



Annual General Meeting of Knorr-Bremse AG

Speech given by the Chairman of the Supervisory Board

Prof. Dr. Klaus Mangold

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Check against delivery on the day of the Annual General Meeting.

Formal opening and greeting:

Ladies and gentlemen and shareholders,

my name is Klaus Mangold. It's a great pleasure, as Chairman of the Supervisory Board, to open this year's Annual General Meeting of Knorr-Bremse AG. I'd like to welcome you, our shareholders and shareholder representatives, on behalf of the Supervisory Board and the Executive Board.

I'm delighted that you've found your way to us virtually via the AGM portal in these unusual times, thus showing that our company is important to you.

In particular, I'd like to welcome Heinz Hermann Thiele, who is personally present today and who I would like, at this point, to thank very much for his constantly constructive support for the work of the Supervisory Board. The past fiscal year also underlines our company's decades-long success story. Particularly due to you – but also due to our employees – we can be proud of this Group.

Mr. Eulitz, this is your first annual general meeting as CEO of Knorr-Bremse AG. Shortly after taking office last November, you were confronted with major and unforeseen challenges as a result of the global Covid-19 pandemic, and you've since led the Group safely and successfully through these challenges – together with your colleagues on the Executive Board.

Furthermore, I'd like to welcome the notary, Prof. Wicke from Munich, who's going to take the minutes for this meeting and will observe the meeting here from the podium for this purpose.

Remarks on the virtual AGM:

This year, our AGM is taking place under unusual conditions. Due to the ongoing Covid-19 pandemic, the Executive Board and the Supervisory Board decided to hold the AGM as a virtual meeting without the physical presence of shareholders or their representatives.

The health of our shareholders, their representatives, and our company's employees and board members is our top priority.

As usual, transparency and the completeness of answers to the questions you've asked are the measure of our actions. Incidentally, I very much hope that we'll be able to hold the AGM in 2021 in the usual format again – as a lively platform for discussions.

The Covid-19 pandemic is demanding a lot from us all, especially from our employees, our shareholders, competitors, and our customers and suppliers. The worst crisis to hit the global economy in decades will lead to a paradigm shift in many cases. Tried and tested methods need to be challenged, structures need to be

adapted, and staff long for leadership and guidance. At Knorr-Bremse we have coped with the difficult situation relatively well so far – better than most of our competitors, in fact. However, the changes we are making in all areas of the company are necessary if we are to continue to outperform our competitors going forward.

[Remarks on the order of events in the virtual AGM and on formalities]

Report on the Supervisory Board's work:

Before I give the floor to Ms. Dahnke and then the Executive Board, I'd first like to report on the Supervisory Board's work in the past and the current fiscal year.

You can find the report of the Supervisory Board on pages 8 to 18 of the Annual Report. I want to concentrate on a few key points here and also comment on a number of current topics:

In the past year, the Supervisory Board met a total of nine times in order, together with the Executive Board, to discuss Knorr-Bremse's current business performance and strategic development. We recorded a consistently high rate of participation in the meetings. On average, the attendance was a good 98 percent and thus once again higher than the already high attendance of the previous year. In addition, the Supervisory Board made a decision in written procedures in three cases due to particular urgency.

The Executive Committee prepared the decisions of the Supervisory Board intensively in ten meetings. The Executive Committee's work also focused on the replacement of members of the Executive Board and the revision of the Executive Board remuneration system, which we're presenting to you today for approval.

I can report that our teamwork in the Supervisory Board is always extremely constructive and productive and that this also, and especially, applies to our colleagues on the employee side.

Ladies and gentlemen,

I'd like to start my report with the changes to the membership of the Supervisory Board that we're proposing to the AGM today. The reason for the early appointment of half of the new members on the shareholder side is primarily to guarantee the continuity of the Supervisory Board's work beyond 2021.

Dr. Wolfram Mörsdorf, Wolfgang Tölsner, and Georg Weiberg, who have each already belonged to the Supervisory Board since 2009 or 2013 will be leaving the board at the end of today's AGM. With their high level of professional expertise, they've made a considerable contribution to Knorr-Bremse's success and have also personally enriched the work of the Supervisory Board. On behalf of the Supervisory

Board, at this point I'd like to thank Dr. Mörsdorf, Mr. Weiberg, and Mr. Tölsner very much for their work. I'm delighted that they're going to be available to the Group and thus also to the Supervisory Board in an advisory capacity for another year.

To prepare for the appointment of new members, in several meetings since the start of the year the Nomination Committee has intensively discussed the search for and selection of suitable candidates, has held numerous interviews, and has made nominations to the Supervisory Board. The benchmark here was the Supervisory Board's expertise profile with the aim of finding replacement members of the Supervisory Board who have professional expertise and ensure diversity.

Based on this groundwork, the Supervisory Board proposes Heinz Hermann Thiele, Dr. Thomas Enders, and Dr. Theodor Weimer as candidates for election. I can report that in addition to Mr. Thiele, Dr. Enders and Dr. Weimer are also personally present here today. All three candidates have declared to me in advance that they will accept the office if elected.

I'm now going to briefly introduce the three candidates to you in detail:

1. The Supervisory Board is delighted, as am I personally, that Mr. Thiele has declared himself willing to return to the Supervisory Board in order to advise the Group with his far-reaching global market and product knowledge and his extensive experience. In his more than 50 years with the company, Mr. Thiele has successfully navigated the Group through a wide range of challenges and made it one of Germany's most successful family companies with international standing. Mr. Thiele's consultancy agreement with Knorr-Bremse AG will be ended early when he joins the Supervisory Board.
2. Dr. Weimer, a very experienced businessman in various roles, has been the CEO of Deutsche Börse AG since January 2018. From 2009 until the end of 2017, he headed HypoVereinsbank/UniCredit Bank AG in Germany. He will contribute his in-depth knowledge of international financial and capital markets to Knorr-Bremse AG's Supervisory Board.
3. Dr. Enders, a businessman with the highest level of industrial expertise and global experience, was the CEO of Airbus SE from 2012 until 2019. He's a member of the Board of Directors of Linde plc and a member of the Supervisory Board of Deutsche Lufthansa AG. He's also the president of the German Council on Foreign Relations, the DGAP. Mr. Enders has a high level of international expertise in the field of complex industries in a broad, global value chain.

I'm convinced that we've succeeded in obtaining extremely suitable and qualified candidates for the Supervisory Board in these three men. They'll not only contribute

by providing in-depth advice to Knorr-Bremse AG and the Executive Board in the current challenging environment, but also make use of the opportunities in front of us.

The Supervisory Board – based on the recommendation of the Nomination Committee – has therefore unanimously decided to propose these outstanding individuals for election to the Supervisory Board.

I ask you also to place your trust in them for the upcoming election to the Supervisory Board and their term in office.

Ladies and gentlemen,

we now come to a change in the Executive Board: the replacement of the CFO.

As you know, since Ralph Heuwing left at the end of April, Bernd Eulitz has, in addition to his role as CEO, also acted as the Group's interim CFO. From tomorrow onward, Frank Markus Weber, who is here today, will take on this office as a member of the Executive Board and the Group's new CFO.

Before I hand over to Mr. Weber for a personal introduction, I'd like to use the opportunity to thank Mr. Heuwing on behalf of the Supervisory Board for his great dedication. Mr. Heuwing has made important contributions to continuing the Group's dynamic growth strategy and financial strength. His achievements include, in particular, the successful IPO and the convincing positioning of Knorr-Bremse AG on the capital market.

The Supervisory Board has found an excellent successor in Mr. Weber. Mr. Weber worked until recently in prominent positions in the Daimler Group and shaped numerous business decisions there. As a result of his position as CFO of Mitsubishi Fuso Truck & Buses in Tokyo, Japan, and of Daimler Trucks Asia, he has profound knowledge in international controlling, M&A, and restructuring. The business area of trucks has had a major impact on him owing to his experiences in Asia. The Supervisory Board is convinced that Mr. Weber is an outstanding leader and will contribute to the future growth of the Knorr-Bremse Group with his excellent experience in strategy, capital market communication, controlling, and M&A.

I'm pleased to say that Mr. Weber is here today.

[Personal introduction Mr. Weber]

Let me continue with my report:

The Supervisory Board regularly considers the Knorr-Bremse Group's strategic direction. Mr. Eulitz, Dr. Wilder, and Dr. Laier will go into more detail on this in their reports. Our annual strategy meeting, which is held over the course of several days, is an integral part of the Supervisory Board's work. The most recent strategy meeting focused on both divisions' key innovation projects: for example, in the area of e-

mobility, the Knorr-Bremse Group's global innovation management, the overarching topic of digitalization, and the Knorr-Bremse Group's strategy to expand its market position in China, particularly in the high-speed train business. In addition, the Supervisory Board also considered the topics of staff development, management and teamwork, and – repeatedly – the Knorr-Bremse Group's sustainability strategy. We can also be proud that Knorr-Bremse has been a member of the new sustainability index on the DAX since March this year.

M&A transactions are a continual focus of the Supervisory Board's attention, and of the most recent M&A deals, I'd like to highlight in particular the acquisition of Sheppard, a leading steering manufacturer in the American market. For Knorr-Bremse, following the acquisition of Hitachi's commercial vehicle steering business, which was successfully completed in the first quarter of the last fiscal year, this acquisition is another important milestone toward becoming a global provider of integrated steering and braking systems for commercial vehicles.

Another subject of intensive and repeated attention from the Supervisory Board was the disposal of the loss-making Powertech segment. Knorr-Bremse used this sale to focus the rail division's business activities more consistently on its core competences as a key provider of systems, components, and services for the rail industry. The Supervisory Board also repeatedly considered the restructuring of the Wülfrath site. This restructuring included not only the discontinuation – in a socially acceptable manner – of the production of steering systems in Wülfrath, which wasn't profitable in the long term, but also the continuation of development and project management for commercial vehicle steering in a newly created engineering center with around 50 employees.

The Supervisory Board and the Audit Committee have also repeatedly focused on the sale and immediate leaseback of the northern part of the Munich site. The buyer and lessor is an affiliated company, of which Mr. Thiele is the majority shareholder. The transaction was therefore also a subject of the dependent company report audited by KPMG. Supported by an independent expert opinion and the auditor's assessment, the Supervisory Board came to the conclusion that, overall, this was an advantageous transaction for Knorr-Bremse at standard market conditions. The Supervisory Board therefore unanimously gave the transaction the necessary approval.

Explanation of the new remuneration system:

Ladies and gentlemen,

in today's AGM, we're going to present a completely redesigned Executive Board remuneration system to you for your approval. This system means Knorr-Bremse AG is one of the pioneers – one of the first companies to implement the new Code

recommendations early and present the new remuneration system to the AGM for approval this year in accordance with the new legal requirements of the German Act Implementing the Second Shareholders' Rights Directive. The Supervisory Board remuneration system set out in our Articles of Association is also on the agenda. The remuneration for the Supervisory Board consists of annual fixed remuneration, the amount of which depends on the role of the particular Supervisory Board member. Any service on the Executive Committee or the Audit Committee is additionally remunerated. The level of the remuneration remains unchanged. The details of both remuneration systems have been presented in detail in the invitation to the AGM. Please additionally refer to this information you have available to you.

The new remuneration system for the Executive Board is geared to promoting the implementation of Knorr-Bremse's corporate strategy even more. This particularly includes growing faster than the market and continuously achieving first-class margins. The remuneration system encourages corporate governance that creates added value for customers, employees, and shareholders.

The short-term variable remuneration, known as the short-term incentive, is awarded in the form of a target bonus. Its performance criteria are revenues, EBIT, and net working capital, which each have a weighting of 30 percent. In addition, quality accounts for 10 percent of the calculation. The Executive Board's individual and collective performance and the achievement of stakeholder targets is taken into account through a modifier. For this, the Supervisory Board defines non-financial performance criteria and their weighting in advance for each fiscal year.

The long-term variable remuneration, known as the long-term incentive or LTI, is awarded in the form of a performance share plan. The performance criteria for the LTI are earnings per share and relative total shareholder return, each of which represents 50 percent of the criteria. To calculate the relative total shareholder return, Knorr-Bremse AG's total shareholder return is compared with the total shareholder return of a peer group of selected companies from the rail, truck, and high-quality European industrial goods sectors.

The members of the Executive Board have agreed to acquire shares in Knorr-Bremse AG in the amount of a fixed gross annual salary over a 4-year period and hold them for the duration of their membership of the Executive Board.

You see, the new remuneration system for the Executive Board is completely geared to sustainably successful and responsible corporate governance. The system has been assessed by external experts and found to be appropriate and in line with the Code.

The Supervisory Board's work in the current fiscal year:

Let me finally turn to the Supervisory Board's work in the current fiscal year:

Due to the current circumstances, the Supervisory Board, in close collaboration with the Executive Board, has repeatedly intensively focused on the Covid-19 pandemic's impact on the business situation and the measures the two divisions have introduced in this respect. As early as the end of March, the Supervisory Board gave the approval necessary for expanding and drawing on credit lines with a volume of EUR 750 million in this context.

I can assure you that alongside crisis management to minimize economic damage and maintain operations, the protection of our employees' health always has top priority. Mr. Eulitz will give you the details shortly.

That brings me to the end of my speech. I'd now like to invite Ms. Dahnke to take the floor. Ms. Dahnke will explain the vital work of our Audit Committee.

[Report of the Audit Committee]

Additional remarks:

Thank you very much, Ms. Dahnke, for your report and your careful and labor-intensive leadership of our Audit committee. I'd now like to ask the Executive Board to give its report on the business situation and the strategic outlook.