



# INVITATION

Knorr-Bremse  
Annual General Meeting  
2020



**KNORR-BREMSE**

# KNORR-BREMSE AG

Munich

German Securities Identification Number  
(Wertpapier-Kenn-Nummer, "WKN"): KBX100

## Notice of Annual General Meeting 2020 of Knorr-Bremse AG on 30 June 2020

Dear Shareholders,

We hereby invite you to the **Annual General Meeting of Knorr-Bremse AG** on Tuesday, 30 June 2020, at 10:00 a.m. (CEST), which will be held as a virtual Annual General Meeting without physical presence of either shareholders or their authorized representatives.

The Annual General Meeting will be broadcasted live in video and audio on the internet for shareholders who registered in due time. The shareholders' voting rights will be exercised exclusively by way of postal voting or by issuing powers of attorney to the company-nominated representatives. The place of the Annual General Meeting within the meaning of the German Stock Corporation Act (Aktiengesetz, "**AktG**") is the registered office of the company, Moosacher Straße 80, 80809 München.

### I. AGENDA

- 1. Presentation of the adopted annual financial statements, the approved consolidated financial statements and the combined management report on Knorr-Bremse AG and the Knorr Bremse Group for the fiscal year 2019 as well as the report of the Supervisory Board for the fiscal year 2019**

The aforementioned documents are available on our website at [ir.knorr-bremse.com/agm](http://ir.knorr-bremse.com/agm) and will also be explained in detail at the virtual Annual General Meeting.



The aforesaid documents include the remuneration report, the Corporate Governance Report and the explanatory report in respect of the information to be disclosed pursuant to Sec. 289a (1) and Sec. 315a (1) of the German Commercial Code (Handelsgesetzbuch, "HGB") in the version applicable to the annual and consolidated financial statements of 2019.

The Supervisory Board has approved the annual financial statements prepared by the Executive Board and the consolidated financial statements. The annual financial statements have, thus, been adopted pursuant to Sec. 172 sentence 1 AktG. The Annual General Meeting is consequently not required to adopt a resolution on agenda item 1.

## 2. Appropriation of retained earnings

The Supervisory Board and the Executive Board propose that an amount of EUR 290,160,000.00 from the unappropriated retained earnings of Knorr-Bremse AG in the total amount of EUR 461,737,200.09 from the expired fiscal year 2019 be used to pay a dividend of **EUR 1.80 per dividend-bearing no-par value share** and to carry forward the balance to new account.

This results in the following appropriation of retained earnings:

Unappropriated retained earnings:	EUR 461,737,200.09
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Distribution to the shareholders:	EUR 290,160,000.00
Profit carried forward:	EUR 171,577,200.09

Pursuant to Sec. 58 (4) sentence 2 AktG, the dividend entitlement falls due for payment on the third business day following the date of the resolution of the Annual General Meeting, i.e. the entitlement falls due on Friday, 3 July 2020.

## 3. Approval of the acts of the members of the Executive Board

The Supervisory Board and the Executive Board propose that the acts of the members of the Executive Board that held office in the fiscal year 2019 be ratified for such fiscal year.

## 4. Approval of the acts of the members of the Supervisory Board

The Supervisory Board and the Executive Board propose that the acts of the members of the Supervisory Board that held office in the fiscal year 2019 be ratified for such fiscal year.

## 5. Resolution on the appointment of the auditor for the annual financial statements and the consolidated financial statements as well as the auditor for the review of the half-yearly financial report for the fiscal year 2020

The Supervisory Board proposes that the audit firm KPMG AG, Wirtschaftsprüfungsgesellschaft, Berlin, Munich branch, be appointed to serve as auditor for the annual financial statements and the consolidated financial statements for the fiscal year 2020 and for the review of the half-yearly financial report for the first half-year of the fiscal year 2020.

The Supervisory Board's proposal is based on the recommendation of its Audit Committee. Both the recommendation of the Audit Committee to the Supervisory Board and the proposal of the Supervisory Board are free from improper influence by a third party. Furthermore, there were no rules imposing restrictions on the selection of a particular auditor or a particular audit firm to conduct the audit.

## 6. Resolution on approval of the system of remuneration for the members of the Executive Board

Pursuant to Sec. 120a (1) AktG, as amended on 1 January 2020 in accordance with the Act of 12 December 2019 Implementing the Second Shareholder Rights Directive ("ARUG II"), the annual general meeting of a listed company adopts a resolution on the

approval of the remuneration system for the members of the executive board every time the system is changed materially, but at least every four years.

The Supervisory Board had adopted a new remuneration system for the members of the Executive Board on 10 December 2019 that meets the requirements laid down in ARUG II and takes into account the recommendations made in the revised German Corporate Governance Code.

The Supervisory Board proposes to the Annual General Meeting to approve the remuneration system for the members of the Executive Board resolved by the Supervisory Board on 10 December 2019 and appended to the agenda as an annex to this item 6.

### **7. Resolution on confirmation of the remuneration and on the remuneration system for the members of the Supervisory Board**

Pursuant to Sec. 113 (3) AktG, as amended on 1 January 2020, the annual general meeting of a listed company must adopt a resolution at least every four years on approval of the remuneration and on the remuneration system for the members of the supervisory board.

The remuneration of the members of the Supervisory Board is laid down in Article 18 of the Articles of Association of Knorr-Bremse AG.

Article 18 of the Articles of Association of Knorr-Bremse AG reads as follows:

#### **Article 18 Remuneration for the Supervisory Board**

(1) The members of the Supervisory Board, except for the chairperson and the deputy chairpersons, receive a basic compensation of EUR 80,000.00 for the relevant fiscal year of the company; the chairperson of the Supervisory Board receives a basic compensation of EUR 250,000.00 for the relevant fiscal year of the company, and each of the deputy chairpersons receive a basic compensation of EUR 120,000.00 for the rele-

vant fiscal year of the company. For their service on the Supervisory Board committees, compensation is paid as follows:

(i) EUR 60,000.00 to the chairperson of the executive committee and EUR 20,000.00 to every other member of the executive committee;

(ii) EUR 60,000.00 to the chairperson of the audit committee and EUR 20,000.00 to every other member of the audit committee.

(2) Members of the Supervisory Board who have not been a member of the Supervisory Board or of a committee, or who have not acted as chairperson, for a full fiscal year receive compensation pro rata temporis, with each part of a month being rounded up to a full month.

(3) Compensation is payable after the close of the Annual General Meeting at which the financial statements for the preceding fiscal year are submitted or which resolves on the adoption thereof.

(4) D&O liability insurance will be taken out for the members of the Supervisory Board of the Knorr-Bremse Group, which will be maintained by the company in its own best interest and will provide for an adequate level of cover. The premiums for this insurance policy will be borne by the company.

(5) The company will reimburse the members of the Supervisory Board for reasonable expenses incurred by them in the exercise of their office.

(6) VAT will be reimbursed by the company to the extent that the members of the Supervisory Board are entitled to separately invoice VAT to the company and exercise such right.

Following a detailed review, the Executive Board and the Supervisory Board reached the conclusion that the remuneration provisions for the members of the Supervisory Board are in line with the corporate interests of Knorr-Bremse AG and are reasonable.

The Executive Board and the Supervisory Board therefore propose to the Annual General Meeting that the existing remuneration arrangements for the members of the Supervisory Board be confirmed and that a resolution be adopted approving the Supervisory Board remuneration system appended to the agenda as an annex to this item 7.

## 8. Supervisory Board Election

Pursuant to Secs. 95, 96 (1), 101 (1) AktG in conjunction with Secs. 1 (1), 5 (1), 7 (1) sentence 1 no. 1 German Co-Determination Act (Mitbestimmungsgesetz – MitbestG) and Sec. 10 (1) of the Articles of Association, the Supervisory Board is composed of twelve members, consisting of six members to be elected by the shareholders (shareholder representatives) and six members to be elected by the employees (employee representatives).

The members elected by the shareholders Dr. Wolfram Mörsdorf, Wolfgang Tölsner und Georg Weinberg have resigned their mandates with effect from the end of the Annual General Meeting 2020.

Pursuant to Sec. 96 (2) sentence 1 AktG in conjunction with Secs. 1 (1), 5 (1) MitbestG, the Supervisory Board consists of at least 30% women and 30% men. As the shareholder representatives as well as the employee representatives have objected to an overall fulfilment of the minimum quota on the basis of a resolution passed by majority vote to the Chairman of the Supervisory Board, the minimum quota for this election must be fulfilled separately by the shareholder representatives and the employee representatives. In order to comply with the minimum quota requirement pursuant to Sec. 96 (2) sentence 1 AktG, the shareholder as well as the employee side must each include two women and two men. After termination of the mandates of the departing members, the shareholders' side of the Supervisory Board of the Company still includes two women and one man. The following resolution proposal provides the election of three men. In case of the election of the proposed candidates, the shareholders' side would therefore consist of two women and four men. Thus, the resolution proposal fulfils the minimum quota of Sec. 96 (2) AktG.

Based on the recommendation of its Nomination Committee the Supervisory Board proposes the election of

- Dr. Thomas Enders, President of the German Council on Foreign Relations, place of residence: Tegernsee
- Heinz Hermann Thiele, entrepreneur, place of residence: Munich
- Dr. Theodor Weimer, Chairman of the Executive Board of Deutsche Börse AG, place of residence: Wiesbaden

as shareholder representatives in the Supervisory Board with effect from the end of the company's Annual General Meeting on 30 June 2020. Pursuant to Sec. 10 (2) sentence 3 of the Articles of Association the appointment is made for the remainder of the original term of office of the departing members, i.e. for a term of office until the end of the Annual General Meeting in 2021.

The nomination takes into account the objectives adopted by the Supervisory Board on 12 July 2018 for its composition and aims at fulfilling the simultaneously adopted competency profile for the entire body.

Further information on the nominated candidates can be found in the annex to agenda item 8. The elections shall be conducted as individual elections.

## 9. Amendment of the Articles of Association in Sec. 21 (1) sentence 2 (proof of share ownership)

The prerequisites for the transmission of notifications to shareholders, the requirements for attendance at the Annual General Meeting and the exercise of voting rights as well as the rules for the exercise of voting rights by credit institutions and commercial proxy services were amended by the Act Implementing the Second Shareholder Rights Directive (ARUG II). According to the amended Sec. 123 (4) sentence 1 AktG, in the case of bearer shares of listed companies, the proof of the last intermediary pursuant to the newly introduced Sec. 67c (3) AktG shall in future suffice for attendance at the Annual General Meeting or the exercise of

voting rights. Sec. 21 (1) sentence 2 of the Articles of Association still refers to the previous legislation and requires a confirmation of the shareholding issued by the depository institution.

ARUG II entered into force on 1 January 2020. The newly introduced Secs. 67a et seq. AktG shall become applicable only from 3 September 2020 and for the first time to Annual General Meetings convened after 3 September 2020. The changes will therefore become applicable before the Company's Annual General Meeting in 2021. In order to avoid a deviation from the regulations in the Articles of Association and the law, the amendment of the Articles of Association shall already be resolved upon now. The Executive Board shall ensure by a corresponding submission to the commercial register, that the amendment to the Articles of Association shall become effective only after 3 September 2020. Therefore, the Executive Board and the Supervisory Board propose the following resolution:

Sec. 21 (1) sentence 2 of the Articles of Association is restated as follows:

“Proof of shareholding must be provided by the last intermediary; the proof must refer to the beginning of the 21st day before the Annual General Meeting.”

The Executive Board is instructed to apply for registration of the amendment of Sec. 21 (1) sentence 2 of the Articles of Association in the commercial register in accordance with the above in such a way that the registrations are made as soon as possible after 3 September 2020.

## II. ANNEXES TO THE AGENDA

### **Annex to agenda item 6 - Remuneration system for the members of the Executive Board**

#### **A. Principal features of the remuneration system and contribution to the promotion of the business strategy and the long-term development of Knorr-Bremse AG.**

The remuneration system for the members of the Executive Board makes an essential contribution to the promotion and implementation of Knorr-Bremse AG's corporate strategy of growing stronger than the market and continuously achieving a first-class margin. Added value is created for customers, employees and shareholders by defining performance criteria relating to the long-term and sustainable success of the company, for which ambitious annual and multiyear targets are set.

The remuneration system creates incentives which are in line with and support the corporate strategy. The short-term variable remuneration is based on the financial performance criteria turnover, earnings before interests and taxes (EBIT) and net working capital, as well as quality. Thus, the focus of the Executive Board's actions on profitability and further growth is strengthened. The short-term variable remuneration is additionally oriented toward non-financial performance criteria. This supports the further strategic development of the company, which also includes social and environmental aspects and pays attention to developing the company in a sustainable manner.

Already in the course of the successful IPO in October 2018, the Executive Board remuneration system oriented itself more closely to the requirements of the shareholders and the market practice in listed companies. It had already been announced in the prospectus that the long-term variable remuneration was to be linked to the share value. This development is being continued with the remuneration system that is currently being proposed.

In order to link the remuneration to the long-term development of the company, the long-term variable remuneration comprises an essential part of the total remuneration. With a term of four years and an annual payment, the corporate development is observed over multiyear cycles. A combination of internal and external performance criteria takes the stakeholder, as well as the stakeholder's approach, into account. The comparison with competitors creates incentives for long-term profitability and further operative development, as well as for the implementation of strategically relevant projects, such as attaining technology leadership through R&D expertise.

In order to further harmonize the interests of the Executive Board and the shareholders and to strengthen a long-term and sustainable development of Knorr-Bremse AG, the members of the Executive Board are obliged to acquire shares in Knorr-Bremse AG and hold them for the duration of their appointment.

The structure of the remuneration system for the members of the Executive Board is clear and comprehensible. It meets the requirements set out in the AktG, as amended by the Act of 12 December 2019 Implementing the Second Shareholder Rights Directive (Federal Law Gazette, Part I 2019, no. 50 of 19 December 2019), and takes into account the recommendations of the German Corporate Governance Code (GCGC) in the version resolved by the Government Commission on the German Corporate Governance Code on 16 December 2019.

The remuneration system will apply as of 1 January 2020 for the members of the Executive Board Mr Eulitz, Dr Laier and Dr Wilder, as of 1 August 2020 for Mr Weber, as well as to all new service agreements with members of the Executive Board and to extensions of service agreements.

## B. Specifics of the remuneration system

### I. Remuneration components

#### 1. Overview of the remuneration components and their relative share of the remuneration

The remuneration of the members of the Executive Board shall comprise fixed and variable components. The fixed components are the fixed annual salary, fringe benefits and the pension contribution. The variable components are the short-term variable remuneration (“**STI**”) and the long-term variable remuneration (“**LTI**”). The remuneration system also includes share ownership guidelines for the members of the Executive Board (“**SOG**”).

<b>Remuneration components</b>	Basis of calculation/parameters
<b>Non-performance-related components</b>	
Fixed annual salary	• Fixed contractual remuneration, paid out in twelve monthly instalments
Fringe benefits	• Essentially, the granting of a private use of the company car, insurances (accident insurance, D&O insurance), reimbursement of the employer’s contribution toward health and nursing care insurance
Pension contribution	• Annual sum for old-age pension purposes • No additional company pension scheme shall be granted.
<b>Performance-related components</b>	
	Type of plan
	• Target bonus
	Limitation of the payout amount
	• 180% of the target amount (Chairman of the Executive Board, “CEO”) • 200% of the target amount (Executive Board member “EBM”)
Kurzfristige variable Vergütung (STI)	• Turnover, EBIT and net working capital (each 30%)
	Performance criteria
	• Quality (10%) • Modifier (0.8-1.2) to assess the individual and collective performance of the Executive Board, as well as of stakeholder targets
	Payment
	• In the month after the approval of the consolidated financial statement
	Type of plan
	• Performance Share Plan
	Limitation of the payout amount
	• 180% of the target amount (CEO) • 200% of the target amount (EBM)
Langfristige variable Vergütung (LTI)	• Earnings per share - EPS (50 %) • Relative total shareholder return - TSR (50 %) Comparison with MDAX, selected companies in the “rail and truck” industry, as well as “high quality European Industrial Goods”
	Payment
	• In the month after the approval of the consolidated financial statement for the last fiscal year of the 4-year Performance Period.
<b>Other</b>	
Share ownership obligation	• Obligation to acquire shares in Knorr-Bremse AG in the amount of a fixed gross annual salary within four years and to keep them for the duration of the membership in the Executive Board

The Supervisory Board shall determine a specific target total remuneration on the basis of the remuneration system for each member of the Executive Board, which must be in an appropriate relationship to that member's tasks and services, as well as the situation of the company and does not exceed the normal remuneration without more ado. The target total remuneration shall comprise the total of all of the remuneration components which are relevant for the total remuneration. For STI and LTI the target amount will be factored in if the target achievement is 100%. The share of the long-term variable remuneration in the target total remuneration exceeds the share of the short-term variable remuneration in the target total remuneration. The relative shares of the fixed and variable remuneration components are described below in relation to the target total remuneration.

CEO: 32% EBM 44 % - 47%	CEO: 27% EBM 23 % -24%	CEO: 41% EBM 30 % - 32%
Non-performance-related components/ Fixed remuneration	Non-performance-related components/ Variable remuneration	
Fixed annual salary incl. fringe benefits and pension contribution	Short-term variable remuneration (STI)	Long-term variable remuneration (LTI)
Annual payout		Payout after four years

For the Chairman of the Executive Board the fixed remuneration (fixed annual salary, pension contribution and fringe benefits) shall account for approximately 32% and the variable remuneration for approximately 68% of the target total remuneration. The STI (target amount) shall account for approximately 27% and the LTI (target amount) for approximately 41% of the target total remuneration.

For the members of the Executive Board, the fixed remuneration (fixed annual salary, pension contribution and fringe benefits) shall account for approximately 44% to 47% and the variable remuneration for approximately 53% to 56% of the target total remuneration. The STI (target amount) shall account for approximately 23%

to 24% and the LTI (target amount) for approximately 30% to 32% of the target total remuneration.

In future fiscal years these shares can vary slightly due to developments in the cost of fringe benefits contractually agreed on and for newly-appointed members of the Executive Board, if any. Moreover, these shares can vary if any payments are granted on the occasion of newly-appointed members of the Executive Board taking up their office.

## 2. Fixed remuneration components

The members of the Executive Board shall receive a fixed annual salary payable in twelve monthly instalments. Additionally, fringe benefits shall be granted: Knorr-Bremse AG shall provide each member of the Executive Board with a company car for private use. The members of the Executive Board are also included in the D&O insurance policy taken out by Knorr-Bremse AG, and the employer's contribution towards health and nursing care insurance shall be reimbursed. Additionally an accident insurance policy (death and invalidity) shall be taken out for the members of the Executive Board at Knorr-Bremse AG's expense. For pension purposes, the members of the Executive Board shall receive an annual pension contribution, payable at the end of the respective fiscal year. Besides that, no company pension scheme shall be granted. In individual cases, the Supervisory Board can grant further payments on the occasion of a new member of the Executive Board taking up office in the first or second year of his/her appointment. A payment of this kind can serve to make up for, e.g., variable compensation that a member of the Executive Board loses in his/her previous position as a result of moving to Knorr-Bremse AG.

## 3. Variable remuneration components

The variable remuneration components are described below. Thereby, the connection between the achievement of the performance criteria and the amount of variable remuneration that is paid out, as well as when and in what form the members of the Executive Board can dispose of the variable remuneration sums that are paid out, are explained.



## STI

The STI is a performance-based bonus with a one-year assessment period. In the first step, the STI depends on financial performance criteria. As the second step, the Supervisory Board uses a modifier to take into account the individual performance of the respective member of the Executive Board, the collective performance of the Executive Board as a whole, and the achievement of stakeholder targets.



The four financial performance criteria for the calculation of the amount of the STI payout are: turnover, earnings before interests and taxes (“**EBIT**”) and net working capital, each of which is weighted at 30% and the performance criterion quality with a 10% weighting.

The direct connection with the financial performance criteria secures the strategic orientation of the variable remuneration. These financial performance criteria are not only used on the group level, but also serve to provide strategic orientation of the business activity in the individual business units.

- The turnover is the turnover reported in the approved and audited consolidated financial statements of the company. It is a central element of the implementation of the profitable growth strategy and value proposition of Knorr-Bremse AG of growing stronger than the market.
- The EBIT is the profit reported in the approved and audited consolidated financial statements of the company after depreciation of tangible and intangible assets. The EBIT reflects the earning power of the company and the value proposition of continuously achieving a first-class margin.

- The net working capital is defined as the total of netting inventories, trade receivables and contractual assets, minus trade debts, and contractual liabilities. A systematic net working capital management strengthens the internal financial capacity and financial commitment, which benefit the balance-sheet structure and profitability.
- The financial performance criterion of quality puts the focus on the operational activities of the business units, such as “cost of poor quality”.

The values shown in the approved and audited consolidated financial statements of Knorr-Bremse AG shall serve as a basis for calculating the target achievement with regard to each of the performance criteria: turnover, EBIT and net working capital.

Depending on the tasks of the respective member of the Executive Board, the financial performance criteria shall be determined with regard exclusively to the overall group (Chairman of the Executive Board and CFO) or 50% with regard to the overall group and 50% with regard to the business unit for which the respective member of the Executive Board is responsible (Rail Vehicle Systems or Commercial Vehicle Systems).

Before the beginning of each fiscal year, the Supervisory Board shall define the targets for the individual performance criteria, which are derived from the budget plan. After the fiscal year has elapsed, the total target achievement will be calculated on the basis of the target achievement for the individual performance criteria. In order to calculate the target achievement for the four performance criteria, the Supervisory Board shall compare, for each performance criterion, the actual value with the targets (budgeted value) of the respective fiscal year. The ratio of the value achieved to the target value defined by the Supervisory Board in each case (in percent) reflects the respective target achievement and – for the financial performance criteria turnover, EBIT and quality – results in the following target achievement, whereby values between the points mentioned are interpolated linearly:

Target	Target achievement
< 80%	0%
80%	50%
100%	100%
120%	200%
> 120%	200%

For the financial performance criterion net working capital, this applies in reverse, i.e. a ratio of 120 % or more results in target achievement of 0 % and a ratio of 80 % or less results in target achievement of 200 %.

The total target achievement (TA) is calculated from the financial performance criteria using the following formula:

**Total target achievement = Target achievement turnover x 30% + target achievement EBIT x 30% + target achievement net working capital x 30% + target achievement quality x 10%**

In addition to the financial performance criteria, the Supervisory Board shall define the non-financial performance criteria and their weighting, which will be used to assess the individual performance of the member of the Executive Board, the performance of the Executive Board as a whole, and the achievement of stakeholder and ESG targets.

- Possible performance criteria for assessing the individual performance of a member of the Executive Board are, e.g., important strategic achievements in his/her area of responsibility or individual contributions towards important projects spanning multiple areas of responsibility.
- Possible performance criteria for assessing the collective performance of the overall Executive Board are, e.g., the manner in which the members of the Executive Board have worked together or a long-term strategic, technical or structural development of the company.

- In terms of stakeholder targets, the Supervisory Board can, for instance, set performance criteria in the areas of “safety, health and environment” or diversity. In particular, the United Nations’ objectives of sustainable development, to which Knorr-Bremse AG is committed, or the Knorr-Bremse 2030 Climate Strategy, can also be taken into consideration as criteria.

The individual modifier shall be determined by the Supervisory Board at its due discretion, depending on the degree of performance of the non-financial performance criteria for the assessment of the individual performance of the member of the Executive Board, for the assessment of the performance of the Executive Board as a whole and for the assessment of the achievement of stakeholder targets. The individual modifier can be between 0.8 and 1.2. The targets and the assessment of the extent to which the targets were achieved shall be explained subsequently in the remuneration report for the respective fiscal year.

The total target achievement, as calculated from the financial performance criteria, multiplied by the modifier (0.8 to 1.2) and the defined target value in euro, shall produce the amount of the payout. For the members of the Executive Board the annual STI payout shall be limited to a maximum of 200% of the target amount and for the Chairman of the Executive Board to a maximum of 180% of the target amount. The STI payout shall be due for payment in the month after the approval of the consolidated financial statement of Knorr-Bremse AG for the fiscal year relevant for the STI.

The financial and the non-financial performance criteria may not be changed subsequently. Should any extraordinary events or developments occur, e.g. the acquisition or sale of a part of the company, the Supervisory Board shall be entitled to adjust the terms of the STI plan temporarily at its reasonable discretion.

Where an appointment begins or ends in the course of a fiscal year, the target amount shall be reduced pro rata temporis based on the date when the appointment begins/ends. Where a service agreement ends with a notice period, the target amount shall be reduced pro rata temporis based on the date when the notice period ends. Should the service agreement come to an end, the STI

for the current fiscal year shall be calculated in accordance with the general STI rules and paid out at the regular point in time.

## LTI

The LTI is structured as a performance share plan under which virtual shares in Knorr-Bremse AG are granted in annual tranches. Each tranche of the performance share plan shall have a term of four years ("**Performance Period**").

Each Performance Period begins on 1 January of the first fiscal year of the Performance Period ("**Granting Fiscal Year**") and ends on 31 December of the third year following the Granting Fiscal Year.

At the beginning of a Granting Fiscal Year the members of the Executive Board shall be allocated a provisional number of virtual shares (Performance Share Units), calculated as the ratio of the individual target amount agreed in the service agreement to the average XETRA closing price of Knorr-Bremse AG shares over the 60 trading days prior to the first day of the Granting Fiscal Year.

After the end of the Performance Period, the target achievement for the LTI shall be calculated and the amount of the payout for each member of the Executive Board shall be determined in accordance with the target achievement.



The relevant performance criteria for the Performance Share Plan shall be the following: the total shareholder return ("**TSR**") of Knorr-Bremse AG as compared to the respective TSR of companies from three comparison groups ("**Relative TSR**") and the development of the earnings per share ("**EPS**"). The combination of an internal, financial performance criterion (EPS) and an external, capital market-oriented criterion (TSR) orients the LTI to the long-term development of the company both internally and externally.

The EPS is the basic earnings per share after tax from continuing operations reported in the approved and audited consolidated financial statements of Knorr-Bremse AG. The EPS takes two strategic fields of Knorr-Bremse AG into account: further profitable growth strategy and consistent efficiency and excellence.

The target achievement for the EPS performance criterion shall be determined by comparing the average actual value of the EPS and the strategic target value of the EPS during the Performance Period. The quotient of the average actual EPS value to the strategic target value of the EPS (in percent) reflects the EPS target fulfillment and produces the following target achievement, whereby values between the designated points are interpolated linearly:

EPS Target fulfilment	Target achievement
< 80%	0%
80%	50%
100%	100%
140%	200%
> 140%	200%

The TSR designates the share price performance in consideration of fictitiously reinvested dividends and all capital measures and reflects the growth in the company's value from the shareholder's point of view. In order to take the competitive position of Knorr-Bremse AG into consideration and incentivise the strategy of sustainable growth above the market, the TSR of Knorr-Bremse AG is compared with that of relevant comparable companies.

- All companies that belong to the MDAX during an entire Performance Period (not including Knorr-Bremse AG)
- Selected companies in the "rail and truck" industry (currently: Alstom S.A., Cummins, Inc., Haldex AB, Jost AG, Navistar, Inc., Pac-car, Inc., SAF-Holland S.A., Stadler Rail AG, Vossloh AG, TRATON SE)

- Selected companies in the “high quality European Industrial Goods” industry (currently: Alfa Laval A.B., Atlas Copco A.B., Kone Corporation, Legrand S.A., MTU Aero Engines AG, NORMA Group SE, Rotork plc., Safran S.A., Schindler Aufzüge AG, Stabilus S.A.)

The Supervisory Board shall be entitled to unilaterally adjust the comparison group for future tranches prior to the commencement of the respective Performance Period.

In order to ascertain the extent to which the target relating to the TSR development of Knorr-Bremse AG in relation to the comparable companies has been achieved, the relative TSR rank achieved by Knorr-Bremse AG within the respective comparison group (ranking) shall be calculated, with the average relative rank across all three comparison groups being determined on the basis of this. The average relative rank results in the target achievement as follows, whereby values between the designated points are interpolated linearly:

Average relative rank	Target achievement
< 25. percentile rank	0%
25. percentile rank	50%
50. percentile rank	100%
75. percentile rank	200%
> 75. percentile rank	200%

The overall target achievement shall be calculated using the following formula:

**Total target achievement = Target achievement for TSR x 50% + target achievement for EPS x 50%**

The final number of virtual shares shall be calculated by multiplying the number of the allocated virtual shares by the overall target achievement after the expiry of the Performance Period:

**Final number of virtual shares = allocated number of virtual shares x total target achievement.**

The amount of the payout shall then be calculated by multiplying the final number of virtual shares by the average XETRA closing price of the share in the company the last sixty trading days before the end of the respective Performance Period.

For the members of the Executive Board the annual LTI payout shall be limited to a maximum of 200% of the target amount and for the Chairman of the Executive Board to a maximum of 180% of the target amount. The payout is due for payment in the month after the approval of the consolidated financial statement of Knorr-Bremse AG for the last fiscal year of the Performance Period.

The performance criteria may not be changed subsequently. Should any extraordinary events or developments occur, e.g. the acquisition or sale of a part of the company, the Supervisory Board shall be entitled to adjust the terms of the LTI plan temporarily at its reasonable discretion.

Where a term of office begins in the course of a fiscal year, the target amount shall be reduced pro rata temporis based on the date when the term of office begins. All claims based on tranches of a current Performance Period shall lapse without any replacement or compensation, if Knorr-Bremse AG terminates the service agreement for cause without notice before the end of the Performance Period on the grounds of matters for which the member of the Executive Board is responsible, if the appointment of the respective member of the Executive Board is revoked on the grounds of a gross breach of duty, or the member of the Executive Board resigns from office without good cause and without the consent of Knorr-Bremse AG. If the appointment ends for other reasons before the expiry of the Performance Period, the tranches of the current Performance Periods shall be maintained. The LTI tranche of the Granting Fiscal Year in which the appointment ends shall be reduced pro rata temporis based on the end of the appointment. The payout shall not be made prematurely.

#### 4. Share ownership obligation (Share Ownership Guidelines, SOG)

In addition to the LTI as a performance share plan with a four year

Performance Period, the share acquisition and retention obligation shall constitute a further key component of the remuneration system for the Executive Board with the objective of promoting the long-term and sustainable development of the company. The members of the Executive Board shall be obliged to acquire and retain ownership of a minimum number of shares in Knorr-Bremse AG in the amount of 100% of the fixed gross annual salary for the duration of their service agreements ("**SOG Target**"). Until the SOG Target has been achieved, the member of the Executive Board shall be obliged to acquire shares in Knorr-Bremse AG equal to at least 25% of the SOG Target in each fiscal year. In individual cases the Supervisory Board can use its discretion to depart from the SOG provisions, taking into account the circumstances of the case concerned (e.g. on account of restrictions on the acquisition of shares as a result of contractual, internal company, or statutory provisions).

## II. Maximum Remuneration

The total remuneration to be granted in a fiscal year (sum of all of the remuneration amounts paid for the respective fiscal year, including fixed annual salary, variable remuneration components, a pension contribution and fringe benefits) to the members of the Executive Board – regardless of whether it is paid out in that fiscal year or at a later point in time – shall have an absolute upper limit ("**Maximum Remuneration**"). The Maximum Remuneration for the Chairman of the Executive Board shall be EUR 7,490,000, and for each of the other members of the Executive Board EUR 4,030,000.

When a new member of the Executive Board takes up office, the Maximum Remuneration can differ in the first or second year of his/her appointment from the Maximum Remuneration if the Supervisory Board grants the new member of the Executive Board in exceptional cases further payments as compensation for lost payments from the previous service relationship. In this case, the Maximum Remuneration for this one fiscal year for the Chairman of the Executive Board shall be increased to up to 50 %, and for other members of the Executive Board to up to 25 %.

The following exceptions apply in the fiscal year 2020, taking into account any payments made on the occasion of a new member of the Executive Board taking up office:

- For Mr Eulitz the Maximum Remuneration for the fiscal year 2020 is EUR 11,287,000.
- For Mr Weber the Maximum Remuneration for the months of August to December of the fiscal year 2020 is EUR 2,637,500.

Independent of the fixed Maximum Remuneration, the amounts of each of the individual variable remuneration components that are to be paid shall also be limited relative to the respective target amount to 180% of the target value for the Chairman of the Executive Board and 200% for other members of the Executive Board.

## III. REMUNERATION-RELATED LEGAL ACTS

### 1. Terms and prerequisites for the termination of remuneration-related legal acts

The service agreements of the members of the Executive Board are valid for the duration of the present appointments and, at the time of the adoption of the resolution on the remuneration system, have the following terms:

- Mr. Eulitz's service agreement: up to 31 October 2024,
- Dr. Laier's service agreement: up to 31 December 2023,
- Dr. Wilder's service agreement: up to 31 August 2021.
- Mr. Weber's service agreement: up to 31 July 2023

The service agreements shall be extended for the duration of a reappointment unless agreed otherwise.

The service agreements shall end prematurely if the appointment is terminated by mutual consent with the approval of the Supervisory Board ("**Termination of the Appointment by Mutual Consent**") as of the date of the Termination of the Appointment by Mutual Consent. Should the Supervisory Board revoke the appointment, the service agreement shall end prematurely on the expiry of a notice period pursuant to Sec. 622 (2) BGB. The notice period shall be extended to 24 months to the end of a month for the Chairman of the Executive Board and to twelve months to the end of a month for the Members of the Executive Board if the appointment of the member of the Executive Board is revoked, through no fault on his part, on account of incapacity to carry out proper management or because of a vote of no confidence by the Annual General Meeting, however not beyond the end of the regular term of the agreement. The extended notice period shall also apply, should the member of the Executive Board prematurely, unilaterally and validly resign from his position on the Executive Board for good cause. The members of the Executive Board shall receive their fixed annual salary during the notice period. The claims to STI and LTI shall be based on the provisions on leaving the Executive Board prematurely as described above.

There shall be no right of special termination in the event of a change of control ("**Change of Control**") or any commitment to make payments based on the premature termination of the membership of the Executive Board as a result of a Change of Control.

## 2. Compensation for removal from office

In case of a Termination of the Appointment by Mutual Consent, the members of the Executive Board shall receive a compensation payment. The compensation payment shall be comprised of the fixed annual salary and the STI for the remainder of the regular term of the appointment, however for a maximum of 24 months. Thus, the compensation payment shall not exceed the value of two years' remuneration, but will remain below it and shall also not remunerate a period longer than the residual term of the agreement. The STI paid in the last completed fiscal year prior to the termination of the appointment shall be used to determine the STI. Should the appointment end before the end of the first fiscal

year in which an STI is paid out, the STI shall be calculated on the basis of the target amount. The compensation payment shall be set off against any compensation for observing a post-contractual non-compete covenant paid by Knorr-Bremse AG. Even in the case of the Termination of the Appointment by Mutual Consent, the member of the Executive Board shall not be entitled to the compensation payment if the premature termination of the appointment takes place at the request of the member of the Executive Board or there is good cause for Knorr-Bremse AG to revoke the appointment or to terminate the service agreement without notice or if the member of the Executive Board is reappointed as a member of the Executive Board following the Termination of the Appointment by Mutual Consent.

The members of the Executive Board shall be subject to a post-contractual non-compete covenant for a period of one year after the termination of the service relationship. During this period, the members of the Executive Board shall be entitled to compensation for observing the post-contractual non-compete covenant equal to one twelfth of the fixed annual salary per month. The compensation for observing the post-contractual non-compete covenant shall be set off against other payments to be made by Knorr-Bremse AG for the period after termination of the service agreement. Any income obtained from activities that do not fall under the post-contractual non-compete covenant shall be set off against the compensation for observing the post-contractual non-compete covenant insofar as this compensation would, after adding the income obtained, exceed the amount of the contractual payments most recently received by the member of the Executive Board by more than one-tenth.

## IV. CONSIDERATION OF THE EMPLOYEES' TERMS AND CONDITIONS OF REMUNERATION AND EMPLOYMENT WHEN DETERMINING THE REMUNERATION SYSTEM

The Supervisory Board shall review the remuneration of the Executive Board on a regular basis. Both the peers of Knorr-Bremse AG

(horizontal comparison) and the internal company remuneration structure (vertical comparison in relation to the remuneration for members of the Executive Board) shall be taken into consideration when assessing the appropriateness of the remuneration.

The vertical comparison shall be based on the ratio of the Executive Board remuneration and the remuneration paid to the top senior management and the entire staff of Knorr-Bremse AG. The Supervisory Board shall differentiate the top senior managers for this purpose by incorporating the Management Board Europe Rail & Track, the management level 1 and the management level 2. For the entire staff, the Supervisory Board shall distinguish between pay-scale and non-pay-scale employees. The Supervisory Board shall take the development of the remunerations of these groups into account and how the relationship between them has developed over time.

## **V. PROCEDURE TO DETERMINE AND IMPLEMENT, AS WELL AS TO REVIEW THE REMUNERATION SYSTEM**

The Supervisory Board shall adopt a clear and comprehensible remuneration system for the members of the Executive Board. The Executive Committee shall be responsible for carrying out the preparatory work for the Supervisory Board's resolution on the remuneration system and the regular review of the remuneration system. The Executive Committee shall provide the Supervisory Board with all the information that it needs to review the remuneration system. The Supervisory Board shall review the remuneration system at its due discretion, but in any event every four years. To do so, the Supervisory Board shall make a market comparison and also take particular account of changes in the business environment, the overall economic situation and strategy of the company, changes and trends in national and international corporate governance standards, and developments in the employees' term and conditions of remuneration and employment pursuant to B.IV. If necessary, the Supervisory Board shall consult external remuneration experts and other advisors. In doing so, the Supervisory Board

shall ensure that the external remuneration experts and advisors are independent of the Executive Board and take the necessary precautions to avoid conflicts of interest.

The Supervisory Board shall submit the adopted remuneration system to the Annual General Meeting for approval each time there is a substantial change, but at least every four years. Should the Annual General Meeting not approve the submitted system, the Supervisory Board shall submit a revised remuneration system to the Annual General Meeting for approval at the next Annual General Meeting at the latest.

The remuneration system shall apply as of 1 January 2020 for the members of the Executive Board Mr. Eulitz, Dr. Laier and Dr. Wilder. In order to implement the remuneration system, the Supervisory Board, acting on behalf of Knorr-Bremse AG, has agreed the appropriate adjustments to the service agreements with the current members of the Executive Board and specified the values for the 2020 fiscal year in conformity with this remuneration system.

The Supervisory Board and the Executive Committee shall take suitable measures to ensure that possible conflicts of interest affecting the members of the Supervisory Board involved in advising and taking decisions on the remuneration system are avoided and, if necessary, resolved. Each member of the Supervisory Board shall be obliged to notify the Chairman of the Supervisory Board of conflicts of interest. The Chairman of the Supervisory Board shall disclose any conflicts of interest affecting him to the Executive Committee. The Supervisory Board shall decide how to deal with an existing conflict of interest on a case-by-case basis. One option in particular would be for a member of the Supervisory Board affected by a conflict of interest not to participate in a meeting or in individual consultations and decisions of the Supervisory Board or the Executive Committee.

The Supervisory Board may temporarily deviate from the remuneration system (procedure and regulations on remuneration structure) and its individual components, as well as with regard to individual remuneration components of the remuneration system, or introduce new remuneration components if this is necessary

for the long-term wellbeing of Knorr-Bremse AG. The Supervisory Board reserves the right to deviate from the remuneration system in this way in exceptional circumstances, for example an economic or company crisis. Such deviations may lead to a temporary deviation from the Maximum Remuneration for the Chairman of the Executive Board or other members of the Executive Board.

## **Annex to agenda item 7 – Remuneration system for the members of the Supervisory Board**

### **I. Contribution of the remuneration of the members of the Supervisory Board to promoting the business strategy and long-term development**

Because it is structured in line with general market conditions, the Supervisory Board remuneration makes it possible to acquire suitable candidates for the position of a member of the Supervisory Board. On this basis, the Supervisory Board remuneration contributes to ensuring that the Supervisory Board as a whole can fulfil its duty to monitor and advise the Executive Board properly and competently, thereby promoting the business strategy and long-term development of Knorr-Bremse AG.

### **II. Remuneration components**

The remuneration of the members of the Supervisory Board shall consist of a fixed annual basic remuneration of EUR 250,000.00 for the Chairman of the Supervisory Board, EUR 120,000.00 for each deputy chairman of the Supervisory Board and EUR 80,000.00 for each other member of the Supervisory Board. In addition, the Chairman of the Executive Committee and the Chairman of the Audit Committee shall each receive a fixed annual basic remuneration of EUR 60,000.00 and the other members of the Executive Committee a fixed annual basic remuneration of EUR 20,000.00. Any VAT accruing on the fixed annual basic remuneration shall be reimbursed by Knorr-Bremse AG to the extent that the members of the Supervisory Board are entitled to invoice VAT and exercise this right. The fixed annual basic remuneration shall be reduced pro rata temporis, with part of a month being rounded up to a full month, if a member does not belong to the Supervisory Board or

the Committee for a full fiscal year or does not act as chairman for a full fiscal year. The members of the Supervisory Board shall also be included in D&O insurance taken out by Knorr-Bremse AG.

### **III. Procedure to determine and implement, as well as to review the remuneration system**

The Annual General Meeting shall lay down the Supervisory Board remuneration on the recommendation of the Executive Board and Supervisory Board in the Articles of Association or by way of a resolution. At present, the Supervisory Board remuneration is laid down in the Articles of Association. The Annual General Meeting shall adopt a resolution on the Supervisory Board remuneration at least every four years. In order to prepare for the resolution by the Annual General election, the Executive Board and Supervisory Board shall each review whether the Supervisory Board remuneration is still in line with Knorr-Bremse AG's interests and still reasonable, especially in terms of its amount and structure. If necessary, the Executive Board and Supervisory Board shall propose a suitable adjustment to the Annual General Meeting.

## **Annex to agenda item 8 – Further information on the nominated candidates for the Supervisory Board**

### **Dr. Thomas Enders**

President of the German Council on Foreign Relations

#### **Personal data:**

**Date of birth:** 21/12/1958

**Nationality:** German

#### **Professional background and main activities in addition to the Supervisory Board mandate:**

**Since 2019:** President of the German Council of Foreign Relations e.V.

**2012-2019:** Chief Executive Officer (CEO) of Airbus SE

**2007-2012:** Chief Executive Officer of the civil aircraft business of Airbus SE



**2005-2007:** EADS/Airbus, Co-CEO

**2000-2005:** Chief Executive Officer of the defence business of Airbus SE

**1991-1999:** MBB/DASA, various positions, most recently Head of Corporate Development

**1989-1991:** Member of the "Planungsstab" of the German Ministry of Defence

**1985-1989:** Work in various foreign and security policy think tanks

**1982-1985:** German Bundestag, assistant at the parliamentary group of CSU

#### Education

University studies of economics, political science and history in Bonn and Los Angeles, doctorate Dr. phil.

#### Special knowledge and experience for the Supervisory Board activities at Knorr-Bremse AG

Dr. Thomas Enders has extensive expertise in the area of complex industries in a broad global value chain, the management of global industrial groups and cooperation with public-sector clients.

#### Membership in other statutory domestic Supervisory Boards:

Member of the Supervisory Board of Deutsche Lufthansa AG, Cologne, Germany

#### Membership in comparable domestic or foreign supervisory bodies of commercial enterprises:

Member of the Board of Directors of Linde plc, Dublin; Ireland

#### Heinz Hermann Thiele

Entrepreneur

#### Personal data:

**Date of birth:** 02/04/1941

**Nationality:** German

#### Professional background and main activities in addition to the Supervisory Board mandate:

**Since 2016:** Honorary Chairman of the Supervisory Board of Knorr-Bremse AG

**2013-2017:** Chairman of the Supervisory Board of Vossloh AG

**2007-2016:** Chairman of the Supervisory Board of Knorr-Bremse AG

**1985-2007:** Chairman of the Executive Board of Knorr-Bremse AG

**1979-1985:** Sales Director of Knorr-Bremse GmbH

**1975-1979:** Division Manager of the Commercial Vehicles Segment of Knorr-Bremse GmbH

**1969:** Entry into the patent department as legal consultant at Knorr-Bremse GmbH

#### Education

Law studies at Ludwig-Maximilians-Universität Munich

#### Special knowledge and experience for the Supervisory Board activities at Knorr-Bremse AG

Mr Thiele indirectly controls approx. 70.35 % of the shares in Knorr-Bremse AG. He had taken over the company in 1985 and subsequently built it up in its present form. Until 2007, he was the Chairman of its Executive Board and until 2016, Chairman of the Supervisory Board of the Company, of which he is now Honorary Chairman.

In the event of an election to the Supervisory Board, Mr Thiele can contribute his extensive knowledge of the Company, the markets in which it operates and the relevant technologies to the benefit of the Company. The consultancy agreement between Mr. Thiele and Knorr-Bremse AG will be terminated prematurely as of 30 June 2020.

#### Membership in other statutory domestic Supervisory Boards:

n/a

#### Membership in comparable domestic or foreign supervisory bodies of commercial enterprises:

n/a

#### Dr. Theodor Weimer

Chairman of the Executive Board of Deutsche Börse AG

#### Personal data:

**Date of birth:** 21/12/1959

**Nationality:** German

#### Professional background and main activities in addition to the Supervisory Board mandate:

**Since 2018:** Chairman of the Executive Board of Deutsche Börse AG

**2009-2017:** Spokesman of the Executive Board of HypoVereinsbank / UniCredit Bank AG

**2008:** Executive Chairman of Global Investment Banking of Bayerische Hypo-und Vereinsbank AG / UniCredit Group

**2007:** Head of Global Investment Banking of UniCredit Group

**2001-2007:** Managing Director and Partner of Goldman, Sachs & Co. oHG

**1995-2001** Senior Partner, member of the Global Management Committee of Bain & Company

**1988-1995** Management Consultant, McKinsey & Company

#### Education

University studies of economics, business management and geography at the University of Tübingen and the University of St. Gallen (Switzerland) and doctorate Dr. rer. pol. at the University of Bonn

#### Special knowledge and experience for the Supervisory Board activities at Knorr-Bremse AG

From his previous professional activities, Dr. Weimer has extensive knowledge and experience in the field of equity and debt capital markets, the management of global corporations, corporate transactions and corporate strategy.

#### Membership in other statutory domestic Supervisory Boards:

Member of the Supervisory Board of FC Bayern München AG, Munich, Germany

Proposed for election to the Supervisory Board of Deutsche Bank AG, Frankfurt am Main, Germany, by its Annual General Meeting of 20 May 2020.

#### Membership in comparable domestic or foreign supervisory bodies of commercial enterprises:

n/a

In the opinion of the Supervisory Board, apart from the relationship of Mr. Thiele to the Knorr-Bremse Group described above, there are no other personal or business relationships between the proposed candidates and the company, the company's executive bodies or a shareholder with substantial share in the company that would be regarded as decisive for the election decision by an objectively judging shareholder.

### III. Further Information

#### 1. Total number of shares and voting rights

At the time of the calling of the Annual General Meeting, the share capital of the company totaling EUR 161,200,000.00 is divided into 161,200,000 no-par value shares; each of the shares carries one vote. The total number of voting rights consequently amount to 161,200,000. The company does not hold any treasury shares.

#### 2. Information regarding participation in the virtual Annual General Meeting

##### The entitlement to participate by registering and submitting confirmation of shareholding

Based on the Act on Mitigating the Consequences of the COVID-19 Pandemic in Civil, Insolvency, and Criminal Procedural Law (Federal Law Gazette I 2020, p. 569, hereinafter the "COVID-19 Mitigation Act") of 27 March 2020, and with the approval of the Supervisory Board of Knorr-Bremse AG, the Executive Board has decided to hold the Annual General Meeting as a virtual meeting without the shareholders or their authorized representatives being present in person. In-person participation of the shareholders or their authorized representatives is therefore excluded.

The Annual General Meeting will be broadcast live via the Internet for registered shareholders on Tuesday, June 30, 2020, at 10:00 a.m. ([ir.knorr-bremse.com/agm](http://ir.knorr-bremse.com/agm)). The personal access data required to follow the entire Annual General Meeting via the AGM-Portal will be sent to shareholders who have registered in due time with their voting right card together with further information regarding the use of the AGM-Portal. Live broadcasting does not allow for participation in the Annual General Meeting within the meaning of Sec. 118 (1) sentence 2 AktG.

Pursuant to Sec. 21 of the company's Articles of Association, shareholders are entitled to participate in the virtual Annual General Meeting and to exercise their voting rights only if they have registered with the company prior to that meeting and if they have

submitted confirmation of their entitlement to attend. Such entitlement must be proven in the form of a confirmation of the shareholding issued by the depository institution. The confirmation of the shareholding must be valid as of 9 June 2020, 00:00 hrs. (CEST) (record date).

The registration for the Annual General Meeting and the confirmation of the shareholding must be received by Knorr-Bremse AG by **Tuesday, 23 June 2020, 24:00 hrs. (CEST), at the latest** at the following address

Knorr-Bremse AG  
c/o Link Market Services GmbH  
Landshuter Allee 10  
80637 Munich, Germany

or by telefax at: +49 (0) 89 210 27 289  
or by e-mail to: [inhaberaktien@linkmarketservices.de](mailto:inhaberaktien@linkmarketservices.de).

The registration and the confirmation of the shareholding require text form and must be in German or English.

In the relationship between shareholders and the company, a shareholder will only be deemed a shareholder entitled to participate in the meeting and to exercise a voting right if the shareholder has submitted the specific confirmation of the shareholding by the deadline. The right to participate and the scope of the voting right are determined exclusively based on the shareholding as of the record date.

Registering for the Annual General Meeting does not cause shares to be blocked. Shareholders may therefore continue to dispose of their shares without restriction also after having registered for the Annual General Meeting. Even in the event of a full or partial sale of a shareholding after the record date, solely the shares owned by a shareholder as of the record date are relevant for the participation in the meeting and the scope of the voting right; i.e., the sale of shares after the record date will not affect the entitlement to participate in the meeting and the scope of the voting right. This also applies mutatis mutandis if shares or

additional shares are purchased after the record date. Persons who do not hold any shares as of the record date and become shareholders only after the record date are not entitled to participate in the meeting and to cast a vote. However, they are entitled to be granted a power of attorney on the basis of the following provisions. The record date does not constitute a relevant date with respect to the dividend entitlement.

Following receipt of the registration and the confirmation of their shareholding, voting right cards for the Annual General Meeting will be sent to the shareholders entitled to participate. We kindly ask the shareholders who wish to attend the virtual Annual General Meeting or to exercise their voting rights to request their required registration and confirmation of the shareholding at their depository institution early.

### Postal vote

Shareholders may exercise their voting rights in text form or electronically by postal vote. Again it is necessary to register on time and provide a confirmation of the shareholding according to the provisions mentioned above in "The entitlement to participate by registering and submitting confirmation of shareholding".

When voting by post in text form, the postal voting form which is sent together with the voting right card and which is also available for printing on the website [ir.knorr-bremse.com/agm](http://ir.knorr-bremse.com/agm) can be used. Votes cast by post in text form must be sent to the following address only:

Knorr-Bremse AG  
c/o Link Market Services GmbH  
Landshuter Allee 10  
80637 Munich, Germany

or by telefax: +49 (0) 89 210 27 289  
or by email: [inhaberaktien@linkmarketservices.de](mailto:inhaberaktien@linkmarketservices.de)

Votes sent to this address by way of postal vote in text form must be received by the company by **29 June 2020, 24:00 hrs. (CEST)**, at the latest.

Our Internet-based AGM-Portal is available for electronic absentee voting and can be accessed via the company's website at [ir.knorr-bremse.com/agm](http://ir.knorr-bremse.com/agm). The access codes required for the AGM-Portal will be sent to the shareholders with their voting right card together with further information regarding the use of the shareholders portal. Votes can be cast via this Internet-based System **until the start of each voting** at the virtual Annual General Meeting on 30 June 2020.

Authorized representatives, including intermediaries and other persons or institutions treated as equivalent thereto in accordance with Sec. 135, may also vote by post.

If sub-items under an agenda item are individually put to a vote, instead of collectively, the postal vote cast for that agenda item will apply mutatis mutandis for each sub-item put to individual vote. If a postal vote is not explicit and unambiguous regarding a specific agenda item, this will be considered an abstention from voting for that agenda item.

### Procedure for voting by proxy/representative

#### Authorization of company-nominated proxies

Knorr-Bremse AG also offers to its shareholders the option of having company-nominated proxies represent them at the Annual General Meeting subject to and in accordance with the instructions issued by them.

A timely registration and submission of confirmation of shareholding in accordance with the provisions under "The entitlement to participate by registering and submitting confirmation of shareholding" is also required for authorizing a company-nominated proxy.

The company-nominated proxies may exercise the voting right only in respect of those agenda items for which specific and unambiguous instructions have been issued to them by the grantor of the power of attorney. The company-nominated proxies are under the obligation to vote according to instructions.

If no explicit and unambiguous instruction has been issued, the company-nominated proxy will abstain from voting on the relevant agenda item. In the event that sub-items under an agenda item are put to the vote individually without this having been communicated in advance of the Annual General Meeting, the instruction given for that entire agenda item shall be deemed the instruction given for each of the individual sub-items.

The company-nominated proxies will not accept any orders or instructions for requests to appeal against resolutions of the Annual General Meeting.

The powers of attorney and the voting instructions to the proxies nominated by the company may be issued via the following; this also applies for changes or a revocation of the power of attorney and instructions:

- in text form using the power of attorney and instruction form provided on the voting rights card and accessible via the website at [ir.knorr-bremse.com/agm](http://ir.knorr-bremse.com/agm) upon receipt at the latest on **29 June 2020, 24:00 hrs. (CEST)** at the address

Knorr-Bremse AG  
c/o Link Market Services GmbH  
Landshuter Allee 10  
80637 Munich, Germany

or by telefax to: +49 (0) 89 210 27 289

or by e-mail to: [inhaberaktien@linkmarketservices.de](mailto:inhaberaktien@linkmarketservices.de)

or

- via the Internet-based AGM-Portal **until the start of each voting** at the virtual Annual General Meeting on 30 June 2020. Shareholders can access the portal via the company's website at [ir.knorr-bremse.com/agm](http://ir.knorr-bremse.com/agm). The access codes required for the AGM-Portal will be sent to the shareholders with their voting right card together with further information regarding the use of the AGM-Portal.

### Authorizing a third-party representative

Shareholders may have themselves represented, and have their voting rights exercised, at the Annual General Meeting by a representative – for example an intermediary (e.g. the depository institution) or a shareholders' association or any other person of their choice willing to act as representative. Also in the event a representative is appointed, timely registration and submission of the confirmation of the shareholding in accordance with the provisions under "The entitlement to participate by registering and submitting confirmation of shareholding" above is necessary.

Authorized representatives (with the exception of company-nominated representatives) may not participate in person at the Annual General Meeting. They may only exercise voting rights for the shareholders whom they represent by way of absentee voting or by issuing a (sub-)power of attorney to the company-nominated representatives.

Pursuant to Sec. 134 (3) sentence 3 AktG and Sec. 21 (3) of the Articles of Association of the company, the granting of the power of attorney, its revocation and the authorization document to be submitted to the company require text form unless the following provisions of this section stipulate otherwise. For granting a power of attorney, shareholders may use the power of attorney form on the back of the voting right card which they will receive after registration. However, shareholders may also issue a separate power of attorney; a power of attorney form to this effect is available for download from the Internet at **[ir.knorr-bremse.com/agm](http://ir.knorr-bremse.com/agm)**

A power of attorney may also be issued electronically prior to the date of the Annual General Meeting at [ir.knorr-bremse.com/agm](http://ir.knorr-bremse.com/agm) up until 29 June 2020, 24:00 hrs. (CEST) at the latest. Shareholders receive the access data required for the AGM-Portal with their voting right card. However, authorization may also be granted in any other proper form.

When authorizing intermediaries and other institutions of equal standing in accordance with Sec. 135 AktG (e.g. voting consultants or shareholders' associates) this usually requires compliance with special rules, details on which must be obtained from the respec-

tive representative. Under applicable law, in these cases the power of attorney must be issued to a specified representative and be kept by the representative in a verifiable form. The requirement of text form does not apply. Furthermore, the power of attorney must be complete and may only contain statements of authorization associated with the exercising of the voting right. Therefore, please coordinate the form of the power of attorney with the intended representative if you wish to appoint as representative a credit institution, a shareholders' association or another institution, company or person treated as equivalent to credit institutions pursuant to Sec. 135 AktG. However, any violation of the aforesaid and certain further requirements set forth in Sec. 135 AktG for representative authorization of the entities mentioned in this paragraph does not, pursuant to Sec. 135 (7) AktG, impair the validity of votes cast.

The exercise of rights by a representative by way of electronic communication via the AGM-Portal requires that the representative receives the personal access data sent with the voting right card from the person issuing the power of attorney. The use of the personal access data by the authorized representative is also considered proof of authorization.

### **Order of treatment of postal votes, powers of attorney and instructions**

Should a shareholder exercise their voting right by way of postal vote or issue power of attorney and instructions to the company-nominated representatives by several means of transmission (post, fax, e-mail or Internet when using the online AGM-Portal), the most recently issued formally valid power of attorney with the corresponding instructions to the company-nominated representatives shall be deemed binding irrespective of the means of transmission.

If the Company receives divergent declarations via different transmission channels and it is not possible to determine which was last submitted, the declarations will be considered in the following order, whereby the respective earlier mentioned alternative is decisive: 1. via AGM-Portal, 2. via e-mail, 3. via fax, 4. via post.

### **3. Information on shareholders' rights pursuant to Sec. 122 (2), Sec. 126 (1), Sec. 127 and Sec. 131 (1) AktG**

#### **Motions to add items to the agenda pursuant to Sec. 122 (2) AktG**

Sec. 122 (2) AktG entitles shareholders whose combined shareholdings reach one twentieth of the share capital or the nominal amount of EUR 500,000.00 of the company's share capital (corresponding to 500,000 shares) to request that items be added to the agenda and announced. Pursuant to Sec. 87 (4) AktG, the Annual General Meeting may also reduce the maximum remuneration determined in accordance with Sec. 87a (1) sentence 2 no. 1 AktG upon application pursuant to Sec. 122 (2) sentence 1 AktG. Each new item must be accompanied by a statement of grounds or a proposed resolution.

The motion must be sent in writing to the Executive Board of Knorr-Bremse AG and must be received by the company no later than Saturday, 30 May 2020, 24:00 hrs. (CEST).

Please send such motions to the following address:

To the Executive Board (Vorstand) of Knorr-Bremse AG  
Moosacher Straße 80  
80809 Munich

Shareholders requesting to add an item to the agenda must provide proof that they have held the shares for at least 90 days prior to receipt of the motion and that they will hold the shares until a decision on the motion has been made by the Executive Board. For the purpose of calculating the shareholding period, Sec. 70 AktG shall apply. The day of receipt of the motion shall not be counted. Please note that, in order to determine the 90-day-period, a period start or end date may not be moved from a Sunday, Saturday or holiday to a previous or subsequent working day. Secs. 187 to 193 BGB are not to be applied mutatis mutandis.

Additions to the agenda which have to be published shall be published in the Federal Gazette (Bundesanzeiger) without undue de-

lay after receipt of the motion unless they have already been published together with the invitation to the Annual General Meeting. These motions will additionally be published on the Internet at [ir.knorr-bremse.com/agm](http://ir.knorr-bremse.com/agm) and communicated to the shareholders in accordance with Sec. 125 (1) sentence 3 AktG.

No motions to add an item on the agenda can be submitted during the virtual Annual General Meeting. Motions submitted together with requests for supplements to be announced under supplemented agenda items will be repeated in the Annual General Meeting by the company-nominated proxies and will be treated as if they had been submitted orally at the Annual General Meeting by the applicant.

#### **Shareholder counterproposals and election proposals pursuant to Sec. 126 (1) and Sec. 127 AktG**

Each shareholder is entitled to submit counterproposals in response to the proposals on the agenda items by the Executive Board or the Supervisory Board as well as election proposals.

Pursuant to Sec. 126 (1) AktG, proposals of shareholders, including the shareholder's name, the grounds for the proposal and any statements of the management, are to be made available to the relevant persons to be notified in accordance with Sec. 125 (1) to (3) AktG under the conditions set forth therein, provided that the shareholder has sent to the address below a counterproposal against a proposal of the Supervisory Board and/or the Executive Board with respect to a particular agenda item, including the grounds for the counterproposal, no later than 14 days prior to the Annual General Meeting of the company. For the purpose of calculating the above time period, the day of receipt and the day of the Annual General Meeting shall not be counted. Thus, the last permissible day of receipt is Monday, 15 June 2020, 24:00 hrs. (CEST). A counterproposal need not be made available if one of the exclusions pursuant to Sec. 126 (2) AktG applies. Moreover, the statement of grounds need not be made available if it exceeds a total of 5,000 characters.

No statement of grounds needs to be provided for election proposals made by shareholders pursuant to Sec. 127 AktG. Election pro-

posals are made available only if they include the name, profession exercised and place of residence of the nominee and, in the case of an election of Supervisory Board members, information on their membership in other supervisory boards that must be created pursuant to applicable law (cf. Sec. 127 sentence 3 AktG in conjunction with Sec. 124 (3) sentence 4 AktG and Sec. 125 (1) sentence 5 AktG). Pursuant to Sec. 127 sentence 1 AktG in conjunction with Sec. 126 (2) AktG, there are further conditions under which election proposals need not be made available via the website. Furthermore, the requirements and provisions for making proposals available apply mutatis mutandis.

During the virtual Annual General Meeting counterproposals and election proposals are not possible. Properly provided, admissible, and timely counterproposals or election proposals will be repeated by the company-nominated proxy and considered as if they had been provided verbally in the Annual General Meeting.

Any shareholder proposals (including statements of grounds therefor) and election proposals pursuant to Sec. 126 (1) and Sec. 127 AktG shall be sent exclusively to

Knorr-Bremse AG  
Investor Relations  
Moosacher Str. 80  
80809 Munich, Germany

or by telefax to: +49 (0)89 35 444 69  
or by email to: [investor.relations@knorr-bremse.com](mailto:investor.relations@knorr-bremse.com)

Any proposals and election proposals submitted by shareholders which are to be made available (including the shareholder's name and – in the case of proposals – the statement of grounds) will be made available after their receipt on the website at [ir.knorr-bremse.com/agm](http://ir.knorr-bremse.com/agm). Any statements by the management will also be made available on the above website.

#### **Possibility to submit statements for publishing prior to the Annual General Meeting**

Due to the concept of the Virtual Annual General Meeting only with the exercise of voting rights by postal vote or proxy with instructions and without electronic participation of shareholders, shareholders will not be able to comment on the Agenda at the Annual General Meeting.

The company, therefore, provides shareholders with the possibility of submitting statements with reference to the agenda for publication by the company on its AGM-Portal prior to the virtual Annual General Meeting. Shareholders who wish to submit a statement are requested to send it, including the name and the number of the voting right card, to the company in text form, by Saturday, 27 June 2020, 24:00 hrs. (CEST), at the latest to the following address:

Knorr-Bremse AG  
Investor Relations  
Moosacher Str. 80  
80809 Munich, Germany

or by telefax to: +49 (0)89 35 444 69  
or by email to: investor.relations@knorr-bremse.com

The length of a statement should not exceed 10,000 characters.

The publication of submitted comments takes place exclusively on the AGM-Portal.

In the course of publication, the name of the submitting shareholder or representative will be disclosed to other shareholders or representatives.

Attention is drawn to the fact that this does not imply a right to have a submitted statement published and, in particular, the company reserves the right to refrain from publishing statements with offensive content, content that could qualify as a criminal offence, obviously false or misleading content or content without any reference to the agenda of the Annual General Meeting, as well as statements the length of which exceed 10,000 characters or which have not been received by the Company in text form by the time and at the address, fax number or e-mail address mentioned

above. Furthermore, the company reserves the right to publish only one statement per shareholder.

### **Right of information and right to ask questions**

On the basis of the COVID-19 Mitigation Act, shareholders are not entitled to a right of information pursuant to Sec. 131 AktG at the Annual General Meeting, but they are given the right to ask questions by means of electronic communication (Art. 2 Sec. 1 (2) No. 3 COVID-19 Mitigation act). This does not imply a right to a reply.

With the approval of the Supervisory Board, the Executive Board of Knorr-Bremse AG has decided that questions from shareholders registered for the Annual General Meeting can be directed to the Executive Board via the AGM-Portal at [ir.knorr-bremse.com/agm](http://ir.knorr-bremse.com/agm).

Questions from shareholders must be received by the Company after timely registration no later than the end of 27 June, 2020, 24:00 hrs. (CEST) via the Company's Internet-based AGM-Portal. The Company reserves the right, before answering questions from shareholders, to name the shareholders who have asked the respective questions. No questions can be asked during the virtual Annual General Meeting.

The Executive Board shall duly decide at its discretion on the basis of COVID-19 Mitigation Act which questions it will answer and how.

### **4. Objection to the minutes in accordance with Sec. 245 no. 1 AktG**

Objections to resolutions of the Annual General Meeting can be stated for the minutes by shareholders who have properly registered for the Annual General Meeting on time via the internet-based AGM-Portal at [ir.knorr-bremse.com/agm](http://ir.knorr-bremse.com/agm) in accordance with Sec. 245 no. 1 AktG. A statement may be made via the Internet-based AGM-Portal from the start of the Annual General Meeting until the end of the meeting. The notary has authorized the Company to accept objections via the Internet-based AGM-Portal and will receive the objections via the AGM-Portal.



## 5. Information pursuant to Sec. 124a AktG and further explanation on the shareholders' rights

The present notice to the Annual General Meeting, the documents to be made available under Sec. 124a AktG as well as further information relating to the Annual General Meeting can be accessed on the Internet at [ir.knorr-bremse.com/agm](http://ir.knorr-bremse.com/agm) and downloaded. There, one may also find further information on the shareholders' rights pursuant to Secs. 122 (2), 126 (1), 127, 131 (1) AktG.

After the Annual General Meeting, the voting results will also be published on the aforesaid website.

## 6. Broadcasting of the Annual General Meeting; video and audio recording

The speeches of the Chairman of the Supervisory Board and of the Chairman of the Executive Board at the beginning of the Annual General Meeting will be transmitted live on the Internet also for persons who are not registered for the virtual Annual General Meeting. After the Annual General Meeting, a recording of the speeches of the Executive Board will be available at [ir.knorr-bremse.com/agm](http://ir.knorr-bremse.com/agm).

## 7. Information on data protection for shareholders

As controller, Knorr-Bremse AG, Moosacher Str. 80, 80809 Munich, processes personal data of shareholders (last name and first name, address, email address, number and class of shares, type of ownership of the shares, postal votes/instructions, voting right card number and personal access data for the AGM-Portal) as well as personal data of the shareholder representatives, where applicable, in accordance with applicable data protection laws. The processing of personal data is legally required for the proper preparation, implementation, and follow-up of the Knorr-Bremse AG Annual General Meeting, for the exercise of voting rights, and for electronic participation. The legal basis for the processing of personal data is Art. 6 (1) sentence 1 letter c GDPR in conjunction with Secs. 118 et seqq. AktG and in conjunction with Art. 2 Sec. 1 of the COVID-19 Mitigation Act. In addition, data processing

that is necessary for the organization of the virtual Annual General Meeting (e.g. publication of comments on the agenda submitted in advance on the AGM-Portal) can take place on the basis of prevailing legitimate interests (Art. 6 (1) sentence 1 letter f GDPR). Knorr-Bremse AG generally will receive the shareholders' personal data via the registration office of the credit institution that the shareholders have entrusted with the safekeeping of their shares (so-called depository bank). In some cases, Knorr-Bremse AG may receive personal data directly from shareholders.

The service providers commissioned by Knorr-Bremse AG for the purpose of organizing the Annual General Meeting will process the shareholders' personal data exclusively as instructed by Knorr-Bremse AG and only to the extent this is necessary for the performance of the services commissioned. In addition, personal data of shareholders or representatives who exercise their voting rights will be made accessible to other shareholders and representatives who participate in the virtual Annual General Meeting electronically subject to the statutory requirements (in particular via the list of participants, Sec. 129 AktG). This also applies to questions, shareholders or representatives submitted beforehand (Art. 2 Sec. 1 (2) sentence 1 no. 3, sentence 2 COVID-19 Mitigation Act), comments submitted in advance with reference to the agenda as well as in connection with an announcement of shareholder requests for additions to the agenda, counterproposals and election proposals. Furthermore, Knorr-Bremse AG may be obligated to transmit personal data of shareholders to further recipients such as, for instance, public authorities in order to comply with statutory reporting obligations.

Knorr-Bremse AG will erase the shareholders' or representatives' personal data in accordance with the statutory provisions, in particular if the personal data is no longer required for the original purpose of collection or processing, the data is no longer required in connection with administrative or court proceedings, if any, and if no statutory record retention requirements apply.

Subject to the statutory requirements, the shareholders have the right to receive information about their processed personal data and to require rectification or erasure of their personal data or the

restriction of the processing. The shareholders also have the right to lodge a complaint with the supervisory authorities.

If personal data are processed on the basis of Art. 6 (1) sentence 1 letter f GDPR, shareholders also have a right to object under the statutory requirements.

Shareholders and representatives may address their questions or comments on the processing of personal data to the data protection officer of Knorr-Bremse AG at:

Knorr-Bremse AG  
Data Protection Officer (Datenschutzbeauftragte)  
Moosacher Str. 80  
80809 Munich, Germany  
[datenschutzbeauftragter@knorr-bremse.com](mailto:datenschutzbeauftragter@knorr-bremse.com).

Additional information on data protection is available for shareholders on the website of Knorr-Bremse AG at [ir.knorr-bremse.com/agm](http://ir.knorr-bremse.com/agm).

Munich, in May 2020  
**Knorr-Bremse AG**  
**The Executive Board**



**Knorr-Bremse AG**

Moosacher Straße 80

80809 Munich

Germany

Phone: +49 89 3547-0

Fax: +49 89 3547-2767

[www.knorr-bremse.com](http://www.knorr-bremse.com)

