



# **Annual General Meeting of Knorr-Bremse AG**

Address by the Chairman of the Supervisory Board  
Prof. Dr. Klaus Mangold

Munich, May 24, 2022

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*The words spoken on the day of the Annual General Meeting are the authoritative version of this speech.*

Formal commencement and welcome:

Ladies and gentlemen, our dear shareholders,

I am delighted that you have found your way to our meeting this year, which is again taking place virtually through our AGM portal. This shows how important Knorr-Bremse is to you.

As the Chairman of the Supervisory Board, it is my pleasure to open this year's regular Annual General Meeting for Knorr-Bremse AG.

Before we start the official part of our meeting, please allow me to share a few, personal words with you.

On February 23 of last year, Heinz Hermann Thiele passed away. This news shocked all of us. Following this tragic and equally unexpected loss, I changed my original plan of retiring from my post with effect from the 2021 Annual General Meeting. Instead, I fulfilled an explicit request from the Supervisory Board and Thiele family and nominated myself for election as Supervisory Board Chairman again last year, with an aim of ensuring continuity at the head of the Knorr-Bremse AG Supervisory Board during a difficult period. I saw it as my obligation to serve the Company in this position for an additional year. I said back then that I would only hold the position for as long as the Company needed to find a satisfying successor as Supervisory Board Chairperson, and for no more than two years.

The additional year for me has now passed. At the end of today's Annual General Meeting, I will be stepping down from this position of heavy responsibility, which I have appreciated greatly.

Heinz Hermann Thiele was one of the most outstanding entrepreneurs in Germany. His determination and assertiveness were legendary, as were his uncompromising desire for success and unparalleled dedication to his entrepreneurial endeavors. Thanks to his unmistakable instinct for opportunities and his willpower, he took an SME and made it into a globally successful high-tech corporation.

For me, it was always a pleasure and honor to work with him personally throughout the years. Not only during my time as Supervisory Board Chairman at Knorr-Bremse AG, but also many years before when there were talks between my then-employer Daimler and Mr. Thiele. Or when we both worked together in the German Eastern Business Association.

All of us at this Company owe him an incredible amount. In this spirit, we will continue the successful growth story of Knorr-Bremse. It is an entrepreneurial obligation that Mr. Thiele has left us with.

The Executive and Supervisory Boards of Knorr-Bremse AG have achieved a great deal in recent years. We have succeeded in permanently expanding our most important competitive positions in many markets around the world, especially in

Europe and China. Furthermore, we steered the Company through the COVID-19 crisis very successfully.

Accordingly, I can pass the baton on to my successor today in very good conscience. As you all know, this is the final Annual General Meeting that I will be presiding over as Supervisory Board Chairman. After almost four years in the role, I will be stepping down from this position today as planned and leaving the Supervisory Board. This was not an easy decision to make.

I would like to take this opportunity to thank my colleagues on the Supervisory Board, the members of the Executive Board, the managers, and all employees of the Knorr-Bremse Group. They have guided and are continuing to guide the Company securely and successfully through the COVID-19 crisis. I am also especially grateful to them in light of the geopolitical and economic consequences of Russia's invasion of Ukraine. The violation of international law that this invasion constitutes is unacceptable. The Supervisory Board has examined the consequences of the conflict for Knorr-Bremse on multiple occasions. We unequivocally condemn Russia's attack on a sovereign state, which also represents an attack on peace in Europe and the world.

Now to return to today's agenda: The Supervisory Board is nominating Dr. Reinhard Ploss for election as my successor at this Annual General Meeting. It intends to elect Dr. Ploss as the Chairman of the Supervisory Board at its inaugural meeting directly after today's Annual General Meeting.

We should consider ourselves highly fortunate that we were able to acquire Dr. Ploss for this position.

In my firm opinion, he is an excellent match for the heavy responsibility of being the Chairman of the Knorr-Bremse AG Supervisory Board and an ideal complement to the Supervisory Board's existing expertise.

In finding this significant personality, the Supervisory Board has also done its part in laying the foundations for a successful future for the Knorr-Bremse Group.

Ladies and gentlemen, our dear shareholders,

It is now my privilege to extend to you, our shareholders and shareholder proxies, a warm welcome on behalf of the Supervisory and Executive Boards.

In particular, I would like to welcome Mrs. Nadia Thiele and Mr. Robin Brühmüller who are following this virtual Annual General Meeting on site here, as they have done previously. Moreover, I wish to welcome Dr. Reinhard Ploss, who will personally introduce himself as a candidate for the Chairman position on the Supervisory Board in a short moment.

Dr. Ploss possesses exceptional technical knowledge thanks to his many years of experience in development and production, including in the automotive industry, and also holds expertise in managing listed companies and in issues related to corporate

governance, compliance, and leadership. As you know, he was Chief Executive Officer of Infineon Technologies AG until recently. He has deep knowledge of doing business at a high-tech, industrial company. With his major commercial success over the decades, he has demonstrated how to lead and motivate an organization to deliver outstanding performance, helping it to achieve excellent positions in all significant markets globally.

Dr. Ploss, I would like to ask you now to introduce yourself to our shareholders.

*[Personal introduction by Dr. Ploss]*

Thank you, Dr. Ploss.

I would also like to introduce you to Dr. Sigrid Nikutta, another designated new member for our Supervisory Board.

Dr. Nikutta has sat on the Management Board of Deutsche Bahn AG since January 2020, where she is responsible for freight. She also heads DB Cargo AG as Chief Executive Officer. Before joining Deutsche Bahn, Dr. Nikutta was the CEO of Berliner Verkehrsbetriebe for an entire decade, where she led the company into profitability for the first time in its history.

We are delighted to have Dr. Nikutta, a proven rail-industry insider, choose to join the Supervisory Board of Knorr-Bremse AG. Her extensive and long-standing expertise in the international rail and logistics industries is a valuable enrichment for Knorr-Bremse, given our status as a global high-tech company.

Dr. Nikutta will succeed Dr. Thomas Enders, who is stepping down to take on other, new entrepreneurial challenges. The Supervisory Board is grateful to Dr. Enders for his great commitment, especially on the Company's Strategy Committee. Dr. Enders contributed to the success of Knorr-Bremse in the last two years with his experience in global business and many suggestions based on it.

I would also like to welcome Mr. Bernd Spies.

Mr. Spies has been responsible for the Commercial Vehicle Systems division since March 12 of this year and is a successful manager with impressive international experience who comes from within the ranks of Knorr-Bremse AG. I am happy that we are able to welcome you as a new Executive Board member, Mr. Spies.

I would ask you now to introduce yourself briefly to our shareholders.

*[Short personal introduction by Mr. Spies]*

I would further like to welcome our notary, Mr. Sebastian Herrler, from Munich, who will be taking the minutes of this meeting and will therefore be following on from here on the podium.

### Details about the virtual AGM

Ladies and gentlemen, this year our Annual General Meeting is again taking place in extraordinary circumstances. We are holding this Annual General Meeting virtually without our shareholders or their personal proxies being physically present due to the ongoing COVID-19 pandemic.

Although the situation has luckily relaxed somewhat at the moment, the Executive and Supervisory Boards decided in favor of this format because of the uncertainty associated with the pandemic's development. We made this decision a while ago now, and at that time it seemed to us that it was our only choice for organizational reasons. The virtual format was the only option for planning an Annual General Meeting with certainty and without the danger of having to reschedule at late notice or of unreasonable risks being placed on shareholders and everyone contributing to the Annual General Meeting. For future Annual General Meetings, we are hoping for a balanced mix between in-person and virtual participation.

Our registered shareholders and their proxies can follow the full Annual General Meeting live with video and audio using our online AGM portal. If you are currently following the public broadcast of our Annual General Meeting, please be aware that you need to log on through the AGM portal in order to fully attend the Annual General Meeting. The public broadcast will end once the address from the Executive Board has been delivered.

You can find the AGM portal by clicking on the Annual General Meeting 2022 heading in the Investor Relations section of our website. Your voting card will contain the personal log-on details needed for the AGM portal.

As per the notice for this Annual General Meeting, you can only exercise your voting rights through absentee voting or by authorizing a Company-nominated proxy who is bound to your instructions.

You are still able to cast an electronic absentee vote through the AGM portal or authorize and issue instructions to Company-nominated proxies up until the time that votes start being counted. Apart from the AGM portal, there are no longer any other ways to cast a vote at this point in time.

I will inform you with good notice about the time when we will close voting on the AGM portal.

Ladies and gentlemen,

On our premises here we not only have the possibility of holding our Annual General Meeting, but also of following the live broadcast of it. The notary in attendance here has had the technology explained to him in detail and gathered himself a

comprehensive understanding of the Annual General Meeting's broadcast, the AGM portal's functionality, and the technical precautions.

If there are technical issues, please check your Internet connection and that the browser you are using is updated. If the broadcast from here in Munich runs contrary to our expectations and is disrupted, please be patient. We will fix the issue in that case as soon as we can. If there is a technical disruption, we will provide you with more information on the AGM portal or in the Annual General Meeting section of our website.

I would like to point out that it is prohibited to record this event. We ask for your understanding regarding this.

That brings me to a few more formal matters:

All Executive Board members are physically present at today's Annual General Meeting, that is, Mr. Weber (CFO), Dr. Mayfeld, Mr. Spies, and Dr. Wilder.

From the Supervisory Board, my deputy Mr. Birkeneder and I are in attendance along with Audit Committee Chairwoman Ms. Dahnke, who will be reporting to us separately very soon. Most of the other members of the Supervisory Board are following the Annual General Meeting on site here in Munich.

The two Company-nominated shareholder proxies, Dr. Moritz Schuler and Andreas Spitzauer, are also present on site and I would like to extend a welcome to them, too. As explained in the Annual General Meeting notice, these proxies will exercise voting rights based solely on the authorization and instructions that they have been given.

Notice of this Annual General Meeting was published in the Federal Gazette on April 11, 2022.

Ladies and gentlemen,

The list of attendees is currently being compiled. I will let you know as soon as I have it and will then pass the list on to the notary, Mr. Herrler. A summary of the votes cast by the shareholder proxies will be available to view on the AGM portal for the duration of the Annual General Meeting. In addition to the in-person votes cast, we will also communicate the number of absentee votes cast.

Ladies and gentlemen,

I will move on now to a few explanations about how today's virtual Annual General Meeting will proceed:

Once the address on behalf of the Executive Board concludes, we will answer the questions that you have submitted.

After these questions have been answered, I will explain the voting process. You will then have some time to issue, modify, or revoke electronic absentee votes or authorizations and instructions to Company-nominated proxies using the AGM portal. You can also do this right now on the AGM portal.

When that is finished, the shareholder proxies nominated by the Company will cast their votes. The absentee votes will be added to the votes that are cast.

When the results of the voting have been tabulated, I will finalize them and announce them.

Objections to resolutions passed at the Annual General Meeting will be able to be raised on the AGM portal until the end of the meeting so that the notary can put them on record.

The notary has satisfied himself of the system's proper functioning and reliability.

That is it for today's procedure. Thank you for your attention.

We will now move onto the day's agenda and I will call out all items on it.

The agenda has nine items. You can see the resolution proposals for each one in the Annual General Meeting notice. With the full wording of the agenda having been published in the Federal Gazette and made available to download on the Company's website, I presume that the agenda is known.

The Company has not received any countermotions in relation to the resolution proposals of the Executive and Supervisory Boards.

Agenda item 1 concerns the drafts of the adopted annual financial statements and approved consolidated financial statements, of the combined management report for Knorr-Bremse AG and the Group for the 2021 fiscal year, and of the Supervisory Board's report.

The Supervisory Board has examined and approved the annual and consolidated financial statements in accordance with section 171 German Stock Corporation Act (§ 171 AktG). The Knorr-Bremse AG annual financial statements for the 2021 fiscal year have therefore been adopted. This means that a resolution does not need to be passed for item 1 of the agenda.

The proposed appropriation of €1.85 of profit per share, which has been approved by the Supervisory Board, represents a roughly 22 percent increase on the previous year's distribution of €1.52 to shareholders. It is also the highest dividend since the Knorr-Bremse IPO. The proposed appropriation of profit corresponds to a payout ratio of 46 percent and falls within the range of 40 to 50 percent that was communicated at the time of our IPO. This means that we are maintaining our continuous dividend policy reliably even in the era of the COVID-19 pandemic and a challenging macroeconomic environment. We are simultaneously taking account of the net income attained in the past fiscal year in an appropriate way.

### Report on the Supervisory Board's work

Before I hand over to Ms. Dahnke and then the Executive Board, I would like to report to you on the work done by the Supervisory Board over the last and current fiscal years.

The Supervisory Board of Knorr-Bremse AG intensively discussed transactions of significance to the Company and the Company's ongoing development with the Executive Board during the previous fiscal year. The Supervisory Board was included in all decisions of fundamental importance for the Company in a timely manner. The Executive Board also informed the Supervisory Board about urgent matters between the regular meetings.

Additionally, the Supervisory Board advised the Executive Board on the management of the Company and on the preparation and implementation of acquisitions. These assessments also focused on the integration of recently acquired business operations. The Supervisory Board monitored the Executive Board's management of the business at the same time and used regular reports on business development, planning, and risk position as a basis for this. In this context, the Supervisory Board examined the supply constraints for chips and raw materials and the associated increases in procurement and logistics costs, some of them significant, on multiple occasions. Together with the Executive Board, it discussed far-ranging measures that have the purpose, firstly, of safeguarding our supply chains and, secondly, of safeguarding profitability with consistent measures for offsetting additional expenditure.

You will find the full Supervisory Board report for the 2021 fiscal year on pages 12 to 23 in the annual report. Right now, I wish to concentrate on a few significant points and also outline my position on a few current topics.

The full Supervisory Board met seven times in total during the previous year to consider the current course of business, the ongoing strategic development of the Knorr-Bremse Group, and HR-related topics. In addition to these meetings, there were a total of 28 committee meetings, of which 12 were meetings of the Executive Committee, 7 the Audit Committee, 6 the newly established Strategy Committee, and 3 the Nomination Committee for preparing the election of new shareholder representatives. The Supervisory Board meetings were held in compliance with the applicable social distancing and hygiene regulations and largely as in-person meetings in Munich and, in one case, in Aldersbach, and also by videoconference in individual cases. We saw greater participation in these deliberations than we did in the year before, with the attendance rate for full-board meetings averaging 97.6% and therefore coming in even higher than the already high attendance rate of 96.5% in the previous year. This almost full attendance by the members of the Supervisory Board and its committees demonstrates the high level of commitment to the work done by the Supervisory Board.

At its annual multiple-day strategy meeting in July, the Supervisory Board first discussed the decision made by the Executive Board to refrain from the potential acquisition of automotive supplier Hella. Mr. Weber will address this in more detail when he responds to your shareholder questions.

The Supervisory Board's strategy meeting also focused on the strategic direction of the two divisions, strategic financial planning, and the central innovation projects in Commercial Vehicle Systems and Rail Vehicle Systems. The Supervisory Board furthermore focused on the development of rail and truck business in China and the strategic challenges of that country's autonomy policy, which sees the Chinese market growing increasingly isolated from high-tech companies in the West.

As part of its fulfillment of the recommendations under the German Corporate Governance Code, an external efficiency review was conducted of the Supervisory Board and its working methods. The basis for this review was extensive one-on-one talks with all members of the Supervisory Board and Executive Board and the Head of the Corporate Office. We discussed the results of the review intensively in conjunction with the Executive Board.

The strategic alignment also involves defining and implementing a consistent sustainability strategy for the Company. In keeping with it, the Supervisory Board approved a syndicated loan of €750 million that is tied to a sustainability rating. Moreover, the Supervisory Board discussed topics including the implementation of sustainability standards within supply chains and the assessment of the Company's ESG criteria by external agencies.

In addition, the Supervisory Board deliberated on new provisions for Supervisory Board remuneration which will be presented at today's Annual General Meeting for the shareholders' approval. The cornerstones of the new provisions in Article 18 of the Articles of Association, which you can find published in the invitation to this Annual General Meeting, are remuneration for the new Strategy Committee established in May last year, the introduction of a meeting-attendance payment to act as lump-sum compensation for expenses, and an increase in the earnings of the Supervisory Board and its committees to a level typical by DAX/MDAX standards and commensurate with the KB Supervisory Board's responsibility and meeting frequency.

The meetings of the Executive Committee served in particular to prepare the agenda for Supervisory Board meetings and monitor the implementation of resolutions passed by the Supervisory Board. As the Chairman of the Executive Committee, I regularly reported to the Supervisory Board about the work done by the Executive Committee.

The changes in the Executive Board's membership which were completed in the 2021 fiscal year also represented a significant element of the Executive Committee's meetings. These changes included the departure of Dr. Laier as well as the appointment of Dr. Mayfeld as the Executive Board member for integrity and legal

affairs. Further topics that were discussed intensively by the Executive Committee as well as the Supervisory Board, together with the Executive Board, included the reevaluation and modification of the Knorr-Bremse Group governance structure that were triggered by Mr. Thiele's death, and the role of Knorr-Bremse AG as a holding company that manages its subsidiaries with appropriate downward penetration. These discussions also involved a detailed examination of the future role of the CEO.

On top of that, the Executive Committee assessed various remuneration issues, specifically ones involving the new provisions for the Executive Board's short-term incentive payment, as presented for approval at last year's Annual General Meeting. It also looked at the appropriateness of the Executive Board's remuneration and lastly at the new provisions for the Supervisory Board's remuneration.

Ladies and gentlemen, I would like to continue my address now by preparing for the election of the new Supervisory Board members:

When today's Annual General Meeting ends, so too will the time that Dr. Enders and I have spent in our positions. Dr. Nikutta and Dr. Ploss will be candidates to replace us as new Supervisory Board members. New elections will be required for both these shareholder representatives on the Supervisory Board. I have already presented Dr. Nikutta to you, while Dr. Ploss introduced himself in person earlier today.

The German Stock Corporation Act requires that at least two women and at least two men are appointed to represent the shareholder side and the employee side respectively. Our resolution proposal incorporates this requirement and would see three women and three men representing the shareholders in the future if the nominated candidates are elected. The employee representatives will continue to consist of two women and four men.

The appointment of Dr. Nikutta and Dr. Ploss is planned to take effect as of the end of today's Annual General Meeting. Both are planned to be elected for the remainder of the other Supervisory Board members' term of office, that is, until the Annual General Meeting in 2026.

I firmly believe that we have been successful in gaining highly suitable and qualified individuals for the Supervisory Board. Together, they will contribute not only to the intensive discussions with the Company and Executive Board in the current challenging environment, but also to the identification and usage of the opportunities ahead of us.

For this reason, the Supervisory Board has resolved unanimously to nominate Dr. Ploss and Dr. Nikutta for election to the Supervisory Board based on the recommendation made by the Nomination Committee. We ask you too to place your trust in them for the Supervisory Board election and their subsequent time on the Board.

Work done by Supervisory Board in current fiscal year

Ladies and gentlemen,

I would like to conclude by addressing the membership changes that have been made by the Supervisory Board in the current 2022 fiscal year:

The Supervisory Board met on March 11, 2022, and took the following measures to safeguard the Company's continuity, stability, and future viability:

- The previous Chief Executive Officer of Knorr-Bremse AG, Dr. Jan Mrosik, stepped down from the Executive Board with effect from March 12 and has left the Company on completely amicable terms. In terms of his successor, the Supervisory Board is placing great importance on the rapid and global transformation processes in the world's economic development during the current crisis, and on the enormous dynamism of the markets. Until a successor has been determined, CFO Frank Markus Weber has assumed the responsibilities of the CEO position on an interim basis.
- The Supervisory Board has also elected to extend Mr. Weber's contract by five years, even though it is not expiring soon, so that continuity is assured at the head of the Company.
- Bernd Spies has also been appointed as a new Executive Board member in charge of the Commercial Vehicle Systems division. Mr. Spies has been a part of the Company for many years as the managing director of our German commercial-vehicle subsidiary. He succeeds Dr. Laier, who left the Company on December 31, 2021, at his own request.

That brings me to the end of my speech today. I would now ask that Ms. Dahnke come to the lectern. Ms. Dahnke is going to report to you about the very important work done by our Audit Committee.

[Report from the Audit Committee]

Thank you, Ms. Dahnke, for your explanations and constantly prudent and conscientious leadership of our Audit Committee. It is now my pleasure to ask the Executive Board to present its report on business conditions and its strategic outlook.