

Compensation Report

Introduction

This compensation report explains the principles of the remuneration systems for the Executive Board and Supervisory Board of Knorr-Bremse AG and the compensation granted and owed within the meaning of section 162 (1) sentence 1 AktG to the current and former members of the Executive Board and Supervisory Board, in each case relating to the 2022 fiscal year (January 1, 2022, to December 31, 2022).

This compensation report takes into account the feedback regarding the 2021 compensation report that the company received from investors in conjunction with its approval at the 2022 Annual General Meeting as well as independently of the 2022 Annual General Meeting. The 2021 compensation report was approved with a majority of 69.85% of the valid votes cast, which, in the management's view, represents a critical assessment by investors. The company continuously makes efforts to take on board critical remarks to an adequate extent. As part of these efforts, a revised structure for this compensation report is intended to improve legibility and, by extension, transparency. The compensation granted and owed in accordance with section 162 (1) sentence 2 no. 1 AktG for the fiscal year in which the underlying work (one or more years) has been completed in full is also disclosed consistently. For the variable compensation components, the compensation subtargets and the calculation of the actual target achievement are presented and described in more detail.

This compensation report was jointly prepared by the Executive Board and the Supervisory Board. It was reviewed with regard to form and content by KPMG AG Wirtschaftsprüfungsgesellschaft above and beyond the requirements of section 162 (3) AktG. The auditor's report is included in the 2022 compensation report.

This compensation report is planned to be presented for approval at the Annual General Meeting on May 5, 2023.

Overview of the Fiscal Year

Business

Business development in 2022 should be deemed as positive in light of the international difficulties, including the strict zero-Covid policy in China, the associated limitations on supply chains, the impact of the inflation resulting from the Covid-19 pandemic and the war in Ukraine.

The revenue guidance issued at the start of the year was confirmed during the 2022 fiscal year, which meant that Knorr-Bremse was able to increase its revenues once again thanks to the growing aftermarket business and continuously high customer demand in Europe and North America. Consolidated revenues as at year-end 2022 came to € 7,150 million (2021: € 6,706 million). Despite the remaining high level of difficulty in the global situation, Knorr-Bremse attained operating EBIT of € 795 million (2021: € 908 million). Furthermore, the Group's free cash flow amounted to € 219 million, compared to € 600 million in the previous year's period.

The Rail Vehicle Systems (RVS) division continued to develop positively, however it was confronted with strongly varying market situations around the world. Its revenues of € 3,402 million were at a stable level compared to the previous year (2021: € 3,317 million). The revenues of the Commercial Vehicle Systems (CVS) division successfully rose by 11% to € 3,750 million. This increase results in particular from the high demand stemming from catch-up effects from previous years in Europe and North America as well as the aftermarket business, which is strong overall.

The Executive Board

The previous Chief Executive Officer of Knorr-Bremse AG, Dr. Jan Michael Mrosik, left the company's Executive Board on March 11, 2022. He left the company at the close of April 30, 2022.

Frank Markus Weber took on the additional role of Executive Board Spokesman alongside his current responsibilities as Chief Financial Officer until the new Chief Executive Officer commenced his position. The Supervisory Board passed a resolution for a one-time, temporary increase the compensation of Frank Markus Weber by what it saw as an appropriate and customary amount, taking into consideration the compensation system, in view of his assumption of this role and the considerably broader adoption of responsibilities for a significant period of time; this compensation increase lasted for the duration of his additional assumption of Spokesman duties and is presented and explained in more detail in the section "Executive Board Compensation – Target Compensation and Compensation Structure."

Bernd Spies, as a newly appointed member of the Executive Board, took on responsibility for the Commercial Vehicle Systems division with effect from March 12, 2022. It had previously been headed by Dr. Jan Michael Mrosik on an interim basis.

The Supervisory Board announced on October 13, 2022, the appointment of Marc Llistosella to the Executive Board of Knorr-Bremse AG and as Chief Executive Officer with effect from January 1, 2023.

The Supervisory Board

With the end of the 2022 Annual General Meeting, the previous Supervisory Board Chairman, Prof. Dr. Klaus Mangold, stepped down from the company's Supervisory Board as planned on May 24, 2022. Dr. Reinhard Ploss succeeded him. Dr. Thomas Enders also left the Supervisory Board with effect from the end of the 2022 Annual General Meeting and was succeeded by Dr. Sigrid Nikutta.

Executive Board Compensation

Description of the Compensation System

From January 1, 2022, the remuneration system for the Executive Board, which was presented in the Annual General Meeting of May 20, 2021 and approved with 96.37% of the votes validly cast, applies to all active members of the Executive Board. The system of compensation for Executive Board members should be clear and understandable. It meets the requirements of the AktG as amended by the German Act on the Implementation of the Second Shareholders' Rights Directive (ARUG II) of December 12, 2019 (Federal Gazette Part I 2019, no. 50 of December 19, 2019) and with the exception of recommendation G.11 it follows the recommendations of the German Corporate Governance Code ("**GCGC**") as adopted by the Government Commission German Corporate Governance Code on April 28, 2022, and announced on June 27, 2022.

The compensation of Executive Board members is made up of fixed and variable components. The fixed components of Executive Board compensation are the fixed annual salary, fringe benefits and pension contribution. The variable components are the short-term variable compensation (Short-Term Incentive, **STI**) and the long-term variable compensation (Long-Term Incentive, **LTI**). The compensation system also includes share ownership guidelines (**SOG**) for the Executive Board members. An overview of the compensation system is shown in the table below: **Fig. 1**

FIG. 1 OVERVIEW OF THE COMPENSATION SYSTEM

Compensation components	Assessment base / parameters	
Non-performance-Related Components		
Fixed annual salary	<ul style="list-style-type: none"> – Fixed contractually agreed compensation paid in twelve monthly installments 	
Fringe benefits	<ul style="list-style-type: none"> – Essentially the private use of a company car, insurance (accident insurance, D&O insurance), reimbursement of the employer's contribution to health and nursing insurance 	
Pension contribution	<ul style="list-style-type: none"> – Annual amount for retirement benefit purposes – Aside from this, no occupational pension plan is provided. 	
Performance-Related Components		
Short-term Variable Compensation (STI)	Plan type	– Target bonus
	Cap	<ul style="list-style-type: none"> – 180% of target amount (CEO) – 200% of target amount (other Executive Board member; OEBM)
	Performance criteria	<ul style="list-style-type: none"> – EBIT (30%) – Revenues (20 %) – Free cash flow (20%) – ESG (20%) – Quality (10%) – Modifier (0.8–1.2) to reflect the individual and collective performance of the Executive Board, in addition to stakeholder targets
	Payment	– In the month following approval of the consolidated financial statements for the fiscal year
	Plan type	– Performance Share Plan
	Cap	<ul style="list-style-type: none"> – 180% of target amount (CEO) – 200% of target amount (other Executive Board member; OEBM)
Long-term Variable Compensation (LTI)	Performance criteria	<ul style="list-style-type: none"> – Earnings per share – EPS (50%) – Relative Total Shareholder Return – TSR (50%) – Comparison with MDAX, selected companies in the “Rail and Truck” sector and “High Quality European Industrial Goods”
	Payment	– In the month following approval of the consolidated financial statements for the last fiscal year of the 4-year performance period
	Other	
Share ownership obligation	<ul style="list-style-type: none"> – Obligation to purchase shares in Knorr-Bremse AG for one fixed annual salary within 4 years and to hold them for the duration of the appointment to the Executive Board 	
Signing benefits	<ul style="list-style-type: none"> – If applicable, compensation payments on the occasion of taking up office – If applicable, relocation benefits – If applicable, guaranteed minimum compensation in the first 12 months 	

Target Compensation and Compensation Structure

On the basis of the compensation system the Supervisory Board defines a specific target total compensation for each Executive Board member, which should be in appropriate relation to the tasks and performance of the Executive Board member and the company's situation and should not exceed standard compensation without justification. The Supervisory Board regularly reviews the Executive Board compensation to ensure it is appropriate and in line with the market. The regular review of compensation takes place as a comparison with companies in the DAX, MDAX and sector-specific companies in the automotive sector (horizontal comparison). A vertical comparison is also carried out, which considers the Executive Board compensation in relation to the employees at other levels of the Knorr-Bremse Group in Germany. Based on the results of the regular reviews of Executive Board compensation the Supervisory Board considers that the compensation is in line with the market and appropriate.

The Supervisory Board also regularly reviews the compensation structure of the Executive Board members in order to incentivize the company's long-term performance. The target total remuneration comprises the sum of all remuneration components relevant for total remuneration. In the case of the STI and LTI, the target amount is in each case based on 100% target achievement. Long-term variable compensation accounts for a larger proportion of the total target compensation than the short-term variable compensation. The relative proportions of fixed and variable compensation are shown below on the basis of the total target compensation.

Fig. 2

FIG. 2 STRUCTURE OF COMPENSATION ELEMENTS

CEO: 25% – 35% OEBM: 40% – 50%	CEO: 25% – 35% OEBM: 20% – 30%	CEO: 35% – 45% OEBM: 30% – 40%
Non-performance-related components / Fixed compensation	Performance-related components / Variable compensation	
Fixed annual salary including fringe benefits and pension contribution	Short-term Incentive (STI)	Long-term Incentive (LTI)
Annual payment		Payment after 4 years

In view of the fact that Frank Markus Weber temporarily took on the position of spokesperson of the Executive Board, the Supervisory Board decided to increase his compensation on a one-off, temporary basis while taking the compensation system into account. The one-off increase for the period in which he was spokesperson of the Executive Board (March to December 2022) was € 300 thousand in total, of which € 200 thousand was paid as a fixed amount in December 2022 and € 20 thousand were awarded as an increase in the STI target amount 2022 and € 80 thousand as an increase in the LTI target amount for the 2022 – 2025 tranche. The one-off increase was consistent with the principles of the compensation system.

The target compensation of the Executive Board members active in 2022 is shown in the following table: [Table → 4.01](#)

4.01 TARGET COMPENSATION OF EXECUTIVE BOARD MEMBERS

	Frank Markus Weber Spokesperson of the Executive Board & CFO (since July 1, 2020) ¹⁾			Dr. Claudia Mayfeld Executive Board Member for Integrity and Legal Affairs (since May 1, 2021) ²⁾			Bernd Spies Commercial Vehicle Systems Division (since March 12, 2022) ²⁾		
in € thousand	2022	in %	2021	2022	in %	2021	2022	in %	2021
Base remuneration	1,100	38%	850	867	35%	533	641	32%	-
Fringe benefits	21	1%	36	15	1%	19	10	1%	-
Pension contribution	300	10%	300	183	7%	100	241	12%	-
One-year variable compensation (STI)									
STI 2022	620	21%	-	600	24%	-	482	24%	-
STI 2021	-	-	600	-	-	400	-	-	-
Multi-year variable compensation (LTI)									
LTI 2022 – 2025	880	30%	-	800	32%	-	643	32%	-
LTI 2021 – 2024	-	-	800	-	-	533	-	-	-
Total target compensation	2,921	100%	2,586	2,465	100%	1,585	2,017	100%	-

	Dr. Jürgen Wilder Rail Vehicle Systems Division (since September 1, 2018)			Dr. Jan Michael Mrosik CEO (until April 30, 2022) ²⁾		
in € thousand	2022	in %	2021	2022	in %	2021
Base remuneration	900	34%	900	333	24%	1,000
Fringe benefits	18	1%	22	4	0%	43
Pension contribution	300	11%	300	100	7%	300
One-year variable compensation (STI)						
STI 2022	600	23%	-	433	32%	-
STI 2021	-	-	600	-	-	1,300
Multi-year variable compensation (LTI)						
LTI 2022 – 2025	800	31%	-	500	36%	-
LTI 2021 – 2024	-	-	800	-	-	1,500
Total target compensation	2,618	100%	2,622	1,371	100%	4,143

1) In view of the fact that Frank Markus Weber temporarily took on the position of spokesperson of the Executive Board, the Supervisory Board decided to increase his compensation on a one-off, temporary basis while taking the compensation system into account. The one-off increase for the period in which he was spokesperson of the Executive Board (March to December 2022) was € 300 thousand in total, of which € 200 thousand was paid as a fixed amount in December 2022 and € 20 thousand were awarded as an increase in the STI target amount 2022 and € 80 thousand as an increase in the LTI target amount for the 2022 – 2025 tranche. The one-off increase was consistent with the principles of the compensation system.

As of July 1, 2021 the basic compensation had been increased to € 900 thousand (harmonization of compensation with Dr. Jürgen Wilder).

2) Target compensation for the corresponding fiscal year is shown pro rata temporis due to appointment or departure in the course of the year.

Fixed Compensation Components

The compensation system for the Executive Board comprises the following fixed compensation components.

Annual salary

Executive Board members receive a fixed, non-performance-related annual salary, which is paid in 12 equal installments as a monthly salary.

Fringe Benefits

In addition, Executive Board members receive fringe benefits. For each member of the Executive Board, the company particularly bears the costs of accident insurance for death or disability, the employer's contribution to private health and long-term care insurance, and a company car that can also be

used privately. Furthermore, Executive Board members are covered by a D&O liability insurance policy.

Pension contribution

For the purposes of an old-age pension, the Executive Board members receive an annual pension contribution, payable at the end of the fiscal year in question. Knorr-Bremse AG does not have any pension commitments to current members of the Executive Board.

Under his service agreement in force until December 31, 2018, the company committed to funding defined benefits for Dr. Peter Laier. This commitment was made non-contributory as of December 31, 2018. Under this defined-benefit commitment, Dr. Peter Laier has a vested pension entitlement upon reaching retirement at the age of 65 in the

amount of 2% of his respective base annual salary per year of service. This entitlement has accrued per year of service from January 1, 2016 through to December 31, 2018. The defined-benefit obligations (IFRS) in respect of Dr. Laier came to € 719 thousand in 2022 (2021: € 1,260 thousand). Accordingly, the annual pension for Dr. Laier amounts to € 48 thousand as of December 31, 2022.

Other

The Supervisory Board may, on a case-by-case basis, grant a payment on the occasion of a new Executive Board member taking up office in the first or second year of the new member's appointment. This payment can be used to compensate, for example, losses of variable compensation that an Executive Board member faces from a former employer as a result of moving to Knorr-Bremse AG. No such payments were made in fiscal year 2022, also not in connection with the appointment of Marc Llistosella as CEO and Executive Board member as of January 1, 2023.

Variable Compensation Components

The variable performance-related compensation component consists of two elements: a short-term incentive (STI) and a long-term incentive (LTI).

STI

The STI (Fig. 3) is a performance-related bonus with a performance period of one year.

The STI ensures the variable compensation's strategic alignment by directly linking it to the financial performance criteria. Furthermore, the short-term incentive is linked to non-financial performance criteria. This supports the strategic development of the Group, which also includes social and environmental aspects and takes account of sustainable corporate development.

The STI depends initially on financial performance criteria and the achievement of ESG targets. In a second stage the Supervisory Board uses a factor known as a modifier to reflect the individual performance of the Executive Board member, the collective performance of the entire Executive Board and the achievement of stakeholder targets.

The four financial performance criteria for calculating the STI payment are EBIT, which accounts for 30%, revenues and free cash flow, which each account for 20%, and quality, which accounts for 10%. In addition, target achievement depends on internal and external ESG targets, which account for 20%.

EBIT refers to the earnings after depreciation and amortization recognized in the company's audited and approved consolidated financial statements. EBIT reflects the company's

profitability and its value promise to continue delivering a first-class margin.

Revenues are the revenues presented in the company's audited and approved consolidated financial statements. They are a core element of the profitable growth strategy, and of Knorr-Bremse AG's value promise to growth faster than the market.

Free cash flow is calculated by deducting payments for investments in property, plant and equipment and intangible assets from the cash flow from operating activities, and by adding proceeds from the sale of property, plant and equipment and intangible assets to the cash flow from operating activities.

The performance criteria "quality" focuses on operating activities in the divisions, such as the "cost of poor quality".

ESG targets are also included as a performance criterion. They consist of 50% internal ESG subtarget (**ESG internal subtarget**) and 50% external ESG subtargets (**ESG external subtarget**). The ESG internal subtarget reflects the own contribution to carbon neutrality (50%) and the change in the number of accidents per 200,000 working hours (50%). The ESG external subtarget tracks the company's positioning in the ESG ratings by the agencies ISS (ESG rating in the Machinery peer group), SAM (Corporate Sustainability Assessment in the Machinery and Electrical Equipment peer group) and Sustainalytics (CSA rating in the Machinery peer group). The achievement is measured as the average percentile placing, which is the arithmetic mean of the three individual ratings.

The financial performance criteria were weighted in 2022 depending on the responsibilities of each Executive Board member. This was either exclusively for the entire Group (Frank Markus Weber, Dr. Claudia Mayfeld and Dr. Jan Michael Mrosik) or 50% for the entire Group and 50% for the segment for which the Executive Board member is responsible (Dr. Jürgen Wilder for Rail Vehicle Systems and Bernd Spies for Commercial Vehicle Systems).

Before the beginning of each fiscal year, the Supervisory Board defines the targets for the individual performance criteria EBIT, revenues and free cash flow, which are derived from the budget planning. For the performance criterion quality the Supervisory Board defines for each year a value for each subtarget that corresponds to a target achievement of 100%. For the performance criterion ESG the Supervisory Board defines for each year values for each internal and external subtarget that correspond to a target achievement of 100%.

At the end of the fiscal year the total target achievement is measured on the basis of the target achievement for the individual performance criteria. To measure the target achievement for the four performance criteria the Supervisory Board compares for each performance criterion the actual figure

with the target (budget figure or defined value) for the respective fiscal year. The ratio of the actual figure to the budget figure or target value defined by the Supervisory Board (in per cent) indicates the extent to which the targets have been met, and for the financial performance criteria EBIT, revenues, free cash flow and quality results in the following target achievement, whereby target achievement between 0% for achieving 80% of the target and 200% for achieving 120% of the target is interpolated on a straight-line basis.

Total target achievement is calculated using the following formula:

$$\begin{aligned}
 &\text{Total target achievement} = \\
 &\quad \text{Target achievement EBIT} \times 30\% \\
 + &\quad \text{Target achievement Revenues} \times 20\% \\
 + &\quad \text{Target achievement Free cash flow} \times 20\% \\
 + &\quad \text{Target achievement ESG targets} \times 20\% \\
 + &\quad \text{Target achievement Quality} \times 10\%
 \end{aligned}$$

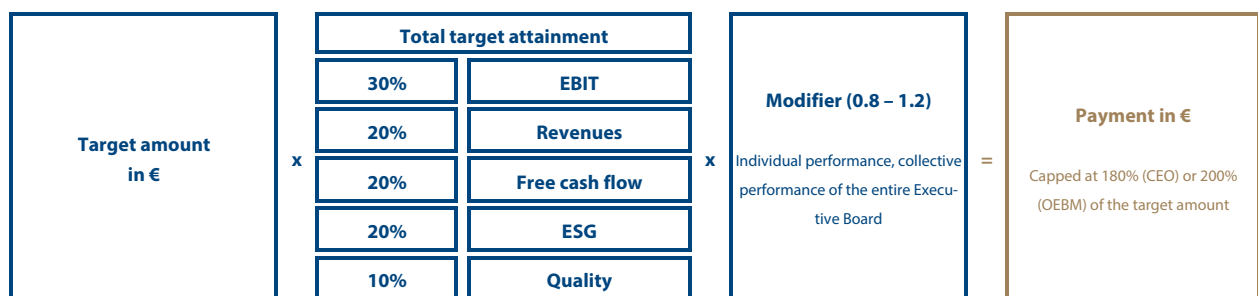
At the beginning of the year, in addition to the performance criteria, the Supervisory Board defines other non-financial performance criteria and their weightings, in order to assess the individual performance of the Executive Board member and the performance of the entire Executive Board and the achievement of stakeholder targets. The individual perfor-

mance criteria are taken into account by means of a modifier. This is set by the Supervisory Board at its professional discretion depending on the extent to which the non-financial performance criteria are met.

The total target achievement, measured on the basis of the financial performance criteria and the ESG targets, is multiplied by the modifier (0.8 to 1.2) and the defined target amount in euros to produce the payment amount. The annual STI payment is capped at 180% of the target amount for the CEO and at 200% of the target amount for the ordinary Executive Board members. The payout amount is due for payment in the month after the approval of Knorr-Bremse AG's consolidated financial statements for the fiscal year relevant for the STI.

In accordance with the option included in the compensation system of eliminating non-operating effects beyond the company's control, the Supervisory Board decided to adjust the STI for non-budgeted positive and negative one-off influences when determining the target achievement for the performance criteria. These include exchange rate and inflation effects that had a positive impact on revenues and EBIT in the reporting year, as well as the effects of discontinuing the Russia business due to sanctions, and the effects of lockdowns in China resulting from the country's zero-covid policy.

FIG. 3 HOW THE STI WORKS



The following performance criteria, target values, actual and adjusted achievement figures were therefore used in 2022

[Table → 4.02](#), [Table → 4.03](#).

4.02 TARGET ACHIEVEMENT STI 2022 – EBIT, REVENUES, FREE CASH FLOW

Performance criterion	Weighting for Executive Board member	Floor	Target level	Maximum value	Actual value	Adjusted actual value	Target achievement
Group	Dr. Jan Michael Mrosik: 100%						
EBIT (in € million)	Frank Markus Weber: 100%	789	986	1,183	721	925	69%
Revenues (in € million)	Dr. Claudia Mayfeld: 100%	5,735	7,169	8,603	7,150	7,279	108%
Free cash flow (in EUR million)	Bernd Spies: 50% Jürgen Wilder: 50%	426	532	638	219	447	20%
Commercial Vehicle Systems							
EBIT (in € million)		330	413	496	318	379	59%
Revenues (in € million)	Bernd Spies: 50%	2,883	3,604	4,325	3,750	3,827	131%
Free cash flow (in EUR million)		212	265	318	175	191	0%
Rail Vehicle Systems							
EBIT (in € million)		512	640	768	454	592	63%
Revenues (in € million)	Dr. Jürgen Wilder: 50%	2,852	3,565	4,278	3,402	3,454	84%
Free cash flow (in EUR million)		197	246	295	159	193	0%

4.03 TARGET ACHIEVEMENT STI 2022 – QUALITY AND ESG TARGETS

Performance criterion	Floor	Target level	Maximum value	Actual value	Target achievement
Quality Commercial Vehicle Systems					
Cost of Poor Quality (in %)		1.3%		1.0%	196%
Ready for Assembly (in ppm)		300		212	
Raw Material (in ppm)		3,200		2,088	
Functional Test Failures (in ppm)		5,900		4,272	
Intercompany Rejects (in ppm)		50		18	
Zero Mileage (in ppm)		22		10	
Quality Rail Vehicle Systems					
Cost of Poor Quality (in %)		1.3%		1.0%	189%
Supplied Delivery Quality (in ppm)		1,000		765	
Delivery Quality (in ppm of external delivery quantity)		1,200		1,780	
ESG Group					
Own contribution to carbon neutrality (in GWh) (internal)	2.0	5.0	8.0	6.7	139%
Accidents per 200,000 contractual working hours (internal)	1.30	1.00	0.70	0.70	
Relative placing in ESG ranking (external)	50%	12% – 15%	5%	13%	
ESG Commercial Vehicle Systems					
Own contribution to carbon neutrality (in GWh) (internal)	1.3	3.3	5.3	4.0	134%
Accidents per 200,000 contractual working hours (internal)	0.98	0.75	0.53	0.53	
Relative placing in ESG ranking (external)	50%	12% – 15%	5%	13%	
ESG Rail Vehicle Systems					
Own contribution to carbon neutrality (in GWh) (internal)	0.7	1.7	2.7	2.7	150%
Accidents per 200,000 contractual working hours (internal)	1.69	1.30	0.91	0.86	
Relative placing in ESG ranking (external)	50%	12% – 15%	5%	13%	

The Supervisory Board has assessed the individual performance of the Executive Board members and the performance of the entire Executive Board and the achievement of stakeholder targets. For 2022 the Supervisory Board has defined both overarching targets for the Executive Board and strategic or project-related individual targets for the divisions, and determined their weighting. The individual targets that the Supervisory Board adopted in coordination with the Executive Board include, for example, the operational implementation of the ESG strategy, the further shortening of the reporting timelines, the integration of a global diversity concept into the HR target operating model, the further development of the e-mobility and steering strategy in CVS and the revision

of the strategy for Chinese RVS business. On this basis, the Supervisory Board defined the individual modifier in accordance with its due discretion as 1.1 for Mr. Weber – including in light of him taking on the role of interim Executive Board Spokesman – and as 1.0 for all other Executive Board members holding positions on December 31, 2022. When he left the company, the Supervisory Board agreed on an individual modifier of 1.1 for the prorated 2022 STI (January to April) in the severance agreement with Dr. Jan Michael Mrosik.

This results in the following (total) target achievement [Table → 4.04](#) for the individual Executive Board members.

4.04 INDIVIDUAL TARGET ACHIEVEMENT STI 2022

Executive Board member	Target achievement EBIT, revenues, free cash flow	Target achievement Quality	Target achievement ESG targets	Modifier	Total Target Achievement
	70% weighting	10% weighting	20% weighting		
Frank Markus Weber	66%	193%	139%	1.1	93%
Dr. Claudia Mayfeld	66%	193%	139%	1.0	93%
Bernd Spies	64%	196%	137%	1.0	92%
Dr. Jürgen Wilder	59%	189%	145%	1.0	89%
Dr. Jan Michael Mrosik	66%	193%	139%	1.1*	93%

* Definition in accordance with the severance agreement dated March 11, 2022.

LTI (Description and Award of the 2022-2025 Tranche)

The LTI (Fig. 2) is a performance share plan in which virtual shares in Knorr-Bremse AG are awarded in annual tranches.

In order to link compensation to the company's long-term development, the long-term variable compensation makes up most of the variable compensation and thus a significant proportion of total compensation. With a performance period of four years and an annual award, it is intended to incentivize the beneficiaries to work for the company's positive long-term performance over a multi-year cycle. A combination of internal and external performance criteria take the stakeholder and shareholder approach into account.

Each tranche of the Performance Share Plan has a performance period of four years. Each performance period starts on January 1 of the first fiscal year in the performance period ("**award year**") and ends on December 31 of the third year following the award year.

At the beginning of the award year the Executive Board members are awarded a provisional number of virtual shares (performance share units), calculated using the ratio of the individual target amount agreement in the service contract and the average XETRA closing price of the Knorr-Bremse AG share in the sixty exchange trading days before the first day of the award year.

At the end of the performance period the target achievement for the LTI is measured and the payment amount defined for each Executive Board member depending on the target achievement.

The relevant performance criteria for the Performance Share Plan are the total shareholder return (**TSR**) for Knorr-Bremse AG compared with the TSR for companies from three peer groups (**relative TSR**) and the performance of earnings per share (**EPS**). The combination of an internal financial performance criterion (EPS) with an external, capital market-based

criterion (TSR) ensures that the LTI depends on the company's long-term performance in terms of both internal and external factors.

EPS are the undiluted pre-tax earnings from continuing activities per share presented in the audited and approved consolidated financial statements of Knorr-Bremse AG.

Target achievement for the EPS performance criterion is measured by comparing the average actual EPS and the strategic target EPS set by the Supervisory Board during the performance period. The ratio of average actual EPS to strategic target EPS (in per cent) reflects the EPS target achievement, which is interpolated on a straight-line basis between 0% for achieving 80% of the target and 200% for achieving 140% of the target.

The TSR refers to the share price performance, on the fictitious assumption that dividends are reinvested, and taking all capital measures into account. It indicates the increase in enterprise value from the perspective of the shareholders. The TSR of Knorr-Bremse AG is compared with that of peer group companies to incentivise the strategy of sustainable, above-market growth and take the competitive position of Knorr-Bremse AG into account. The following companies and peer groups are used:

- All companies in the MDAX during an entire performance period (not Knorr-Bremse AG).
- Selected companies in the Rail and Truck sector (currently: Alstom S.A., Cummins, Inc., Jost AG, Navistar, Inc., Paccar, Inc., SAF-Holland S.A., Stadler Rail AG, Vossloh AG, TRATON SE).
- Selected companies in the High Quality European Industrial Goods sector (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 Holding AG, Stabilus S.A.).

To measure target achievement in terms of relative TSR for Knorr-Bremse AG in relation to peer group companies, the TSR ranking achieved by Knorr-Bremse AG within the respective peer group is determined and on this basis the average ranking across all three peer groups. The average relative ranking gives the target achievement, which is interpolated on a straight-line basis between 0% for the 25th percentile and 200% for the 75th percentile.

Total target achievement is calculated using the following formula:

$$\begin{aligned} \text{Total target achievement} = & \\ & \text{Target achievement EPS} \times 50\% \\ + & \text{Target achievement relative TSR} \times 50\% \end{aligned}$$

The final number of virtual shares is calculated by multiplying the number of virtual shares awarded by the total target achievement at the end of the performance period:

$$\begin{aligned} \text{Final number of virtual shares} = & \\ & \text{number of virtual shares awarded} \\ & \times \text{total target achievement} \end{aligned}$$

The payment amount is then obtained by multiplying the final number of virtual shares by the average XETRA closing price for the company share in the last sixty exchange trading days before the end of the respective performance period.

For the LTI Tranche 2022 – 2025 the figures shown in [Table → 4.05](#) represent the floor, target and cap for EPS and relative TSR.

In addition, [Table → 4.06](#) shows the number of virtual shares awarded to Executive Board members for the LTI Tranche 2022 – 2025.

As with the STI, the presentation of compensation granted and owed for Executive Board members in office in the reporting year is based on the vested amount: the compensation report for the fiscal year shows the tranche for which the underlying work (one or more years) has been completed in full in the reporting year. As of 2020 a newly awarded LTI tranche has therefore been shown at fair value in the compensation report for the award year as compensation granted and owed as of the end of the award year, because according to the service contract it has already vested in the first year of the performance period [Table → 4.08](#). This does not affect the loss of vested rights for bad leavers. The compensation report for the last year of the relevant performance period then also shows the difference between the originally recognized fair value and the actual payment amount ([Fig. 4](#)). This will be relevant for the first time in the compensation report for 2024.

4.05 TARGET LTI 2022-2025

Performance criterion	Weighting	Floor	Target level	Maximum value
Relative TSR	50%	25th percentile	50th percentile	75th percentile
EPS	50%	€3.62	€4.52	€6.33

4.06 AWARD LTI 2022-2025

Executive Board member	Target amount (in € thousand)	Award price (in €)	Number of Performance Share Units Awarded	Maximum possible number of perfor- mance share units (cap: 200%)	Fair value as of December 31, 2022	LTI Measured as of December 31, 2022
Frank Markus Weber	880	90.74	9,699	19,398	38.97%	343
Dr. Claudia Mayfeld	800		8,817	17,634	38.97%	312
Bernd Spies	643		7,087	14,174	38.97%	251
Dr. Jürgen Wilder	800		8,817	17,634	38.97%	312
Dr. Jan Michael Mrosik	500		5,511	11,022	38.47%	192

Share ownership guidelines (SOG)

In addition to the LTI as an share-based compensation element, the share ownership guidelines for the Executive Board constitute a further key component of the compensation system with the objective of promoting the long-term and sustainable development of the company.

The members of the Executive Board are required to acquire and retain ownership of a minimum holding of shares in Knorr-Bremse AG amounting to 100% of their fixed gross annual salary for the duration of their service agreement (the “**SOG target**”). A member of the Executive Board is obliged

to acquire shares in Knorr-Bremse AG equal to at least 25% of the SOG target in each fiscal year until the SOG target is achieved. In individual cases, the Supervisory Board can use its reasonable discretion to depart from the SOG provisions, taking into account the circumstances of the case (e.g., on account of restrictions on the acquisition of shares as a result of contractual, internal or legal provisions).

As of December 31, 2022, the members of the Executive Board in office held shares in Knorr-Bremse AG in accordance with the share ownership guidelines as shown in [Table → 4.07](#).

4.07 OVERVIEW OF THE SHARE OWNERSHIP PROGRAM

Executive Board member	End of the buildup phase	Number of shares held	Total Acquisition Costs of the Shares Held (in €)	Proportion of the Respective Fixed Gross Annual Salary
Frank Markus Weber	Jun. 30, 2024	7,592	601,675	55%
Dr. Claudia Mayfeld	Apr. 30, 2025	4,580	395,941	46%
Bernd Spies	Mar. 11, 2026	2,198	128,696	20%
Dr. Jürgen Wilder	Oct. 11, 2022	10,770	901,681	100%

Withholding/Clawback

The compensation system for the Executive Board does not currently have a withholding or clawback clause. The Supervisory Board is of the opinion that the company does not require provisions for retaining or clawing back variable remuneration components to encourage its Executive Board members to act with due care and in a sustainable manner consistent with the long-term interests of the company. This is adequately ensured by the long-term incentive and the share ownership guidelines. Moreover, in the event of exceptional developments and incidents, the Supervisory Board already has discretionary powers to adjust the terms of the short-term and long-term variable remuneration plans. Ultimately, the Supervisory Board may also assert claims for damages in accordance with section 93 AktG in the event of a culpable breach of duty. There was no reason to do so in 2022.

Maximum Compensation

The total compensation to be granted to the Executive Board members for a fiscal year (sum of all the remuneration amounts spent for the fiscal year in question, including fixed annual salary, variable compensation components, pension contribution and fringe benefits or any compensation payments made when new members are appointed) – irrespective of whether they are paid out in this fiscal year or at a later date – has a maximum absolute limit (“**maximum compensation**”). The maximum remuneration is € 7,490,000 for the Executive Board Chair/CEO and € 4,030,000 for the ordinary Executive Board members. The service contract with Dr. Jan Michael Mrosik, who was CEO until March 11, 2022, provided for maximum compensation of € 6,370,000.

Regardless of the maximum compensation, the amount of individual variable compensation components paid is also capped at 180% of the target amount for the CEO and 200% for the ordinary Executive Board members.

None of the cash payments made to the Executive Board members during the reporting period exceeded the applicable maximum limit for the total compensation to be granted (sum of all the compensation amounts spent for the fiscal year in question, including fixed annual salary, variable compensation components, pension contribution and fringe benefits or any compensation in conjunction with new appointees commencing their role; altogether termed maximum compensation). Because the expense for the LTI 2022-2025 will only occur in the third year after the conclusion of the reporting year due to the four-year performance period, it will only be possible to report conclusively on compliance with the maximum compensation for fiscal year 2022 in the compensation report for fiscal year 2025. If the amount for the LTI 2022 – 2025 results in the maximum compensation being exceeded, then the payment will be reduced. If the limit for a fiscal year is exceeded and reducing the payout

amount for the LTI for the relevant award year still does not bring the compensation back beneath the limit, the STI is then reduced. If necessary, the Supervisory Board can exercise its professional discretion to reduce other remuneration components or demand that granted remuneration be paid back.

Compensation-Related Transactions

Benefits Promised or Granted by a Third Party

In the reporting year, no member of the Executive Board was promised or granted benefits by a third party in respect of their work as an Executive Board member.

Commitments in the Event of Termination of Service Agreements

The Supervisory Board may sign non-competition agreements with Executive Board members for a period of up to two years after they leave the company. Currently, all active Executive Board members are subject to a non-competition agreement for 12 months after they leave the company. During this period, the Executive Board members are entitled to non-compete compensation amounting to a twelfth of the fixed annual salary per month. The non-compete compensation is set off against any benefits otherwise owed by Knorr-Bremse AG for the period after the termination of the service agreement. Any income received for activities not covered by the non-competition agreement is offset against the non-competition compensation.

The current service agreements provide that in the event of termination of the appointment by mutual agreement, members of the Executive Board receive a compensation payment. The compensation payment is composed of the fixed annual salary and the STI for remaining term of the planned appointment, which for Dr. Mayfeld, Mr. Spies and Dr. Mrosik is no longer than 12 months while for Dr. Wilder and Mr. Weber no longer than 24 months. The compensation payment thus does not exceed the value of two years' remuneration but remains below it and also does not remunerate more than the remaining term of the contract. The compensation payment is set off against any non-compete compensation paid by Knorr-Bremse AG.

If an appointment is prematurely revoked by the Supervisory Board, the respective service agreement ends upon expiration of a notice period pursuant to section 622 (2) of the German Civil Code (BGB). This notice period is extended to a maximum of 24 months to the end of the month (at most until the contract's regular termination date) if the respective Executive Board member is blamelessly dismissed by the Annual General Meeting due to their incapacity to conduct business properly or due to a vote of no confidence, or if they resign prematurely, unilaterally and effectively from their position on the Executive Board for good cause. During the notice

period, the members of the Executive Board receive their fixed annual salary. The claims to STI and LTI are based on the rules on leaving the Executive Board prematurely described above.

The previous CEO of Knorr-Bremse AG, Dr. Jan Michael Mrosik, left the company's Executive Board on March 11, 2022. He left the company at the close of April 30, 2022. His fixed compensation, pension contribution, STI for 2022 and the LTI with the performance period 2022-2025 were paid pro rata temporis until April 30, 2022 (date on which he left the Company), i.e. reduced to 4/12 of the annual compensation or target amount. For the STI for fiscal 2022, Dr. Mrosik receives an STI pro rata temporis of € 443 thousand, which will be paid in April 2023. The LTI entitlements for performance periods 2021-2024 and 2022-2025 will be paid out on the relevant due dates, that is, in 2025 and 2026. The Supervisory has signed a non-competition agreement with Dr. Mrosik for one year after he left the company. In addition, Dr. Mrosik received compensation of € 4,333 thousand which was paid to him in 2022 and was offset against the non-compete compensation owed under the non-competition agreement. It was calculated on the basis of the compensation system described above. The severance payment settles any claims to non-compete compensation.

Change of Control

There is no right of special termination in the event of a change of control or any commitment to make payments based on the premature termination of Executive Board membership as a result of a change of control.

Compensation Granted and Owed

Presentation of Compensation Granted and Owed in Accordance with Section 162 AktG

The granted compensation that is disclosed for the Executive Board members holding positions during the reporting period is the compensation for the fiscal year for which the underlying work (one or more years) has been completed in full in the reporting period. The amount shown is therefore independent of whether the compensation has been paid during the fiscal year or not. For the variable compensation (STI and LTI) this means that depending on the plan's vesting schedule, the amount shown is either that which results from the target achievement of performance periods ending in the reporting period, or the fair value at the time the entitlement is vested in full.

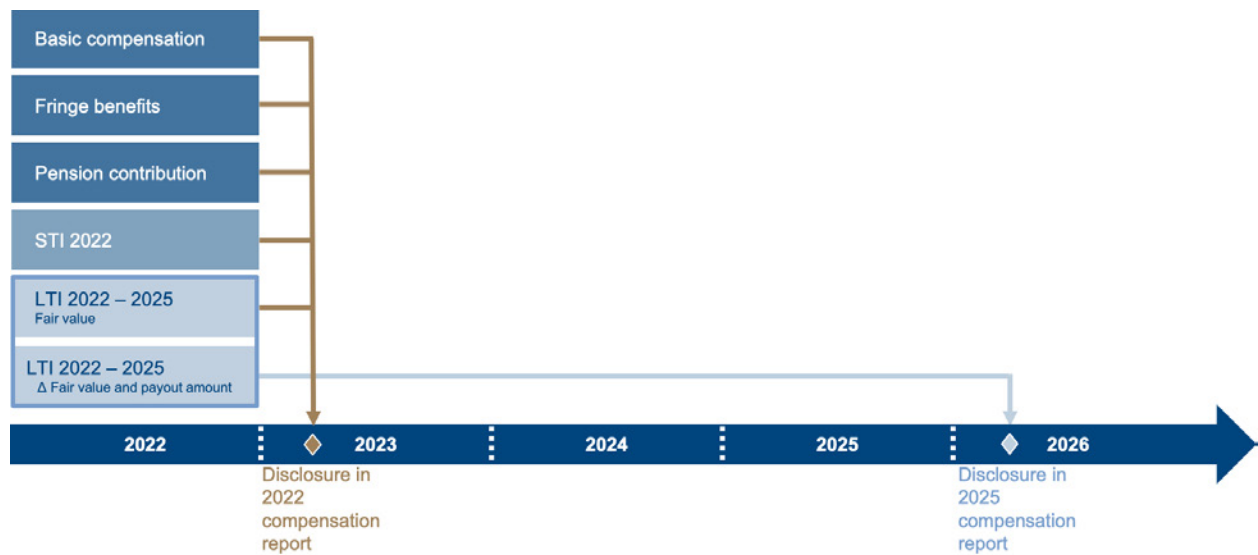
Basic compensation, pension contribution and fringe benefits also relate to the work done in the respective fiscal year, regardless of whether they were paid during the fiscal year or not. The diagram in **Fig. 4** shows the presentation of compensation granted and owed in fiscal year 2022.

The LTI 2022 – 2025 was fully vested in 2022 in line with the contract. The presentation therefore shows the fair value, which is obtained by multiplying the number of provisionally awarded virtual shares (performance share units) by the fair value as of December 31, 2022. The LTI 2022 – 2025 was not paid out and neither was or is there any entitlement to a payment before the end of the performance period at fiscal year-end 2025. The complete loss of all entitlement is also still possible.

Similarly, the LTI 2021 – 2024 was fully vested in 2021 in line with the contract. The fair value as of December 31, 2021, calculated as for the LTI 2022 – 2025, is therefore shown as the previous year’s figure.

The LTI 2019 – 2021, which in contrast to the above tranches was only vested at the end of the performance period on December 31, 2021, is also presented with the actual payment amount as the previous year’s figure.

FIG. 4. PRESENTATION OF 2022 COMPENSATION ELEMENTS AS COMPENSATION GRANTED AND OWED



Active Executive Board members

The following table [Table → 4.08](#) shows the individual compensation granted and owed, on a cash flow basis, in accordance with section 162 (1) sentence 2 number 1 AktG for the

Executive Board members active in fiscal year 2022, along with the corresponding figures for the previous year 2021.

4.08 COMPENSATION GRANTED AND OWED TO EXECUTIVE BOARD MEMBERS

in € thousand	Frank Markus Weber Spokesperson of the Executive Board & CFO (since July 1, 2020) ¹⁾			Dr. Claudia Mayfeld Executive Board Member for Integrity and Legal Affairs (since May 1, 2021)			Bernd Spies Commercial Vehicle Systems Division (since March 12, 2022)		
	2022	in %	2021	2022	in %	2021	2022	in %	2021
Base remuneration	1,100	46%	850	867	45%	533	641	40%	–
Fringe benefits	21	1%	36	15	1%	19	10	1%	–
Pension contribution	300	13%	300	183	9%	100	241	15%	–
One-year variable compensation (STI)									
STI 2022	634	26%	–	558	29%	–	444	28%	–
STI 2021	–	–	864	–	–	480	–	–	–
Multi-year variable compensation (LTI) ²⁾									
LTI 2022 – 2025	343	14%	–	312	16%	–	250	16%	–
LTI 2021 – 2024	–	–	652	–	–	434	–	–	–
LTI 2019 – 2021	–	–	–	–	–	–	–	–	–
Total compensation pursuant to section 162 AktG	2,398	100%	2,702	1,935	100%	1,566	1,586	100%	–

in € thousand	Dr. Jürgen Wilder Rail Vehicle Systems Division (since September 1, 2018)			Dr. Jan Michael Mrosik CEO (until April 30, 2022)		
	2022	in %	2021	2022	in %	2021
Base remuneration	900	44%	900	333	31%	1,000
Fringe benefits	18	1%	22	4	0%	43
Pension contribution	300	15%	300	100	9%	300
One-year variable compensation (STI)						
STI 2022	534	26%	–	443	41%	–
STI 2021	–	–	686	–	–	1,560
Multi-year variable compensation (LTI) ²⁾						
LTI 2022 – 2025	312	15%	–	192	18%	–
LTI 2021 – 2024	–	–	652	–	–	1,193
LTI 2019 – 2021	–	–	480	–	–	–
Total compensation pursuant to section 162 AktG	2,064	100%	3,040	1,072	100%	4,096

1) In view of the fact that Frank Markus Weber took on the position of spokesperson of the Executive Board and a significantly wider range of responsibilities for a substantial period of time, the Supervisory Board decided to increase his compensation on a one-off, temporary basis while taking the compensation system into account. The one-off increase was € 300 thousand in total, of which € 200 thousand was paid as a temporary increase in basic compensation and € 20 thousand as temporary increase in the STI target amount and € 80 thousand as temporary increase in the LTI target amount.

2) The LTI 2021 – 2024 and the LTI 2022 – 2025 were fully vested at the close of the respective award year and are shown at fair value as of the end of the respective award year. The performance period for the LTI 2019 – 2021 ended at the close of 2021 and the payment amount is therefore shown as the previous year's figure.

Former Executive Board members

The following table [Table → 4.09](#) shows the compensation individually granted and owed pursuant to section 162 (1) sentence 2 number 1 AktG under commitments to former members of the Executive Board. The values presented in the table

for the one-year and multi-year variable remuneration show the remuneration that was granted in conjunction with the termination and was paid in 2022.

4.09 COMPENSATION GRANTED AND OWED TO FORMER EXECUTIVE BOARD MEMBERS

in € thousand	Dr. Jan Michael Mrosik (until April 30, 2022)		Dr. Peter Laier (until December 31, 2021)		Bernd Eulitz (until August 31, 2020)		Ralph Heuwing (until April 30, 2020)		Klaus Deller (until April 30, 2019)		Dr. Dieter Wilhelm (until June 30, 2016)		Executive Board members leaving before December 31, 2012	
	2022	in %	2022	in %	2022	in %	2022	in %	2022	in %	2022	in %	2022	in %
Fringe benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-compete compensation	-	-	900	100%	-	-	-	-	-	-	-	-	-	-
One-year variable compensation (STI)	-	-	-	-	1,560	100%	720	56%	87	100%	-	-	-	-
Multi-year variable compensation (LTI)	-	-	-	-	-	-	560	44%	-	-	-	-	-	-
Compensation payment	4,333	100%	-	-	-	-	-	-	-	-	-	-	-	-
Retirement pension	-	-	-	-	-	-	-	-	-	-	230	100%	298	100%
Total compensation pursuant to section 162 AktG	4,333	100%	900	100%	1,560	100%	1,280	100%	87	100%	230	100%	298	100%

Supervisory Board Compensation

Description of the Compensation System

The compensation system for members of Knorr-Bremse Ag's Supervisory Board (**Fig. 5**) was revised with effect from fiscal year 2022 and approved at the Annual General Meeting on May 24, 2022 with 97.00% of the validly cast votes. It provides solely for fixed compensation in line with recommendation G.18 GCGC.

The main components of the revised compensation system for Supervisory Board members are an attendance fee and an adjustment to the amount of basic compensation and compensation for membership of the existing committees to bring them into line with market standards. Following a thorough review the Executive Board and Supervisory Board also came to the conclusion that additional compensation should also be paid for the work of the Strategy Committee set up in May 202, which advises the Executive Board and Supervisory Board on key aspects of corporate strategy, including the Group's commercial policy and entrepreneurial direction, and holds at least four meetings a year.

The Supervisory Board compensation is intended to contribute to attracting suitable candidates for the position of a Supervisory Board member. This is intended to ensure that the Supervisory Board as a whole is able to competently fulfill its duties to supervise and advise the Executive Board professionally and competently and thus to promote Knorr-Bremse AG's business strategy and long-term development.

The annual remuneration is payable after the end of the general meeting that receives the annual financial statements for the past fiscal year or decides on their approval, in the present case for fiscal 2022 after the Annual General Meeting on May 05, 2023. Supervisory Board members who have not belonged to the Supervisory Board or a committee for a full fiscal year or have not held the role of chair or deputy chair for a full fiscal year receive the corresponding remuneration pro rata temporis, rounding up to a full month.

In addition, the Supervisory Board members receive an attendance fee of € 1 thousand each time they attend a meeting of the Supervisory Board or its committees. Attendance at a meeting includes attendance by phone, video conference or using similar common means of communication. If several meetings are held on the same day the attendance fee is only paid once.

In accordance with Article 18 (6) of the company's Articles of Association, the company reimburses the Supervisory Board members for reasonable expenditure incurred as part of their fulfillment of their roles. Value-added tax is reimbursed by the company where Supervisory Board members are entitled to invoice the company separately for value-added tax and choose to exercise this right. Supervisory Board members are included in the company's D&O insurance policy without a deductible.

There are no pension commitments to members of the Supervisory Board, with the exception of pension commitments associated with employee activities.

FIG. 5 SUPERVISORY BOARD COMPENSATION

Compensation element	Compensation of the Supervisory Board		
	Chairman	Deputy	Member
Basic compensation	€ 300,000	€ 150,000	€ 100,000
Committee compensation	Audit Committee: € 120,000 Strategy Committee: € 120,000 Executive Committee: € 90,000	Audit Committee: € 40,000 Strategy Committee: € 40,000 Executive Committee: € 30,000	
Attendance fee	€ 1,000 per meeting ¹⁾		

¹⁾ Attendance at a meeting is also deemed to include attendance via telephone, videoconference or other similar, customary means of communication. The attendance fee is only paid once if multiple meetings take place on the one day.

Compensation Granted and Owed

The following table [Table → 4.10](#) shows the committee memberships and attendance of the individual Supervisory Board members in 2022 on which their overall compensation is based. Here too, the compensation shown for the reporting year is that for which the underlying work has been completed in full in the reporting year. The amount shown is therefore independent of whether the compensation has been paid during the fiscal year or not.

On the basis of the compensation system described above and the individual committee memberships and attendance, the following [Table → 4.11](#) shows the compensation granted and owed for fiscal year 2022. This is payable after the 2023 Annual General Meeting. Supervisory Board members did not receive any loans from the company in either fiscal year 2022 or fiscal year 2021.

4.10 MEMBERSHIP OF SUPERVISORY BOARD COMMITTEES AND ATTENDANCE AT MEETINGS

	Executive Committee (Attendance/all meetings)	Audit Committee (Attendance/all meetings)	Strategy Committee (Attendance/all meetings)	Nomination Committee (Attendance/all meetings)
Dr. Reinhard Ploss (Supervisory Board Chair) (since May 24, 2022)	4/4 (C)	3/3 (M)	2/2 (M)	1/1 (C)
Franz-Josef Birkeneder ¹⁾ (Deputy Chair of the Supervisory Board)	11/11 (M)	7/7 (M)	4/4 (M)	
Dr. Theodor Weimer (Deputy Chair of the Supervisory Board)	11/11 (M)			
Kathrin Dahnke		7/7 (C)		2/2 (M)
Michael Jell ¹⁾	11/11 (M)			
Dr. Sigrid Evelyn Nikutta (since May 24, 2022)				
Werner Ratzisberger ¹⁾				
Annemarie Sedlmair ¹⁾				
Dr. Stefan Sommer			4/4 (C)	
Erich Starkl ¹⁾				
Julia Thiele-Schürhoff			2/2 (M)	2/2 (M)
Sylvia Walter ¹⁾				
Prof. Klaus Mangold Chair of the Supervisory Board (until May 24, 2022)	7/7 (C)	4/4 (M)	2/2 (M)	1/1 (M)
Dr. Thomas Enders (until May 24, 2022)			0/2 (M)	

¹⁾ elected by the employees.
M = Member, C = Chair

4.11 COMPENSATION GRANTED AND OWED

in € thousand	2022							2021				
	Basic compensa- tion	in %	Committee compensa- tion	in %	Attendance fee	in %	Total compensa- tion	Basic compensa- tion	in %	Committee compensa- tion	in %	Total compensa- tion
Dr. Reinhard Ploss (Supervisory Board Chair) (since May 24, 2022)	200	62%	113	35%	12	4%	325	-	-	-	-	-
Franz-Josef Birkeneder ²⁾ (Deputy Chair of the Supervisory Board)	150	53%	110	39%	25	9%	285	120	64%	67	36%	187
Dr. Theodor Weimer (Deputy Chair of the Supervisory Board)	150	77%	30	15%	14	7%	194	110	88%	15	12%	125
Kathrin Dahnke	100	42%	120	50%	18	8%	238	80	57%	60	43%	140
Michael Jell ^{2) 3)}	100	70%	30	21%	13	9%	143	80	80%	20	20%	100
Dr. Sigrid Evelyn Nikutta (since May 24, 2022)	67	94%	-	-	4	6%	71	-	-	-	-	-
Werner Ratzisberger ²⁾	100	65%	40	26%	14	9%	154	80	80%	20	20%	100
Annemarie Sedlmair ^{2) 3)}	100	92%	-	-	9	8%	109	80	100%	-	-	80
Dr. Stefan Sommer	100	43%	120	52%	13	6%	233	53	40%	80	60%	133
Erich Starkl ²⁾	100	93%	-	-	7	7%	107	80	100%	-	-	80
Julia Thiele-Schürhoff	100	71%	27	19%	13	9%	140	80	100%	-	-	80
Sylvia Walter ²⁾	100	93%	-	-	7	7%	107	53	100%	-	-	53
Prof. Klaus Mangold Chair of the Supervisory Board (until May 24, 2022)	125	60%	71	34%	14	7%	210	250	70%	107	30%	357
Dr. Thomas Enders (until May 24, 2022)	41	67%	17	28%	3	5%	61	80	75%	27	25%	107

1) The annual attendance fee is capped at 9.9% of the total compensation for the Supervisory Board member in the respective year.

2) elected by the employees.

3) In addition, Mr. Jell and Ms. Sedlmair received compensation of € 38 thousand and € 25 thousand respectively from subsidiaries of Knorr-Bremse in the reporting year.

Multi-year Overview

The following overview [Table → 4.12](#) shows in accordance with section 162 (1) sentence 2 no. 2 AktG the relative change in the compensation of Executive Board and Supervisory Board members compared with the average compensation of employees and with selected earnings indicators for Knorr-Bremse AG and Knorr-Bremse Group.

The compensation shown for Executive Board members and Supervisory Board members represents the compensation granted and owed in accordance with section 162 (1) sentence 2 no. 1 AktG for the fiscal year in which the underlying work (one or more years) has been completed in full. By contrast, the average compensation shown for employees represents the amount received by them in the reporting year.

The key figures for which Knorr-Bremse AG has issued guidance in the past fiscal year and the key figures that form the basis of the short- and long-term remuneration of the Executive Board, specifically the Knorr-Bremse Group's revenues, EBIT, free cash flow and earnings per share (EPS) as well as the HGB-format annual financial statements of Knorr-Bremse AG, are used for the presentation of the results of operations.

The Knorr-Bremse Group's total workforce in Germany (excluding trainees, university students in student-specific positions and interns) is taken into account for the presentation of the average total compensation of employees on a full-time equivalent basis. The total compensation comprises all fixed and variable compensation components that were paid in the reporting period.

4.12 MULTI-YEAR COMPARISON¹⁾

	2022		2021	
	in € thousand	Change 2022/2021 in %	in € thousand	Change 2021/2020 in %
Executive Board members				
Frank Markus Weber	2,398	-11%	2,702	12%
Dr. Claudia Mayfeld	1,935	24%	1,566	-
Bernd Spies	1,586	-	-	-
Dr. Jürgen Wilder	2,064	-32%	3,040	5%
Dr. Jan Michael Mrosik ²⁾	5,405	32%	4,096	-
Former Executive Board members				
Klaus Deller	87	-	-	-
Bernd Eulitz	1,560	50%	1,040	-68%
Ralph Heuwing	1,280	167%	480	-83%
Dr. Peter Laier	900	-75%	3,574	92%
Dr. Dieter Wilhelm	230	0%	230	0%
Executive Board members who left prior to December 31, 2012	298	1%	295	2%
Supervisory Board members				
Dr. Reinhard Ploss ³⁾	325	-	-	-
Franz-Josef Birkeneder ⁴⁾	285	52%	187	17%
Dr. Theodor Weimer	194	55%	125	213%
Kathrin Dahnke	238	70%	140	-18%
Michael Jell ⁴⁾	143	43%	100	0%
Dr. Sigrid Evelyn Nikutta ³⁾	71	-	-	-
Werner Ratzisberger ⁴⁾	154	54%	100	0%
Annemarie Sedlmair ⁴⁾	109	36%	80	0%
Dr. Stefan Sommer	233	75%	133	-
Erich Starkl ⁴⁾	107	34%	80	0%
Julia Thiele-Schürhoff	140	75%	80	0%
Sylvia Walter ⁴⁾	107	102%	53	-
Prof. Dr. Klaus Mangold ³⁾	210	-41%	357	8%
Dr. Thomas Enders ³⁾	61	-43%	107	168%
Earnings indicators				
<i>Knorr-Bremse Group</i>				
Revenues (in € million)	7,150	7%	6,706	9%
EBIT (in € million)	721	-21%	916	13%
Free cash flow (in € million)	219	-63%	600	-13%
Earnings per share – undiluted (in €)	3.03	-21%	3.85	25%
<i>Knorr-Bremse AG</i>				
Net income per HGB (in € million)	141	-58%	335	-13%
Workforce remuneration				
Workforce of the Knorr-Bremse Group in Germany	86	2%	84	2%

1) The compensation shown for Executive Board members and Supervisory Board members represents the compensation granted and owed in accordance with section 162 (1) sentence 2 no. 1 AktG for the fiscal year in which the underlying work has been completed in full. By contrast, the average compensation shown for employees represents the amount received by them in the reporting year.

2) Dr. Jan Michael Mrosik was Chair of the Executive Board until March 11, 2022.

3) Prof. Dr. Klaus Mangold and Dr. Thomas Enders were the Chair and a member of the Supervisory Board respectively until May 24, 2022.

Dr. Reinhard Ploss and Dr. Sigrid Evelyn Nikutta have been the Chair and a member of the Supervisory Board respectively since May 24, 2022.

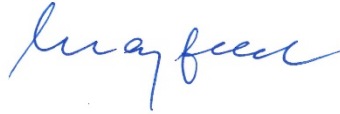
4) elected by the employees.

This compensation report was jointly prepared by the Executive Board and the Supervisory Board. The Executive Board and Supervisory Board passed resolutions to approve this compensation report on March 13, 2023.

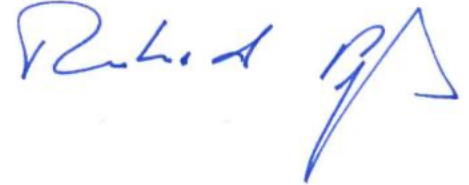
Munich, March 13, 2023



MARC LLISTOSELLA
CEO
Knorr-Bremse AG



DR. CLAUDIA MAYFELD
Executive Board member for Integrity, Legal and HR
Knorr-Bremse AG



DR. REINHARD PLOSS
Chairman of the Supervisory Board
Knorr-Bremse AG

Report on the audit of the remuneration report

We have audited the attached remuneration report of Knorr-Bremse AG, Munich, for the financial year from January 1 to December 31, 2022, including the related disclosures, prepared to meet the requirements of Section 162 AktG [Aktiengesetz: German Stock Corporation Act].

Responsibilities of Management and the Supervisory Board

The management and the Supervisory Board of Knorr-Bremse AG are responsible for the preparation of the remuneration report, including the related disclosures, in accordance with the requirements of Section 162 AktG. The management and the Supervisory Board are also responsible for such internal control as they have determined necessary to enable the preparation of the remuneration report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities

Our responsibility is to express an opinion on this remuneration report, including the related disclosures, based on our audit. We conducted our audit in accordance with the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report, including the related disclosures, is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts, including the related disclosures, in the remuneration report. The procedures selected depend on the auditor's professional judgement. This includes an assessment of the risks of material misstatement, whether due to fraud or error, in the remuneration report, including the related disclosures. In assessing these risks, the auditor considers the internal control system relevant for the preparation of the remuneration report, including the related disclosures. The objective is to plan and perform audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the Supervisory Board, as well as evaluating the overall presentation of the remuneration report, including the related disclosures.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, on the basis of the knowledge obtained in the audit, the remuneration report for the financial year from January 1 to December 31, 2022, including the related disclosures, complies in all material respects with the financial reporting requirements of Section 162 AktG.

Other matter – formal examination of the remuneration report

The substantive audit of the remuneration report described in this independent auditor's report includes the formal examination of the remuneration report required by Section 162 (3) AktG, including issuing an assurance report on this examination. As we have issued an unqualified opinion on the substantive audit of the remuneration report, this opinion includes the conclusion that the disclosures pursuant to Section 162 (1) and (2) AktG have been made, in all material respects, in the remuneration report.

Limitation of liability

The terms governing this engagement, which we fulfilled by rendering the aforesaid services to Knorr-Bremse AG, are set out in the General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms] as amended on 1 January 2017. By taking note of and using the information as contained in this auditor's report, each recipient confirms to have taken note of the terms and conditions laid down therein (including the limitation of liability of EUR 4 million for negligence under Clause 9 of the General Engagement Terms) and acknowledges their validity in relation to us.

Munich, March 17, 2023

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Becker
Wirtschaftsprüfer
[German Public Auditor]

Hanshen
Wirtschaftsprüfer
[German Public Auditor]