020, Deloitte GmbH Wirtschaftsprüfungsgesellschaft based in Munich (Düsseldorf office), and were each issued with an unqualified audit opinion. In its audit opinion, the auditor concluded that the Executive Board had taken the necessary steps to put in place an appropriate risk identification system as required by Section 91 (2) AktG and that the system was suitable for identifying going concern risks early on.

The auditor also examined the dependent company report prepared by the Executive Board (Section 312 AktG) in accordance with Section 313 AktG and issued the following audit opinion: "After due and proper examination and assessment, we hereby confirm, first of all, that the information contained in the report is correct and second, that payment made by the Company for the legal transactions stated in the report was not inappropriately high."

The financial statements including the nonfinancial Group statement (Section 315b HGB) and the auditor's reports were distributed to the members of the Supervisory Board in good time prior to the meeting held on March 17, 2021, to approve the financial statements. During the meeting, the auditor reported on the key findings of their audit and provided additional information. The Supervisory Board comprehensively discussed all the issues that arose in relation to these documents following the Audit Committee's preparations and in the presence of the auditor. The auditor also reported on the Vossloh Group's early risk detection system. The auditor additionally heard, read and acknowledged other information including the Declaration of Conformity in accordance with Section 161 AktG, the Declaration on Corporate Governance and the nonfinancial statement of the Group (Section 315b HGB) and found nothing that suggested this information constituted a material misrepresentation. The Supervisory Board also contracted Deloitte GmbH Wirtschaftsprüfungsgesellschaft to perform a voluntary audit of its non-financial Group statement (Section 315b HGB) to achieve a certain degree of assurance therefor. This did not result in any objections.

The Supervisory Board likewise reviewed the annual financial statements submitted by the Executive Board, the consolidated financial statements and the combined management report for Vossloh AG and the Vossloh Group for the 2020 fiscal year including the nonfinancial Group statement (Section 315b HGB), the dependent company report including the Executive Board's closing statement, and the proposal for the appropriation of net earnings. According to the final result of its own reviews, the Supervisory Board raised no objections. The Supervisory Board approved the annual financial statements and consolidated financial statements on December 31, 2020. The annual financial statements were thus adopted on December 31, 2020. The Supervisory Board concurred with the combined management report, in particular the statements on the Company's continued development and the disclosures pursuant to Sections 289a (1) and 315a (1) of the German Commercial Code (HGB), both in conjunction with the transitional provisions of Art. 83 para. 1 of the Introductory Law to the German Commercial Code (EGHGB), and with the dependent company report. The Supervisory Board approved the Executive Board's proposal for the appropriation of the 2020 net earnings, which recommended the payment of a dividend in the amount of €1.00 per dividend-bearing share.

The Supervisory Board would like to thank the Executive Board and all employees of the Vossloh Group for their dedication and successful service in the past fiscal year. Vossloh's performance was outstanding in the past fiscal year despite the challenging environment and the impact of the ongoing COVID-19 pandemic.

Werdohl, Germany, March 17, 2021

The Supervisory Board
Prof. Dr. Rüdiger Grube
Chairman