

# Report of the Supervisory Board

*Dear shareholders,*

As the Chairman of the Supervisory Board, I wish to report to you on the Supervisory Board's work during the 2023 fiscal year which recently ended. It was another year where politics as well as the economy were heavily influenced by geopolitical developments and their direct and indirect consequences. Despite the challenging economic environment, especially in Germany, Knorr-Bremse made an impressive demonstration of its resilience and power. Our company finished the fiscal year with the best revenue results in the company's history and successfully launched its announced turnaround. You, our shareholders, are also included in this success, with the preliminary results published on February 22, 2024, allowing our company to distribute a dividend of € 1.64 per share. This is significantly higher than in the previous year.

The focuses of the Supervisory Board's work in the previous fiscal year, which are explained in detail below in the section *Significant Topics of Supervisory Board Work* (starting on page 15), included a revision of the remuneration system and especially the incentive architecture for the Executive Board; advising on the strategic brownfield and greenfield initiatives of the Executive Board under the BOOST project, and, lastly, membership changes on the Executive Board with the arrival of Mr. Llistosella as Chief Executive Officer (CEO) directly at the start of the year and Dr. Wilder's replacement with Dr. Lange as the member responsible for the Rail Vehicle Systems division as of the fourth quarter.

## **Collaboration of the Supervisory Board and Executive Board**

In the reporting period, the Supervisory Board continued to fulfill its duties pursuant to the law, the Articles of Association, and the rules of procedure with great care. The Supervisory Board was directly involved in all decisions that were of fundamental significance to the Group and complied with the relevant recommendations of the German Corporate Governance Code (GCGC). It advised the Executive Board on the leadership of the company, ongoing acquisition projects, and the realization of divestments, including in particular the recent sale of Kiepe. The Supervisory Board also maintained ongoing dialog with the Executive Board on strategic initiatives such as the BOOST project (more below) in particular. At the same time, the Supervisory Board monitored the business management of the Executive Board on the basis of regular reports with which it remained informed in relation to business development, planning, and risks. I particularly wish to emphasize the candid, cooperative collaboration between the Executive Board, managers, and the Supervisory Board, which in the view of the Supervisory Board is a key factor for success in these enormously dynamic times.



**Dr. Reinhard Ploss,**  
Chairman of the Supervisory Board

The principles of responsible and good corporate governance are the foundation of the Supervisory Board's work. They include a regular examination of the Supervisory Board's understanding of corporate governance, of the legal framework for the Supervisory Board's work, and of relevant developments (including the German Supply Chain Due Diligence Act and Financing for the Future Act). The focus of its monitoring and advisory activities is on the legality, propriety, expediency, and efficiency of business management and Group management. The subject matter and performance of the Supervisory Board's work are governed in more detail in the rules of procedure for the Supervisory Board, Audit Committee, and Executive Board. The Supervisory Board is closely involved in the corporate planning and discussions of strategic projects and topics. Besides the rules of procedure, there is a list of reserved matters governing contractual arrangements and measures that require the approval of the Supervisory Board before the Executive Board can implement them. The comprehensive preliminary review and preliminary consideration partly required as a result is conducted in the committees, specifically in the Strategy Committee, the Audit Committee, or the Executive Committee – depending on the subject matter. The Supervisory Board and its committees take care to always have an appropriate information base and make decisions at their own discretion for the interests of the company. The members of the Supervisory Board are personally responsible for pursuing the training and professional development that they need for their duties. They are given the company's full support for this. Most recently, on March 19, 2024, the Supervisory Board completed external ESG training focused on the specific responsibilities of the Supervisory Board.

During the past fiscal year, the Executive Board regularly, realtime, and comprehensively reported to the Supervisory Board by means of written and oral reports, both inside and outside of meetings. The reports contained all relevant information on the strategic development, planning, business development within the year, position of the company, risk situation, risk management, compliance (see page 58 of the Annual Report), competitors of the Commercial Vehicle Systems and Rail Vehicle Systems divisions (peers), situation in the capital market, including expectations of analysts and investors; and current events. The Supervisory Board jointly discussed with the Executive Board the business transactions important for the

company and the company's further development. It was included in a timely manner in all decisions of fundamental importance for the company. The Executive Board also informed the Supervisory Board about urgent matters between the regular meetings. As the Chairman of the Supervisory Board, I also maintained a dialog with the Executive Board between Supervisory Board meetings on the business situation and on significant business transactions of the company as part of regular business reviews. The same applies to the ongoing development of the organization and corporate culture, which are both essential factors for achieving our business targets. The strength of the leadership and culture can only be seen in the business results after significant time has passed, which makes them a very material early indicator of the company's development. I regularly held conversations with key investors on core topics and issues relating to the Supervisory Board, such as the recent modifications of the Executive Board remuneration system which we are proposing for approval at the Annual General Meeting on April 30, 2024.

In the 2023 fiscal year, we maintained a consistently high attendance rate in our meetings, as we had in previous years. The average attendance at full-board meetings was over 96%. The full-board meetings during the reporting period were all held in person with an option for virtual attendance if good reason was given; the same applied to the meetings of the Strategy and Audit Committees. The Executive Committee held two of its total of six meetings virtually during the reporting period. The personal attendance records presented below are evidence of the high degree of commitment that the members of the Supervisory Board have. Supervisory Board and committee members took part in the resolutions by sending voting instructions if they were prevented from attending individual meetings. Documents for meetings were distributed in advance at an early stage for the attendees' preparation; handouts were only used for late-notice developments and changes.

### 1.01 MEETING ATTENDANCE OF THE SUPERVISORY BOARD MEMBERS IN FISCAL 2023

Name	Supervisory Board (full board)	Executive Committee	Audit Committee	Nomination Committee	Strategy Committee
<b>Dr. Reinhard Ploss</b>	6 (6)	6 (6)	5 (6)	n/a	4 (4)
<b>Franz-Josef Birkeneder (Deputy Chairman)</b>	6 (6)	6 (6)	6 (6)		4 (4)
<b>Dr. Theodor Weimer (Deputy Chairman)</b>	6 (6)	6 (6)			
<b>Kathrin Dahnke</b>	6 (6)		6 (6)	n/a	
<b>Michael Jell</b>	6 (6)	6 (6)			2 (2)
<b>Dr. Sigrid Evelyn Nikutta</b>	6 (6)				3 (3)
<b>Wolfgang Nirschl (since July 3, 2023)</b>	6 (6)				
<b>Werner Ratzisberger</b>	4 (4)		5 (6)		
<b>Annemarie Sedlmair</b>	6 (6)				
<b>Dr. Stefan Sommer</b>	6 (6)				4 (4)
<b>Julia Thiele-Schürhoff</b>	5 (6)			n/a	4 (4)
<b>Sylvia Walter</b>	6 (6)				
<b>Erich Starkl (until June 30, 2023)</b>	2 (2)				
<b>Meeting attendance in %</b>	<b>92.95%</b>	<b>100%</b>	<b>91.66%</b>	<b>n/a</b>	<b>100%</b>

(in parentheses: number of meetings held during the term of the respective Supervisory Board or committee member)

### Discussions of the Supervisory Board and Its Committees

Meetings and resolutions of the full Supervisory Board are normally prepared by the Chairman of the Supervisory Board in consultation with the Chief Executive Officer, and furthermore by the Executive Committee and, depending on the topic concerned, by the Audit and Strategy Committees. The Supervisory Board established a Mediation Committee, whose services were not needed during the reporting period. The Nomination Committee did not convene during the reporting period either. The committee chairs, Ms. Dahnke (Audit Committee), Dr. Sommer (Strategy Committee), and I myself (Executive Committee) provided regular reports to the Supervisory Board on the work done in the committees. The main subjects of the committees' consultations are summarized below.

The shareholder representatives (the owners' panel) and employee representatives regularly held separate advance meetings prior to the Supervisory Board meetings. Members of the Executive Board also took part in these meetings on an ad hoc basis. Internal discussions were held as needed at the end of Supervisory Board meetings without the presence of the Executive Board members.

### Significant Topics of Supervisory Board Work

A total of six Supervisory Board meetings were held during the reporting period, including the two-day strategy meeting. As explained above, they were held in person at the Knorr-Bremse Group's locations in Munich (4), Aldersbach (1), and – for the first time since the IPO in 2018 – Berlin (1). In one case, the Supervisory Board made a decision through a written circulation procedure after studying the matter beforehand at its meeting. The following presents a chronological overview of the substantive focuses of the meetings of the full Supervisory Board:

1. At its balance sheeting meeting on March 17, 2023, the Supervisory Board talked with the auditor, KPMG AG Wirtschaftsprüfungsgesellschaft, about the annual and consolidated financial statements for the 2022 fiscal year and the outcomes of the audit, and – based on the preceding deliberations of the Audit Committee – gave the necessary approval. The Supervisory Board also approved the Report of the Supervisory Board, the Corporate Governance Statement and Compensation Report, the Dependent Company Report, and the Consolidated Nonfinancial Statement. Similarly, the Supervisory Board approved the Executive Board's proposal for appropriating net profit for the 2022 fiscal year (distribution of a € 1.45 dividend per share), the renewal of the capital modification measures, the authorization to buy treasury shares, the other proposed resolutions, and the holding of the Annual General Meeting in a virtual format. Furthermore, the Supervisory Board conducted a regular review of recently closed M&A transactions in regard to their business case and strategic foundations.

2. At its meeting on May 4, 2023, the Supervisory Board studied the macroeconomic outlook based on an external presentation. It currently seems particularly influenced by the global inflation trend, geopolitical upheaval (Russia–Ukraine war, China–Taiwan conflict), changes in climate and energy policy, and digitalization of industrial production ("Industry 4.0"). The Supervisory Board analyzed the associated consequences for Germany as a business location and for Knorr-Bremse's business model.

The Executive Board explained the procedure for and major decisions at the Annual General Meeting the next day, specifically, the renewal of the conditional and authorized capital, the authorization to buy treasury shares, the temporary authorization to conduct the Annual General Meeting in a virtual format, and, lastly, the conclusion of a control and profit and loss transfer agreement with the German truck subsidiary of Knorr-Bremse AG. Moreover, the Supervisory Board dealt with the expansion of the aftermarket business in the truck division, the status of the investigation of warranty issues in the Indian rail business, and the enlargement of the Strategy Committee to include a further shareholder representative and employee representative for a total of six members in the future.

3. The discussions at the two-day strategy meeting on July 6 and 7, 2023, focused on the strategic alignment of both divisions and of the Group as well as the strategic financial planning and core innovation projects in CVS and RVS. The framework was provided by the Executive Board's "BOOST 2026" program (that is, Knorr-Bremse Operational Optimization Strategy and Transformation), which brings together an array of strategic initiatives as well as operational and organizational measures which are intended to ensure sustainable and profitable growth over the coming years with specific, quantified profitability targets for the 2026 fiscal year. The individual BOOST measures for which the Supervisory Board regularly examines the implementation status and bottom line potential include, among other things, the consistent optimization of the product portfolio, the reduction of structural costs (SG&A), the expansion of the profitable aftermarket business in both divisions ("brownfield" measures), and the examination of M&A opportunities outside of core business ("greenfield"). When the Executive Board implements strategic initiatives, the Supervisory Board simultaneously acts as a sparring partner and driving force.

A further focus for the two-day strategy meeting was the revision of the **Executive Board remuneration system**, which will be proposed for approval at the Annual General Meeting on April 30, 2024. The invitation to the Annual General Meeting will describe the revision in detail and the strategic reasoning behind it. The fundamental considerations are a further improvement of transparency following the feedback of our shareholders, the introduction of malus and clawback arrangements, and – in particular – support for the short-, medium-, and long-term development of Knorr-Bremse across the elements of the BOOST program. To this end, we are adjusting the Executive Board's short-term incentive (STI) and long-term incentive (LTI), with focuses on financial performance, the longer-term development of the company's value, key factors such as ESG and quality, and – for the modifier – elements of the corporate culture that are key to the company's success. There is also the important motivational effect that comes from the incentive concept, which not only applies to the Executive Board but is also used analogously for the next levels of management underneath.

Specially, the target corridor for the STI will be widened from 80%–120% to 60%–140%, bandwidths set for the weighting of the STI subtargets, and external ESG ratings removed as a point of reference for the STI, for example. For the LTI, we are shifting the focus from EPS to ROCE in order to better reflect the long-term relationship between input factors and results. Additionally, ESG criteria will be included in the LTI (as well) starting in the 2024 fiscal year, including in particular a reduction of Scopes 1 and 2 CO<sub>2</sub>e emissions in accordance with the announced reduction targets. Simplifying the TSR peer group strengthens the focus on industrial goods companies that have a business model or industry comparable to Knorr-Bremse. In its adjustment of the remuneration system, the Supervisory Board considers feedback from investors and proxy advisers as well as the experience gained during the Covid-19 pandemic. It especially incorporated the criticism expressed by investors during the AGM votes on the latest Compensation Reports for 2022 and 2021, with the possible adjustments of figures when calculating STI and LTI target achievement now being limited to a conclusive and narrowly defined catalog of cases in order to measure and remunerate actual management performance transparently and consistently (in the spirit of pay for performance).

4. At the Supervisory Board meeting on September 22, 2023, the Supervisory Board passed a resolution for the appointment of Dr. Nicolas Lange to succeed Dr. Jürgen Wilder as the member of the Executive Board responsible for the Rail Vehicle Systems division. The deliberate decision to fill the position with an internal candidate has proved itself to be a success, as in the case of Mr. Spies as Executive Board member responsible for the Commercial Vehicle Systems division. Through the internal succession, Dr. Lange was able to start making valuable contributions to the rail division on day one seamlessly and without a time-consuming onboarding process. I discuss more about this in the section *Membership Changes to the Supervisory Board*.

Furthermore, the Supervisory Board passed a resolution to extend the appointment of Dr. Claudia Mayfeld by a further five years to April 30, 2029. Dr. Mayfeld, who has been on the Executive Board since 2021, is General Counsel responsible for Legal & Integrity as well as Chief Human Resources Officer.

5. At its meeting on October 12, 2023, as part of which the Supervisory Board also visited the production facility at the Berlin location, the Supervisory Board discussed geopolitical scenarios and the resulting impact on the global economy; it also reviewed the economic and political situation and future developments in China. The Executive Board reported on the implementation of strategic initiatives under the BOOST project and on the status of divestment projects forming part of the brownfield measures.

6. On December 15, 2023 (planning meeting), the Supervisory Board dealt with the annual and financial planning for 2024 and medium-term planning for the Group and the divisions (2024–2025), and approved this planning after in-depth discussion. The Executive Board presented a concept for merging the medium-term planning thus far with the strategic financial planning to create **uniform financial planning** with a five-year horizon and (unchanged) one-year budget. The Supervisory Board welcomed the associated simplification of the planning cycle, which we will respond to by partially adjusting our meeting regularity as of 2025.

Moreover, the Supervisory Board addressed the cybersecurity of the Knorr-Bremse Group, the way it is currently formed, the legal requirements for critical infrastructure, the EU NIS2 specifications, and the measures initiated by the departments responsible for these matters. The Executive Board presented its overall concept of a diversity strategy given the shortage of skilled labor, especially in STEM professions. The focuses of this strategy are the themes of age and generation, internationality, and gender diversity. Lastly, the Supervisory Board discussed the contractual implementation of the modifications of the Executive Board remuneration system as of January 1, 2024, described at the start of this report, as well as the main results of the market soundings carried out in November. At the meetings, the Supervisory Board and Executive Board regularly gave individuals at the next levels an opportunity to present on topics. Through this, the Supervisory Board receives a good picture of potential young talent as well as the entrenchment of topics within the organization.

## Executive Committee

The Executive Committee coordinates the work of the Supervisory Board, prepares the meetings of the full Supervisory Board, and monitors the execution of the resolutions adopted by the Supervisory Board. It is in charge of resolutions regarding transactions with members of the Executive Board, the approval of contracts with Supervisory Board members, and long-term succession planning for the Executive Board. In matters relating to the Supervisory Board, the Executive Committee makes decisions about delaying the public disclosure of insider information in accordance with Article 17 (4) Market Abuse Regulation where necessary.

A total of six Executive Committee meetings took place during the reporting period, two of which were purely virtual and four in person. The Executive Committee closely oversaw the onboarding of Mr. Llistosella, the newly appointed CEO. It dealt intensively with the revision of the Executive Board's incentive architecture, which involves the addition of clawback and malus provisions to the remuneration system with a gradual implementation in the contracts. The investors' and proxy advisers' acceptance of the developed modifications to the Executive Board remuneration system and the results of the discussions on this matter played a key role in this. In the "operational implementation," too, topics relating to the Executive Board's remuneration (e.g., the strategic and other nonfinancial targets relevant for the STI modifier) were also the subject of the Executive Committee's preparatory work.

The Executive Committee closely oversaw the preparation and subsequent onboarding of Dr. Lange as part of the smooth and seamless change of the Executive Board member responsible for rail as of the fourth quarter. Another focus of the Executive Committee's deliberations was the Executive Board's succession planning for the leadership positions within the Group that are beneath the Executive Board, especially the management at the two divisions. The Executive Committee dealt with the expansion of the Strategy Committee described above as part of its preparation.

If the Supervisory Board was due to vote on a resolution, the Executive Committee would usually conclude its deliberations by issuing to the Supervisory Board a recommendation for the resolution. As the Chairman of the Executive Committee, I regularly reported to the Supervisory Board about the work done by the Executive Committee.

### Members of the Executive Committee:

- Dr. Reinhard Ploss (Chairman)
- Franz-Josef Birkeneder
- Dr. Theodor Weimer
- Michael Jell

## Audit Committee

The Audit Committee prepares Supervisory Board resolutions regarding the approval of financial statements and proposals for appropriating net profit. It takes the place of the Supervisory Board to engage the auditor. In relation to the *appointment* of the auditor at the Annual General Meeting, the Audit Committee proposes a recommendation to the Supervisory Board. The composition, duties, and competencies of the Audit Committee comply with the specifications of the Financial Market Integrity Strengthening Act (FISG). For example, the Chairwoman of the Audit Committee, Kathrin Dahnke, enjoys a direct right to obtain information from the heads of Internal Audit, Controlling, Risk Management, and Compliance,



which are the relevant central departments. Moreover, she maintains regular and partly bilateral communication with the auditor. The information provided in the Corporate Governance Statement explains the composition of the Audit Committee (in relation to “financial experts”). Ms. Dahnke regularly reports to the full Supervisory Board about the Audit Committee’s work.

The Audit Committee convened for a total of six meetings in the 2023 fiscal year. It worked on matters such as the preliminary figures for the 2022 fiscal year and the quarterly and half-yearly financial reporting. The Audit Committee examines the risk management system, internal control system, compliance management system, reports from Internal Audit, and the status of significant litigation at regular intervals. A key component of the committee’s work is its involvement in the annual and consolidated financial statements, beginning with the definition of audit focus topics; as well as in approving the proposed fee for the auditor, in the relevant audit reports from the auditor KPMG, in the dependency report, in the combined nonfinancial report (sustainability report), and in the Executive Board’s proposal for appropriating net profit.

#### **Members of the Audit Committee:**

- Kathrin Dahnke (Chairwoman)
- Franz-Josef Birkeneder
- Dr. Reinhard Ploss
- Werner Ratzisberger

## **Strategy Committee**

The Strategy Committee advises the Supervisory Board and Executive Board on core issues relating to the Group’s strategy, including the Group’s business policy and commercial direction. One of its focuses is the analysis and ongoing development of the truck and rail divisions, new business ideas, and potential development prospects, which also requires alternative methods and evaluation perspectives. The committee’s duties further include providing strategy advice for divestments, mergers, and acquisitions, including monitoring performance after transactions have closed. Moreover, it is also responsible for performing strategic evaluations of the Knorr-Bremse Group’s global footprint of locations and subsidiaries and discussing potential improvement with the Executive Board. The Strategy Committee also supports the Executive Board with the development and evaluation of proposals for managing the company’s innovation. It ultimately has subject matter responsibility for certain sustainability-related topics, alongside the Audit Committee which oversees the sustainability reporting. For instance, the Strategy Committee advises the Executive Board on the systematic identification of the company’s risks and opportunities that are associated with social and environmental factors, and on the appropriate consideration of environmental and social objectives in the corporate governance.

The Strategy Committee convened for a total of four meetings held in person during the reporting period. Among other items, it dealt with project BOOST and the measures already defined by the Executive Board for the brownfield, which has already been described in detail, including portfolio analysis and potential greenfield initiatives; it also reviewed the status of the ongoing M&A and divestment projects (especially Kiepe Electric), the preparation of the content and priorities of the strategy meeting, the product pipeline of the two divisions, from preliminary development through market launch down to fade-out, as well as project control mechanisms and decision-taking concepts in the R&D sections of the two divisions.



**Members of the Strategy Committee:**

- Dr. Stefan Sommer (Chairman)
- Franz-Josef Birkeneder
- Julia Thiele-Schürhoff
- Dr. Reinhard Ploss
- Dr. Sigrid Nikutta (as of May 4, 2023)
- Michael Jell (as of July 7, 2023)

## Nomination Committee

If necessary, the Nomination Committee proposes appropriate candidates to the Supervisory Board that the latter may propose for election as new Supervisory Board members at Annual General Meetings.

The Nomination Committee did not convene during the reporting period.

**Members of the Nomination Committee:**

- Dr. Reinhard Ploss (Chairman)
- Kathrin Dahnke
- Julia Thiele-Schürhoff

## Mediation Committee

The Mediation Committee did not convene during the reporting period.

**Members of the Mediation Committee:**

- Dr. Reinhard Ploss
- Franz-Josef Birkeneder
- Kathrin Dahnke
- Michael Jell

## Corporate Governance

The Supervisory Board attaches a great level of importance to ensuring satisfactory corporate governance. It examined its own understanding of corporate governance and compliance separately and intensively during the reporting period. The framework for this consists of the corporate governance requirements for listed German companies, in particular the ones under the German Stock Corporation Act (AktG), German Codetermination Act (MitbestG), and GCGC, as amended. The Supervisory Board made a declaration of compliance pursuant to section 161 AktG for the reporting period in conjunction with the Executive Board on December 15, 2023. This declaration of compliance was made available on the company's website and is also printed in the Corporate Governance Statement. Knorr-Bremse AG fulfilled all recommendations of the German Corporate Governance Code in fiscal 2023 except for recommendation G.11 of the GCGC (which pertains to clawback and malus provisions in the service agreements of Executive Board members). The modifications of the Executive Board remuneration system required for the implementation of GCGC G.11 will be proposed for approval at the Annual General Meeting on April 30, 2024, and gradually be implemented in contracts when they are renewed or when new ones are signed.

The Supervisory Board regularly assesses how effectively it is fulfilling its duties as a whole as well as through its committees (an “efficiency review” under section D.12 of the German Corporate Governance Code). The next such review with external oversight will be conducted in the second quarter of the current fiscal year.

### **Conflicts of Interest**

The Supervisory Board conducts continuous monitoring to see if there are potential conflicts of interest in its decision making. The outcome of this monitoring was that there were no conflicts of interest relevant to the Supervisory Board’s decision-making during the 2023 fiscal year or the current fiscal year.

### **Audit of Annual and Consolidated Financial Statements**

The Supervisory Board and the Audit Committee in particular performed relevant audit procedures to ensure that the annual and consolidated financial statements and further financial statements for the 2023 fiscal year met the applicable requirements.

The annual financial statements of Knorr-Bremse AG as compiled by the Executive Board in accordance with Germany’s generally accepted accounting principles (HGB), the combined management report of Knorr-Bremse AG, and the consolidated financial statements for the 2023 fiscal year based on International Financial Reporting Standards (IFRS) were audited by KPMG AG Wirtschaftsprüfungsgesellschaft, Munich and each awarded an unqualified opinion. KPMG was elected as the auditor of the financial statements for the 2023 fiscal year at the Annual General Meeting on May 5, 2023. KPMG has been the auditor of the Knorr-Bremse Group since its IPO in 2018 and was also appointed as the auditor prior to that. Michael Mokler was the main auditor overseeing the audit for the purposes of section 319a (1) sentence 4 HGB. Klaus Becker is a further audit partner with responsibility for the audit.

Furthermore, the auditor discussed the half-yearly financial report in detail with the Audit Committee prior to its publication and reported on the status of the audit of the annual and consolidated financial statements when the preliminary figures were published. The auditor audited the report on relations with affiliated companies (section 312 AktG) that was compiled by the Executive Board. The auditor issued the following opinion in regard to the report: “Having conducted a due and proper audit and appraisal, we hereby confirm that 1. the actual disclosures contained in the report are correct, 2. consideration for the legal transactions disclosed in the report was not inappropriately high or any disadvantages were compensated for, 3. no circumstances relating to the measures disclosed in the report suggest an assessment other than the one made by the Executive Board.”

The aforementioned reports, the Executive Board’s proposal for the appropriation of net profit, and the auditor’s reports were provided to all members of the Supervisory Board in a timely fashion. The Audit Committee conducted a preliminary audit of all documents at its meetings on February 21, 2024 (preliminary figures), and March 15, 2024, with Audit Committee Chairwoman Kathrin Dahnke reporting to the Supervisory Board about this at the Supervisory Board meeting on March 20, 2024. The financial statements and reports were presented to the Supervisory Board by the Executive Board and discussed in detail. The auditors attending the meetings reported on the results of their audits, for which the Audit Committee had previously specified key focal points of the audit for the reporting period. In this context, the auditors dealt in particular with the especially important audit matters mentioned in the audit opinion, with other key focal areas of the audit, and with the respective procedure during the audit, including the conclusions, and made themselves available for additional queries and requests for information.

The Audit Committee did not find any weaknesses in the risk management system, internal control system, internal audit system, or compliance management system. After our own audit of the annual financial statements, consolidated financial statements, and combined management report, we – as the Supervisory Board – do not have any cause to raise objections, for which reason we agreed with the Executive Board's assessment of the position of Knorr-Bremse AG and the Knorr-Bremse Group. The Supervisory Board approved the annual and consolidated financial statements for the 2023 fiscal year in line with the recommendation of the Audit Committee, which means that the annual financial statements of Knorr-Bremse AG are hereby adopted. We held in-depth discussions with the Executive Board about the appropriation of net profit and concur with the Executive Board's proposal to distribute a dividend of € 1.64 per no-par-value share with dividend rights for fiscal year 2023. As in previous years, this means that we are proposing a distribution within the range of 40% to 50% of consolidated net income that was announced at the time of the IPO. The Supervisory Board also approved the Report of the Supervisory Board, the Corporate Governance Statement and Compensation Report, the Dependent Company Report, and the Consolidated Nonfinancial Statement. A resolution will be made about the appropriation of net profit at the Annual General Meeting on April 30, 2024. Resolutions will also be passed at the Annual General Meeting for the modifications of the remuneration system and the Compensation Report for the 2023 fiscal year, the latter of which was approved in its compilation by the Executive and Supervisory Boards through a decision in accordance with section 162 (1) AktG.

#### **Membership Changes to Supervisory Board and Executive Board**

The composition of the Executive Board and Supervisory Board as at December 31, 2023, is illustrated in the overviews on page 26 for the Supervisory Board and page 11 for the Executive Board.

## **Supervisory Board**

The Supervisory Board members representing the shareholders remained stable over the reporting period. Representing the employees, Mr. Erich Starkl – who had been on the Supervisory Board since 2014 and retired from the Supervisory Board at the end of June – was succeeded in July as representative of IG Metall by Mr. **Wolfgang Nirschl**. The company supports the newly elected members of the Supervisory Board in familiarizing themselves with their roles via a structured onboarding program to provide them with a comprehensive overview of the company and the global position of the Group, its operations, and the products of the two divisions.

## Executive Board

**Marc Llistosella** commenced his position as member of the Executive Board and Chief Executive Officer (CEO) at the beginning of the 2023 fiscal year. He succeeded Dr. Jan Mrosik, who left the Executive Board by mutual agreement on March 11, 2022.


The Supervisory Board appointed **Dr. Nicolas Lange** as the member of the Executive Board responsible for Rail Vehicle Systems with effect from October 1, 2023. Dr. Lange succeeded Dr. Jürgen Wilder, who resigned from his position at the end of September and left the company. Dr. Lange has known Knorr-Bremse for over 20 years. Thanks to his technical expertise and international experience, he is an excellent match for the job of further expanding our global rail business and driving innovation with fresh ideas. He stands for both continuity and for the change that the Executive Board initiated as part of its strategic update. Most recently, Dr. Lange worked as a member and Chairman of the Management Board of Knorr-Bremse Systeme für Schienenfahrzeuge, the German rail subsidiary, so he is deeply familiar with the Rail Vehicle Systems division. The Supervisory Board previously decided on an internal successor for the truck division in 2022 when it appointed Bernd Spies, who had led the Management Board of the German truck subsidiary before then. The internal succession enables a smooth transition with virtually no induction required. It also demonstrates that Knorr-Bremse is able to bring future potential up through the ranks to the highest level of management.

The Supervisory Board thanks Dr. Wilder for the exceptional work he performed as a member of the Executive Board.

### Acknowledgment

Knorr-Bremse's achievement of closing the 2023 fiscal year as a "record year" despite the adverse macroeconomic environment, as the Executive Board announced in late February, is evidence of not only its resilience, but also the commitment and capabilities of its team and management. The Supervisory Board thanks the Executive Board and all employees who guided and are guiding the company successfully and securely through the fiscal year. The Supervisory Board will continue to oversee the Executive Board constructively in the future. I personally also wish to express my gratitude for the open and positive demeanor that I encountered in my direct interactions with the workforce; it reinforces my confidence that Knorr-Bremse can make its journey into the future a successful development.

Munich, March 21, 2024

*best regards and all the best  
years* 

**Dr. Reinhard Ploss**  
Chairman of the Supervisory Board