



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

Supervisory Board of Vossloh AG

**Prof. Dr. Rüdiger Grube**, 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**, Managing Director of WOLFF & MÜLLER Holding GmbH & Co. KG, Königstein im Taunus

**Marcel Knüpfer**, 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**, independent advisor and member of numerous Supervisory Boards, Königstein im Taunus

## *Report of the Supervisory Board*

Dear shareholders,

Once again in the last 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 corporate strategy, planning, business development, the ever-changing risk situation, 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 outside of meetings. 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, the corporate strategy and the overall situation of the Company and the Group.

### **Focus of the meetings**

Seven meetings were held in the 2021 fiscal year. The Supervisory Board convened for four ordinary meetings on March 17, May 18, September 9 and November 25, 2021. Extraordinary meetings were held on February 12, July 14 and September 9, 2021. All the Supervisory Board meetings were attended by all of the members

of the Supervisory Board. Attendance was therefore 100 percent during the year under review. The members of the Supervisory Board were also in regular contact for the purpose of discussing and preparing for meetings. The members of the Executive Board took part in the meetings of the Supervisory Board whenever the Supervisory Board believed it was necessary. The Supervisory Board also met to discuss individual agenda items without the members of the Executive Board. The Supervisory Board also heard from relevant experts and individuals on specific topics, such as the auditor at the balance sheet meeting.

In the last fiscal year, the Supervisory Board and Executive Board discussed the further development of the Vossloh Group at every meeting. In addition, the Executive Board reported on the business situation in all the meetings and provided detailed information regarding the development of sales revenues 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 ongoing COVID-19 pandemic and its impact on operations were 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 extraordinary meeting on February 12, 2021 addressed the issue of the hybrid note, which the Supervisory Board approved after careful consideration. The placement of this sustainability-oriented hybrid note will bolster Vossloh's growth strategy.

The balance sheet meeting on March 17, 2021, considered in particular the auditing of the separate and consolidated financial statements for 2020 as well as the format, agenda and the draft proposals for the Annual General Meeting on May 19, 2021. The Supervisory Board also used this meeting as an opportunity to discuss preparations for the Annual General Meeting, remuneration for members of the Executive Board and staffing topics.

The meeting on May 18, 2021 dealt with standard reporting topics as well as the transformation of the Customized Modules division. The Supervisory Board also used this meeting to prepare for the virtual Annual General Meeting in 2021. In addition, the Supervisory Board looked at the topic of leadership excellence, talent development and succession planning. The meeting also addressed making changes to the Rules of Procedure of the Supervisory Board.

At the extraordinary meeting on July 14, 2021, the Supervisory Board discussed the planned acquisition of ETS Spoor BV and approved the project after discussing it in detail with the Executive Board. The acquisition of ETS Spoor BV is another step in the implementation of the corporate strategy and strengthens the

competitive position of Vossloh in the important Dutch market – a reference market for future-oriented business models in the rail infrastructure sector.

In addition to standard reporting topics, the meeting on September 9, 2021 (which was held at the Hamburg site of the Lifecycle Solutions division) discussed the Lifecycle Solutions division, staffing topics and the position of the Company in the capital market. The Supervisory Board held an extraordinary meeting on the same day to discuss the alignment of the Group and the corporate strategy. The Supervisory Board and Executive Board discussed the corporate strategy which had been developed in 2020, in addition to reviewing the extent to which the strategy had been implemented and making any necessary changes.

At its final ordinary meeting of the year on November 25, 2021, the Supervisory Board focused standard reporting topics, business development in the fiscal year under review as well as planning for the years 2022 through 2024. The Supervisory Board approved the budget for 2022 following an in-depth examination and discussion with the Executive Board. In autumn 2021, the Supervisory Board performed an extensive efficiency review with external assistance and discussed the positive outcomes of the self-assessment in detail. The agenda also included setting targets for the number of women on the Supervisory Board and Executive Board. The Supervisory Board took the opportunity to amend the requirements and targets for its composition. The meeting also addressed Vossloh's sustainability strategy. Together with the Executive Board, the Supervisory Board approved the Declaration of Conformity with the German Corporate Governance Code (GCGC) and set the performance targets which will affect remuneration for Executive Board members in the 2022 fiscal year.

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. The September meeting of the Supervisory Board was held at the headquarters of the Lifecycle Solutions division in Hamburg. The members of the Supervisory Board inspected the rail profiling machine manufacturing site, deepened their knowledge of the division and met with the division's local and international management. In November, the meeting included a presentation on corporate governance, provided by external parties.

## 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 fiscal year under review. All Audit Committee meetings were attended by all of the committee members. The Executive Board is present in full at these meetings if the Audit Committee believes that the participation of the Executive Board is required. Almost every meeting was attended by representatives of the auditor and the individuals responsible for Accounting and Legal Affairs & Compliance at Vossloh AG. The Heads of relevant central divisions are also available for reports and to answer questions. Other experts were 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), the proposal for the appropriation of net earnings and related party transactions which the Supervisory Board has charged the Audit Committee to monitor.

Following an extensive discussion in the presence of the auditor based on the auditor's reports for 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 2020 fiscal year to the Supervisory Board during its meeting on March 17, 2021. At its meetings on April 28, July 27 and October 27, 2021, 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 full Supervisory Board on March 17, 2021, to appoint an auditor, and subsequently awarded auditing responsibility to the auditor elected by the Annual General Meeting as part of the meeting on September 9, 2021 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. The Audit Committee also deals with environmental and social concerns, as well as any related opportunities and risks for the Group. The Audit Committee focused on compliance topics and issues related to CSR reporting. Internal Audit provided the Audit Committee with information about its activities during the 2021 fiscal year at the meeting on November 25, 2021.

The Nomination Committee and Personnel Committee did not meet in the year under review as there were no changes in the members of the Supervisory Board and Executive Board.

## Corporate Governance and Declaration of Conformity

The Supervisory Board is committed to ensuring effective corporate governance. At its meeting on November 25, 2021, 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 of the German Stock Corporation Act (AktG). This was made permanently accessible on the Company website (see page 33 of the annual report). With two exceptions, Vossloh AG has been in compliance with all of the recommendations laid out in the December 16, 2019 version of the GCGC since submitting its most recent declaration of conformity in November 2020 and will remain in compliance in future. Details of the Supervisory Board's corporate governance report can be found in the Declaration on Corporate Governance (starting on page 30 of the annual report).

## Separate and consolidated financial statements for 2021

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 2021 fiscal year, including the accounting, were examined by the auditor duly appointed by the Annual General Meeting on May 19, 2021, 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 16, 2022, 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 nonfinancial Group statement (Section 315b HGB) in accordance with ISAE 3000 (Revised) to achieve a certain degree of assurance therefor, as well as the remuneration report in accordance with Section 162(1) AktG. These 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 2021 fiscal year including the nonfinancial Group statement (Section 315b HGB), the dependent company report including the Executive Board's closing statement, the remuneration report in accordance with Section 162(1) AktG and the proposal for the appropriation of net earnings. According to the final result of its own review, the Supervisory Board raised no objections. The Supervisory Board

approved the annual financial statements and consolidated financial statements on December 31, 2021. The annual financial statements were thus adopted on December 31, 2021. 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 and 315a of the German Commercial Code (HGB), the dependent company report and the remuneration report in accordance with Section 162(1) of the German Stock Corporation Act (AktG). The Supervisory Board approved the Executive Board's proposal for the appropriation of the 2021 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 in the successful 2021 fiscal year. Despite the wide range of challenges facing the Company, including the impact of the ongoing pandemic and pricing and supply issues in international material and logistics markets, Vossloh performed superbly in the past fiscal year.

Werdohl, Germany, March 16, 2022

The Supervisory Board  
Prof. Dr. Rüdiger Grube  
Chairman