
**Declaration on Corporate Governance
for the fiscal year 2019**

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Declaration on Corporate Governance of the Executive Board and the Supervisory Board of Knorr-Bremse AG

The Executive Board and the Supervisory Board of Knorr-Bremse AG adopted the following declaration of compliance with the German Corporate Governance Code on November 26 and December 10, 2019:

"Knorr-Bremse AG has complied with the German Corporate Governance Code ("GCGC") recommendations as published in the official section of the electronic Federal Gazette by the Federal Ministry of Justice on February 7, 2017, since January 1, 2019. With exception of the following section, Knorr-Bremse AG will comply with GCGC recommendations as of January 1, 2020:

It is anticipated that Knorr-Bremse AG will not be able to make the consolidated financial statements and Group management report for the 2019 fiscal year publicly accessible within 90 days from the end of the fiscal year, nor make the mandatory interim financial information publicly accessible within 45 days from the end of the respective reporting period, as recommended in Section 7.1.2 sentence 3 of the German Corporate Governance Code (GCGC). This is due to the changeover to International Financial Reporting Standards (IFRS) shortly before the stock market flotation of Knorr-Bremse AG on October 12, 2018, the operational implementation of which will not be completed within the Knorr-Bremse Group until fiscal year 2020. From fiscal year 2021 onward, i.e. from January 1, 2021, Knorr-Bremse AG will prepare the consolidated financial statements, the Group management report, and the mandatory interim financial information in accordance with the recommendation in Section 7.1.2 sentence 3 of the GCGC.

Munich, December 10, 2019

Knorr-Bremse Aktiengesellschaft

The Executive Board

The Supervisory Board“

Further suggestions of the Codex

Furthermore, during the reporting period Knorr-Bremse AG chooses to comply with the GCGC's non-mandatory suggestions, with the following exception: Departing from the last sentence of Section 4.2.3 (2) of the GCGC, contracts of employment for Executive Board members include a provision for early disbursement of multi-year remuneration components in the event of permanent disability or death.

Further Corporate Governance Practices and Compliance

In addition to complying with the law and the GCGC, Knorr-Bremse AG is committed to the responsible conduct of business in and across all its divisions. Our internal guidelines may be viewed on our website under Investor Relations/Code of Conduct and Investor Relations/Compliance. Together with further details of our social and community engagement, more information about how we take corporate citizenship seriously and encourage sustainable growth can also be found on the website under Responsibility

Description of the working practices of the Executive Board and Supervisory Board along with the composition and working practices of their committees

Comments concerning the operation of the Executive Board and the Supervisory Board plus the composition and operation of the Supervisory Board's Committees are available in the Corporate Governance Report and the Report of the Supervisory Report (<https://ir.knorr-bremse.com/corporate-governance-en>).

Targets pursuant to section 76 paragraph 4 and section 111 paragraph 5 of the German Stock Corporation Act (AktG) as well as information on minimum quotas of women and men in the Supervisory Board's composition

To date, our statutory obligations with respect to the equal participation of women and men in leadership positions have been fulfilled as follows:

- Three women are currently serving on the Supervisory Board of Knorr-Bremse AG; two represent shareholders and one represents employees. This equates to 33% female representation on the shareholder side which – if the parties are counted separately – complies with the minimum legal quota of 30%. In terms of the Supervisory Board as a whole, 25% of board members are female.
- The percentage of women currently serving on the Executive Board of Knorr-Bremse AG is 0%. The Supervisory Board has set a target of 20% women on the Executive Board by June 30, 2023.
- As at December 31, 2019, the proportion of female managers on the first management tier below Executive Board level at Knorr-Bremse AG was 15.4%, and 0% on the second management tier. A target of 7.7% has been set for women on the first management tier (which was the status quo when the targets were specified in 2018) and 16.7% for the second management tier, both to be reached and maintained by June 30, 2023.

Skills profile for the Supervisory Board, concept on diversity with regard to the composition of the Executive Board and the Supervisory Board

The Supervisory Board has defined a skills profile and objectives for the composition of the Supervisory Board, including minimum quotas with respect to gender and international diversity. This ensures that Supervisory Board members collectively possess the requisite skills and expertise to properly perform the work of the board. These skills include, for ex-

ample, specific technical knowledge of the rail, commercial vehicle and automotive industries, including the supply sector; the key markets in which Knorr-Bremse operates; research and development, especially in technologies and related areas of relevance to Knorr-Bremse; digitization and smart, digitally connected IT applications (Industry 4.0). Also required is experience in management, leadership, accounting, controlling and risk management, corporate governance, and corporate compliance. Members do not all have to be equally skilled in all these areas; rather, their skills should be complementary.

The skills profile stipulates that at least one member should be a financial expert who is knowledgeable about accounting or auditing. The chair of the Audit Committee should have a detailed knowledge of the application of accounting principles and internal control procedures. Members of the Supervisory Board should be willing and able to devote sufficient time and expertise to discharge their duties diligently. In particular, this includes being willing to take responsibility for their own continuing professional development.

A wide range of professional and international experience is expected in relation to diversity; according to Section 96 (2) of the German Stock Corporation Act (AktG), the proportion of women and men on the Supervisory Board must be at least 30% in each case. Further salient points are an appropriate number of independent members, the avoidance of conflicts of interest, an upper age limit of 70 at the time of election, and a maximum of three terms in office, i.e. 15 years.

In the view of the Supervisory Board, its current composition meets the requirements set out in the skills profile, with the exception of the gender quota of at least 30% which has come into effect since the Company's stock market flotation and will therefore apply to new elections under Section 96 (2) of the AktG and Section 25 (2) of the Introductory Act to the German Stock Corporation Act (EgAktG). To date this quota has been met solely on the shareholder representation side. The employee side currently includes one female member.