

Compensation Report

Introduction

This compensation report explains the principles of the compensation 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 (Aktengesetz: German Stock Corporation Act) to the current and former members of the Executive Board and Supervisory Board, in each case relating to the 2023 fiscal year (January 1 to December 31, 2023).

This compensation report takes into account the feedback regarding the 2022 compensation report that the company received from investors in conjunction with its approval at the 2023 Annual General Meeting as well as independently in dialog with investors. The 2022 compensation report was approved with a majority of 68.44% of the valid votes cast, which, in the management's view (unchanged from the previous year), represents a critical assessment by investors. In order to reflect this, the Executive Board and Supervisory Board have decided not only to provide more detail in the descriptive sections of this compensation report but also to amend the provisions of the incentive architecture (STI, LTI) with effect from January 1, 2024, and to gradually implement malus and clawback arrangements in the service agreements of the Executive Board members. The necessary amendments of the compensation system will be presented for approval to the Annual General Meeting on April 30, 2024. They are described in detail in the invitation to the Annual General Meeting published on March 21, 2024. This compensation report consistently discloses 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) was completed in full. For the variable compensation components, the compensation subtargets and the calculation of the actual target achievement are presented and described in detail.

The 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 2023 compensation report.

This compensation report is planned to be presented for approval at the Annual General Meeting on April 30, 2024.

Overview of the Fiscal Year

Business

The Executive Board of Knorr-Bremse AG is very satisfied with the business development in 2023, which was shaped by a gradual decline in what had been high inflation at the beginning of the year, and by geopolitical challenges.

Driven by higher volumes and price increase in order to pass on the higher procurement prices, revenues increased by 10.9% to € 7,925.6 million, which, as expected, was very positive compared with the previous year (€ 7,149.7 million). EBIT was € 869.9 million and thus significantly above the prior-year level by 20.6% (2022: € 721.3 million). Free cash flow amounted to € 551.7 million and was therefore significantly higher than in the previous year (2022: € 219.3 million).

The increase in revenues was attributable to the Commercial Vehicle Systems division, which reported an increase of 11.5% to € 4,180.2 million in its revenues. This increase resulted from increased truck production in Europe, Asia and North America, significant growth in both the aftermarket and OE businesses and price increases to pass on inflation-related costs in all regions. The Rail Vehicle Systems division increased its revenues by 10.2% year on year to € 3,747.5 million. The increase in revenues was primarily attributable to aftermarket business growth in all regions.

The Executive Board

Marc Llistosella has been Chief Executive Officer (CEO) of Knorr-Bremse AG since January 1, 2023.

Dr. Jürgen Wilder, the member of the Executive Board responsible for the Rail Vehicle Systems division, left the company at the close of September 30, 2023, and stepped down from the Executive Board at the same time.

As of October 1, 2023, the Supervisory Board appointed Dr. Nicolas Lange to succeed Dr. Wilder for a term of three years. He will hold Executive Board responsibility for the Rail Vehicle Systems division.

The Supervisory Board

Having reached retirement age, Mr. Erich Starkl stepped down as a member of the Supervisory Board of Knorr-Bremse AG at the close of June 30, 2023. Effective July 3,

2023, the Munich local court appointed Mr. Wolfgang Nirschl to succeed Mr. Starkl as a member of the Supervisory Board.

Executive Board Compensation

Description of the Compensation System

The system of compensation for Executive Board members in the version applicable since January 1, 2022, 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**").

The remuneration system of the Executive Board members is composed of fixed and variable components. The fixed components of the Executive Board members' remuneration are their fixed annual salary, fringe benefits, and pension contribution. The variable components are the short-term variable remuneration (short-term incentive, **STI**) and long-term variable remuneration (long-term incentive, **LTI**). The remuneration system also provides for Share Ownership Guidelines ("**SOG**") for the Executive Board members. An overview of the compensation system is provided in the table below: **Fig. 1**

FIG. 1 OVERVIEW OF THE COMPENSATION SYSTEM IN 2023

Compensation components	Assessment base/parameters	
Non-performance-related components		
Fixed annual salary	- Fixed, contractually agreed remuneration paid in twelve monthly installments	
Fringe benefits	- Mainly private usage of the company car, insurance policies (accident, D&O), reimbursement of the employer share in health and long-term care insurance	
Pension contribution	- Annual payment for retirement benefit purposes - Aside from this, no company pension scheme is provided.	
Performance-related components		
Short-term variable remuneration (STI)	Plan type	- Target bonus
	Limitation of payment amount	- 180% of target amount (Chief Executive Officer; CEO) - 200% of target amount (other Executive Board member; OEBM)
		Performance criteria
	Payout	
Long-term variable remuneration (LTI)	Plan type	- Performance share plan
	Limitation of payment amount	- 180% of target amount (Chief Executive Officer; CEO) - 200% of target amount (other Executive Board member; OEBM)
		Performance criteria
	Payout	
Other		
Share ownership obligation	- Obligation to buy shares in Knorr-Bremse AG in an amount equivalent to one gross fixed annual salary within four years and to hold them for the duration of the appointment to the Executive Board	
Payments upon taking position:	- If applicable, compensation payments upon taking office	
	- If applicable, relocation benefits	
	- If applicable, guaranteed minimum compensation in the first twelve months	

* Measurement of achievement of subtargets EBIT, revenues, free cash flow and ESG is based on the actual values in the consolidated financial statements (where available). The Supervisory Board is entitled to use its reasonable discretion to determine extraordinary influences based on a criteria catalog defined in advance by the Audit Committee. The aim of these adjustments is to measure the actual management performance without distortion, such as by translational FX effects or M&A effects.

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 four years

On May 4, 2023, the Supervisory Board decided to increase the STI target amount for Frank Markus Weber, who joined the Executive Board as Chief Financial Officer (CFO) as of July 1, 2020, to € 750 thousand per year, and his LTI target amount to € 900 thousand per year, each with effect from July 1, 2023. The increase applies pro rata temporis for fiscal year 2023.

The target compensation of the Executive Board members active in 2023 is presented in the following table:

Table → 4.01

4.01 TARGET COMPENSATION OF EXECUTIVE BOARD MEMBERS

	Marc Llistosella Chief Executive Officer (CEO) (since January 1, 2023)			Frank Markus Weber Chief Financial Officer (CFO) (since July 1, 2020) ¹⁾			Dr. Claudia Mayfeld Executive Board Member for Integrity, Legal Affairs and HR (since May 1, 2021)		
in € thousand	2023	In %	2022	2023	In %	2022	2023	In %	2022
Base remuneration	1,000	24	–	900	33	1,100	900	36	867
Fringe benefits	45	1	–	13	0	21	19	1	15
Pension contribution	300	7	–	300	11	300	200	8	183
One-year variable compensation (STI)									
STI 2023	1,300	31	–	675	25	–	600	24	–
STI 2022	–	–	–	–	–	620	–	–	600
Multi-year variable compensation (LTI)									
LTI 2023-2026	1,500	36	–	850	31	–	800	32	–
LTI 2022-2025	–	–	–	–	–	880	–	–	800
Total target compensation	4,145	100	–	2,738	100	2,921	2,519	100	2,465

	Bernd Spies Commercial Vehicle Systems division (since March 12, 2022) ²⁾			Dr. Nicolas Lange Rail Vehicle Systems division (since October 1, 2023) ²⁾			Dr. Jürgen Wilder Rail Vehicle Systems division (until September 30, 2023) ²⁾		
in € thousand	2023	In %	2022	2023	In %	2022	2023	In %	2022
Base remuneration	880	34	641	200	32	–	675	34	900
Fringe benefits	16	1	10	5	1	–	15	1	18
Pension contribution	300	12	241	75	12	–	225	11	300
One-year variable compensation (STI)									
STI 2023	600	23	–	150	24	–	450	23	–
STI 2022	–	–	482	–	–	–	–	–	600
Multi-year variable compensation (LTI)									
LTI 2023-2026	800	31	–	200	32	–	600	31	–
LTI 2022-2025	–	–	643	–	–	–	–	–	800
Total target compensation	2,596	100	2,017	630	100	–	1,965	100	2,618

1) Due to the temporary assumption of the position of Speaker of the Executive Board, Mr. Weber's compensation in 2022 was increased by a total of € 300,000 on a one-time basis; of this total, € 200,000 was paid as a fixed amount in December 2022, € 20,000 was allocated to an increase in the 2022 STI target amount and € 80,000 to an increase in the LTI target amount for the 2022–2025 tranche.

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 Remuneration 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 twelve 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 bears, in particular, 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.

The company reimbursed the costs of Mr. Llistosella's relocation from Portugal to Munich in the amount of € 15,167, net, as a one-time fringe benefit, due to his appointment as Executive Board member and CEO. The company also bore the costs of Mr. Llistosella's temporary accommodation for the period from January 7 to May 8, 2023 in the amount of € 11,346, net.

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.

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 his or her position in the first or second year of the new member's appointment. This payment can be used to compensate for, for example, losses of variable remuneration 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 2023, neither in connection with the appointment of Marc Llistosella as CEO and Executive Board member as of January 1, 2023, nor with the appointment of Dr. Nicolas Lange as Executive Board member as of October 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 variable remuneration is based on 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 first step of the STI is dependent on financial performance criteria and the achievement of quality and ESG targets (collectively the "**company STI targets**"). In the second step, the Supervisory Board uses a modifier to reflect the individual performance of the Executive Board member, the collective performance of the Executive Board and the achievement of stakeholder targets.

The financial performance criteria for calculating the STI payment in fiscal year 2023 were EBIT, accounting for 30%, and revenues and free cash flow, each accounting for 20%. In addition, target achievement depended on the quality performance criterion, which accounted for 10%, and on internal and external ESG targets, which accounted for 20%.

EBIT refers to earnings before interest, other financial result, and income taxes as recognized in the company's approved and audited consolidated financial statements. EBIT reflects the company's profitability and its value promise to continue delivering a first-class margin.

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

Free cash flow is calculated by deducting disbursements for capital expenditure on 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, with quality targets such as the "cost of poor quality" set for both divisions.

ESG targets are also included as a performance criterion. In fiscal year 2023, these consisted of 50% internal ESG subtargets ("**ESG internal subtargets**") and 50% external ESG subtargets ("**ESG external subtargets**"). 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 Heavy Trucks, Construction and Farm Machinery peer group), SAM (Corporate Sustainability Assessment in the IEQ Machinery and Electrical Equipment peer group) and Sustainability (CSA rating in the Heavy Machinery and Trucks peer group). Achievement is measured as the average percentile placing, which is the arithmetic mean of the three individual ratings.

The company STI targets were weighted depending on the responsibilities of each Executive Board member. For the central functions, this was either exclusively for the entire Group (Marc Llistosella, Frank Markus Weber, and Dr. Claudia Mayfeld) or 50% for the entire Group and 50% for the segment for which the Executive Board member is responsible (Bernd Spies for Commercial Vehicle Systems, and Dr. Nicolas Lange/Dr. Jürgen Wilder for Rail Vehicle Systems).

The Supervisory Board defines the targets for each fiscal year for the individual performance criteria EBIT, revenues and free cash flow, which are derived from the budget planning. For the quality performance criterion, the Supervisory Board defines a value for each subtarget that corresponds to target achievement of 100%. For the ESG performance criterion, the Supervisory Board defines values for each internal and external subtarget that correspond to target achievement of 100%, as well as a minimum value corresponding to target achievement of 0%

and a maximum value corresponding to target achievement of 200%.

At the end of the fiscal year the total target achievement is measured on the basis of the target achievement for each performance criterion. To measure the target achievement for each of the performance criteria, the Supervisory Board compares the actual figure with the target figure (budget figure or defined value) for the respective fiscal year. The ratio of the actual figure to the target value (as a percentage) indicates the extent to which the targets have been met, and for the performance criteria EBIT, revenues, free cash flow and quality, results in the following target achievement, with target achievement between 0% (for achieving 80% of the target) and 200% (for achieving 120% of the target) interpolated on a straight-line basis.

Total target achievement is calculated as follows:

- Total target achievement =
- EBIT target achievement x 30%
- + revenues target achievement x 20%
- + free cash flow target achievement x 20%
- + ESG target achievement x 20%
- + quality target achievement x 10%

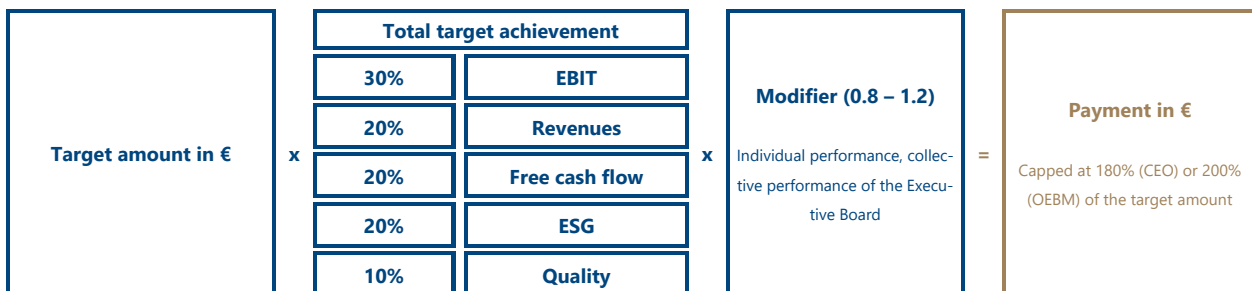
At the beginning of the year, in addition to the performance criteria, the Supervisory Board defines other non-financial performance criteria and their weightings, in order to assess the individual performance of the Executive Board member and the performance of the entire Executive Board and the achievement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

(“performance criteria”). The individual performance 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 was capped at 180% of the target amount for the CEO and at 200% of the target amount for the ordinary Executive Board members in fiscal year 2023. 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.

Measurement of achievement of subtargets EBIT, revenues, free cash flow and ESG is based on the actual values in the consolidated financial statements (where available). The Supervisory Board is entitled to use its reasonable discretion to determine extraordinary influences based on a criteria catalog defined in advance by the Audit Committee. The aim of these adjustments is to measure the *actual management performance* without distortion, such as by translational FX effects or M&A effects. For the past fiscal year, translational currency effects and effects from M&A and restructuring were adjusted in particular when determining STI target achievement on this basis, as quantified in [Table → 4.02](#) below.

FIG. 3 HOW THE STI WORKS



The following performance criteria, target values, and actual achievement figures were used to determine STI target achievement for fiscal year 2023 [Table → 4.02](#), [Table → 4.03](#). Under the influence of a very challenging fiscal year 2022, the target values for the performance criteria were derived before the start of fiscal year 2023 from the budget planning

approved by the Supervisory Board. The capital market guidance for fiscal year 2023 confirmed these targets. The out-performance of the guidance for revenues and free cash flow and a year-on-year improvement in the operating EBIT margin lead to a corresponding high target achievement in the EBIT, revenues, and free cash flow performance criteria.

4.02 STI TARGET ACHIEVEMENT 2023 – EBIT, REVENUES, FREE CASH FLOW

Performance criterion	Executive Board member weighting	Floor	Target level	Maximum value	Actual value	Adjusted actual value	Target achievement
Group	Marc Llistosella: 100%						
EBIT (in € million)	Frank Markus Weber: 100%	651	814	847	870	887	200%
Revenues (in € million)	Dr. Claudia Mayfeld: 100%	5,966	7,457	7,564	7,926	7,980	200%
Free cash flow (in € million)	Bernd Spies: 50%						
	Dr. Nicolas Lange: 50%	346	433	449	552	575	200%
	Dr. Jürgen Wilder: 50%						
Commercial Vehicle Systems							
EBIT (in € million)	Bernd Spies: 50%	311	389	404	398	414	200%
Revenues (in € million)		3,119	3,899	3,966	4,180	4,173	200%
Free cash flow (in € million)		187	234	245	299	297	200%
Rail Vehicle Systems							
EBIT (in € million)	Dr. Nicolas Lange: 50%	391	489	504	532	532	200%
Revenues (in € million)	Dr. Jürgen Wilder: 50%	2,847	3,559	3,599	3,748	3,809	200%
Free cash flow (in € million)		308	384	403	403	421	200%

4.03 STI TARGET ACHIEVEMENT 2023 – QUALITY AND ESG TARGETS

Performance criterion	Weighting	Floor	Target level	Maximum value	Actual value	Target achievement
Quality Commercial Vehicle Systems						
Cost of poor quality (in %)	60,0%		1.3		1.1	189%
Ready for assembly (in ppm)	8,0%		275		182	
Raw material (in ppm)	8,0%		3,000		1,433	
Functional test failures (in ppm)	8,0%		5,500		3,708	
Intercompany rejects (in ppm)	8,0%		45		24	
Zero mileage (in ppm)	8,0%		22		9	
Quality Rail Vehicle Systems						
Cost of poor quality (in %)	50,0%		1.3		1.0	192%
Supplied delivery quality (in ppm)	25,0%		950		732	
Delivery quality (in ppm of external delivery quantity)	25,0%		1,450		1,241	
ESG Group						
Own contribution to carbon neutrality (in GWh) (internal)	25,0%	2.2	5.4	8.7	8.2	147%
Workplace accidents per 200,000 contractual working hours (internal)	25,0%	1.16	0.89	0.62	0.65	
Relative placing in ESG ranking (external)	50,0%	50%	11.5% - 14.5%	5%	11%	
ESG Commercial Vehicle Systems						
Own contribution to carbon neutrality (in GWh) (internal)	25,0%	1.3	3.3	5.3	5.0	148%
Workplace accidents per 200,000 contractual working hours (internal)	25,0%	0.91	0.70	0.49	0.45	
Relative placing in ESG ranking (external)	50,0%	50%	11.5% - 14.5%	5%	11%	
ESG Rail Vehicle Systems						
Own contribution to carbon neutrality (in GWh) (internal)	25,0%	0.9	2.1	3.4	3.2	142%
Workplace accidents per 200,000 contractual working hours (internal)	25,0%	1.43	1.10	0.77	0.84	
Relative placing in ESG ranking (external)	50,0%	50%	11.5% - 14.5%	5%	11%	

The Supervisory Board assessed the individual performance of the Executive Board members, the collective performance of the Executive Board and the achievement of stakeholder targets. For the 2023, the Supervisory Board has defined the following overarching objectives for the Executive Board in particular, which are weighted differently: gradual realization of diversity targets for the management levels and the total workforce; further

development of the strategic target of the Knorr-Bremse Group and the divisions; pre-study and implementation plan for the S4/HANA project including implementing the basics with the aim of maximum cross-divisional standardization; realizing the core issues of the global employee survey and developing a strategic target for management culture. On this basis, the Supervisory Board defined the individual modifier in accordance with its professional discretion for all

Executive Board members in office as of December 31, 2023 as 1.0. When he left the company, the Supervisory Board agreed on an individual modifier of 1.0 for the prorated STI 2023 (January to September) in the severance agreement with Dr. Jürgen Wilder.

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

4.04 INDIVIDUAL STI TARGET ACHIEVEMENT 2023

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		
Marc Llistosella	200%	191%	147%	1.0	188%
Frank Markus Weber	200%	191%	147%	1.0	188%
Dr. Claudia Mayfeld	200%	191%	147%	1.0	188%
Bernd Spies	200%	189%	148%	1.0	188%
Dr. Nicolas Lange	200%	192%	145%	1.0	188%
Dr. Jürgen Wilder	200%	192%	145%	1.0	188%

LTI (description and award of the 2023-2026 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 multi-year cycles. 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 ("**performance period**"). 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 agreement and the average XETRA closing price of the Knorr-Bremse AG share in the 60 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**"). This combines an internal financial performance criterion (EPS) with an external capital market-based criterion (TSR).

EPS are the undiluted earnings after taxes from continuing operations 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 (as a percentage) 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 incentivize 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 for the LTI 2023-2026 tranche:

- All companies in the MDAX during an entire performance period (excluding 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, and 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, and Stabilus S.A.).

To measure target achievement in terms of relative TSR for Knorr-Bremse AG in relation to peer group companies, the relative TSR ranking achieved by Knorr-Bremse AG within each peer group is determined and on this basis the average relative ranking across all three peer groups. The average relative ranking shows 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:

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

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.

The following performance criteria, target values, and actual achievement figures were used to determine LTI target achievement in the 2020-2023 LTI tranche, which will be paid out in April 2024. [Table → 4.05, 4.06](#)

For the 2023-2026 LTI tranche, the figures shown in [Table → 4.07](#) represent the floor, target and cap for EPS and relative TSR.

In addition, [Table → 4.08](#) shows the number of virtual shares awarded to each Executive Board member for the 2023-2026 LTI tranche.

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. 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 in accordance with the service agreement it was already vested in the first year of the performance period [Table → 4.10](#). This does not affect the loss of vested rights for bad leavers. The compensation report for the final 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 is relevant for the first time in the compensation report for 2024.

4.05 LTI TARGET ACHIEVEMENT 2020-2023

Award price 2020	in €	88.33
Award price 2023	in €	55.88
Strategic target EPS*	in €	3.72
Average actual EPS	in €	3.35
Achievement of average actual EPS	in %	75.3
Relative TSR target		50th percentile
Actual relative TSR		22.6th percentile
Relative TSR target achievement	in %	0.0
Total target achievement	in %	37.6

* The strategic EPS target was adjusted in fiscal year 2021 due to Covid-19.

4.06 INDIVIDUAL LTI TARGET ACHIEVEMENT 2020-2023

Executive Board member	Target amount (in € thousand)	Number of performance share units awarded	Target achievement	Number of final performance share units	Award price 2023 (in €)	Payment amount (in € thousand)
Frank Markus Weber	400	4,529	37.6%	1,704	55.88	95
Former Executive Board members	Target amount (in € thousand)	Number of performance share units awarded	Target achievement	Number of final performance share units	Award price 2023 (in €)	Payment amount (in € thousand)
Dr. Jürgen Wilder (until September 30, 2023)	800	9,057		3,408		190
Dr. Peter Laier (until December 31, 2022)	800	9,057	37.6%	3,408	55.88	190
Bernd Eulitz (until August 31, 2020)	1,333	15,095		5,680		317

4.07 LTI TARGET 2023-2026

Performance criterion	Weighting	Floor	Target level	Maximum value
Relative TSR	50%	25th percentile	50th percentile	75th percentile
EPS	50%	€3.15	€3.94	€5.52

4.08 LTI AWARD 2023-2026

Executive Board member	Target amount (in € thousand)	Award price (in €)	Number of performance share units awarded	Maximum possible number of performance share units (cap: 200%)	Fair value as of December 31, 2023	LTI measured as of December 31, 2023 (in € thousand)
Marc Llistosella	1,500		29,869	53,764	101.10%	1,517
Frank Markus Weber	850		16,926	33,852	106.15%	902
Dr. Claudia Mayfeld	800	50.22	15,930	31,860	106.15%	849
Bernd Spies	800		15,930	31,860	106.15%	849
Dr. Nicolas Lange	200		3,983	7,966	106.15%	212
Dr. Jürgen Wilder	600		11,947	23,894	106.15%	637

Share ownership guidelines (SOG)

In addition to the LTI as a 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 base remuneration for the duration of their service agreement (the “SOG target”). A member of the Executive

Board should 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, 2023, the members of the Executive Board in office held shares in Knorr-Bremse AG as shown in [Table → 4.09](#).

4.09 OVERVIEW OF THE SHARE OWNERSHIP PROGRAM

Executive Board member	End of the build-up phase	Number of shares held	Total acquisition costs of the shares held (in €)	Proportion of the respective base remuneration
Marc Llistosella	December 31, 2026	2,000	113,684	11%
Frank Markus Weber	Jun. 30, 2024	12,424	903,382	100%
Dr. Claudia Mayfeld	Apr. 30, 2025	7,592	600,543	67%
Bernd Spies	March 11, 2026	4,225	259,161	29%
Dr. Nicolas Lange	September 30, 2027	975	50,934	6%

Malus/clawback

The compensation system for the Executive Board does not currently have a malus or clawback clause. The Supervisory Board intends to implement common-practice malus and clawback arrangements in the service agreements of the Executive Board members from fiscal year 2024. The necessary changes to the compensation system for the Executive Board will be submitted to the Annual General Meeting on April 30, 2024 for approval and gradually implemented contractually as part of contract extensions or new contracts.

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 contractually agreed remuneration is € 6,370,000 for the Chief Executive Officer (CEO) and € 4,030,000 for each ordinary Executive Board member.

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 connection with new appointees commencing their role; maximum compensation). Because the expense for the LTI 2023-2026 will only occur in the third year after the conclusion of the reporting year due to the full-year performance period, it will only be possible to report conclusively on compliance with the maximum compensation for fiscal year 2023 in the compensation report for fiscal year 2026. If the amount for the LTI 2023-2026 results in the maximum compensation were to be exceeded, the payout amount would be reduced in accordance with the arrangements in the service agreement. 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 below the limit, the STI will be 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 his or her 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 twelve 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 (base remuneration) 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, Mr. Llistosella and Dr. Lange is no longer than twelve months, and for Mr. Weber and Dr. Wilder (who left as of September 30, 2023) 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 base remuneration. The claims to STI and LTI are based on the rules on leaving the Executive Board prematurely described above.

Dr. Jürgen Wilder stepped down as member of the Executive Board of Knorr-Bremse AG and left the company with effect from September 30, 2023. His fixed compensation, pension contribution, STI for 2023 and LTI for the performance period 2023-2026 were paid pro rata temporis until September 30, 2023, i.e., reduced to 9/12 of the annual compensation or target amount. For the STI for fiscal year 2023, Dr. Wilder will receive a pro rata STI of € 846 thousand, which will be paid in April 2024 along with the LTI for the 2020-2023 performance period of € 190 thousand. The LTI entitlements for performance periods 2021-2024, 2022-2025 and (pro rata temporis) 2023-2026 will be paid out on the relevant due dates, i.e., in 2025, 2026 and 2027. The Supervisory has signed a non-competition agreement with Dr. Wilder for one year after he left the company. In addition, Dr. Wilder received compensation of € 3,173 thousand which was paid to him in 2023 and was offset against the non-compete compensation owed in monthly installments for the duration of the non-compete period. It was calculated on the basis of the compensation system described above.

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 disclosed for the Executive Board members in office 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 already been paid during the fiscal year. 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 year or the fair value at the time the entitlement is vested in full.

Base remuneration, pension contributions and fringe benefits also relate to the work done in the respective fiscal year, regardless of whether they were paid during the

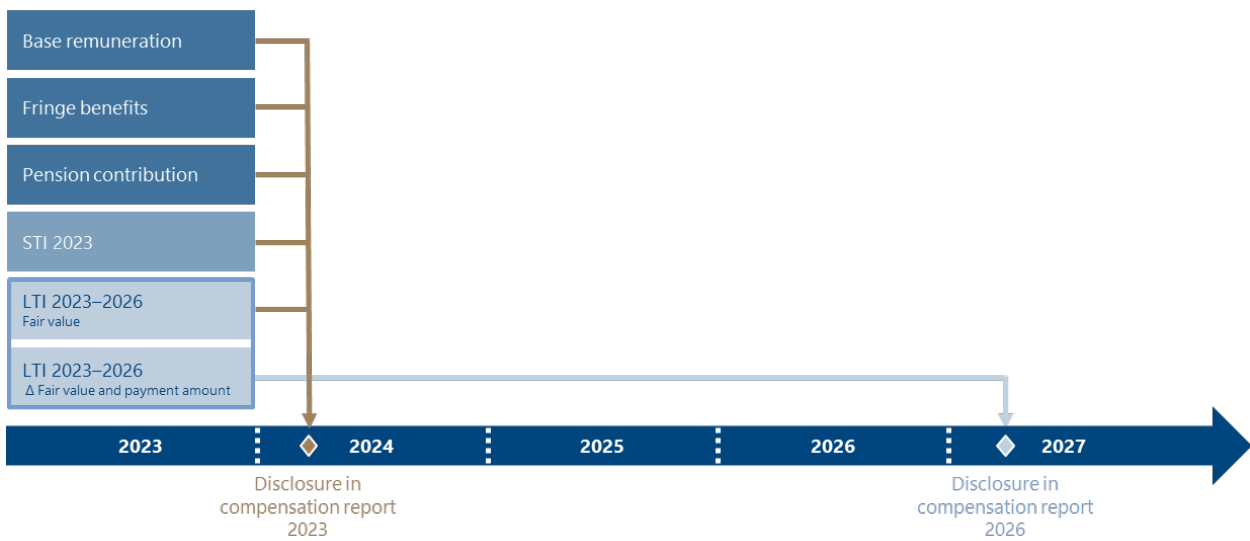
fiscal year. The diagram in **Fig. 4** shows the presentation of compensation granted and owed in fiscal year 2023.

The LTI 2023-2026 was fully vested in 2023 in accordance with the agreement. 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, 2023. The LTI 2023-2026 was not paid out, nor was or is there any

entitlement to a payment before the end of the performance period at fiscal year-end 2026. A complete loss of all entitlement is also still possible.

Similarly, the LTI 2022-2025 was fully vested in 2022 in accordance with the agreement. The fair value as of December 31, 2022, calculated as for the LTI 2023-2026, is therefore shown as the previous year's figure.

FIG. 4 PRESENTATION OF 2023 COMPENSATION ELEMENTS AS COMPENSATION GRANTED AND OWED



Active Executive Board members

The following [Table → 4.10](#) 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 2023, along with the corresponding figures for the previous year 2022 (where available).

4.10 COMPENSATION GRANTED AND OWED TO EXECUTIVE BOARD MEMBERS

	Marc Llistosella Chief Executive Officer (CEO) (since January 1, 2023)			Frank Markus Weber Chief Financial Officer (CFO) (since July 1, 2020) ¹⁾			Dr. Claudia Mayfeld Executive Board Member for Integrity, Legal Affairs and HR (since May 1, 2021)		
in € thousand	2023	In %	2022	2023	In %	2022	2023	In %	2022
Base remuneration	1,000	19	–	900	27	1,100	900	29	867
Fringe benefits	45	1	–	13	0	21	19	1	15
Pension contribution	300	6	–	300	9	300	200	6	183
One-year variable compensation (STI)									
STI 2023	2,340	45	–	1,269	38	–	1,128	36	–
STI 2022	–	–	–	–	–	634	–	–	558
Multi-year variable compensation (LTI) ²⁾									
LTI 2023-2026	1,517	29	–	902	27	–	849	27	–
LTI 2022-2025	–	–	–	–	–	343	–	–	312
Total compensation pursuant to section 162 AktG	5,202	100	–	3,384	100	2,398	3,096	100	1,935

	Bernd Spies Commercial Vehicle Systems division (since March 12, 2022)			Dr. Nicolas Lange Rail Vehicle Systems division (since October 1, 2023)			Dr. Jürgen Wilder Rail Vehicle Systems division (until September 30, 2023)		
in € thousand	2023	In %	2022	2023	In %	2022	2023	In %	2022
Base remuneration	880	28	641	200	26	–	675	28	900
Fringe benefits	16	1	10	5	1	–	15	1	18
Pension contribution	300	9	241	75	10	–	225	9	300
One-year variable compensation (STI)									
STI 2023	1,128	36	–	282	36	–	846	35	–
STI 2022	–	–	444	–	–	–	–	–	534
Multi-year variable compensation (LTI) ²⁾									
LTI 2023-2026	849	27	–	212	27	–	637	27	–
LTI 2022-2025	–	–	250	–	–	–	–	–	312
Total compensation pursuant to section 162 AktG	3,173	100	1,586	774	100	–	2,398	100	2,064

1) Due to the temporary assumption of the position of Speaker of the Executive Board, Mr. Weber's compensation in 2022 was increased by a total of € 300,000 on a one-time basis; of this total, € 200,000 was paid as a fixed amount in December 2022, € 20,000 was allocated to an increase in the 2022 STI target amount and € 80,000 to an increase in the LTI target amount for the 2022–2025 tranche.

2) The LTI 2022–2025 and LTI 2023–2026 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.

Former Executive Board members

The following [Table → 4.11](#) 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 connection with the termination and paid in 2023.

4.11 COMPENSATION GRANTED AND OWED TO FORMER EXECUTIVE BOARD MEMBERS

in € thousand	Dr. Jürgen Wilder (until September 30, 2023)		Bernd Eulitz (until August 31, 2020)		Ralph Heuwing (until April 30, 2020)	
	2023	In %	2023	In %	2023	In %
Non-compete compensation	225	9	-	-	-	-
One-year variable compensation (STI)	-	-	-	-	186	100
Compensation payment	2.273	91	300	100	-	-
Retirement pension	-	-	-	-	-	-
Total compensation pursuant to section 162 AktG	2.498	100	300	100	186	100

in € thousand	Dr. Dieter Wilhelm (until June 30, 2016)		Executive Board mem- bers who left prior to December 31, 2013	
	2023	In %	2023	In %
Non-compete compensation	-	-	-	-
One-year variable compensation (STI)	-	-	-	-
Compensation payment	-	-	-	-
Retirement pension	262	100	259	100
Total compensation pursuant to section 162 AktG	262	100	259	100

Supervisory Board Compensation

Description of the Compensation System

The compensation system for members of the Knorr-Bremse AG 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 Supervisory Board remuneration is intended to help attract suitable candidates for the office of Supervisory Board member. It 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 year 2023 after the Annual General Meeting on April 30, 2024. 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 telephone, video conference or using similar common means of communication. If several meetings are held on the same day the attendance fee is paid once only.

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 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	Supervisory Board Compensation		
	Chairman	Deputy Chairman	Member
Base remuneration	€ 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 includes attendance by telephone, video conference or using similar common means of communication. If several meetings are held on the same day the attendance fee is paid once only. The annual attendance fee is capped at 9.9% of the total compensation for the Supervisory Board member in the respective year.

Compensation granted and owed

The following [Table → 4.12](#) shows the committee memberships and attendance of the individual Supervisory Board members in fiscal year 2023 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 already been paid during the fiscal year.

On the basis of the compensation system described above and the individual committee memberships and attendance, the following [Table → 4.13](#) shows the compensation granted and owed for fiscal year 2023. This is payable after the 2024 Annual General Meeting. Supervisory Board members did not receive any loans from the company in either fiscal year 2022 or fiscal year 2023.

4.12 MEMBERSHIP OF SUPERVISORY BOARD COMMITTEES AND ATTENDANCE AT MEETINGS

	Executive Committee (attendance/ all meetings ²⁾)	Audit Committee (attendance/ all meetings ²⁾)	Strategy Committee (attendance/ all meetings ²⁾)	Nomination Committee (attend- ance/all meetings ³⁾)
Dr. Reinhard Ploss (Chairman of the Supervisory Board)	6/6 (C)	5/6 (M)	4/4 (M)	-
Franz-Josef Birkeneder ¹⁾ (Deputy Chairman of the Supervisory Board)	6/6 (M)	6/6 (M)	4/4 (M)	
Dr. Theodor Weimer (Deputy Chairman of the Supervisory Board)	6/6 (M)			
Kathrin Dahnke		6/6 (C)		-
Michael Jell ¹⁾	6/6 (M)		2/2 (M)	
Dr. Sigrid Evelyn Nikutta			3/3 (M)	
Wolfgang Nirschl ¹⁾ (since July 3, 2023)				
Werner Ratzisberger ¹⁾		5/6 (M)		
Annemarie Sedlmair ¹⁾				
Dr. Stefan Sommer			4/4 (C)	
Julia Thiele-Schürhoff			4/4 (M)	-
Sylvia Walter ¹⁾				
Erich Starkl ¹⁾ (until June 30, 2023)				

M = member; C = chair

1) Elected by the employees.

2) Number of meetings held during the term of the respective Supervisory Board or committee member.

3) The Nomination Committee did not meet in fiscal year 2023.

4.13 COMPENSATION GRANTED AND OWED

in € thousand	2023						2022							
	Base remuneration	In %	Commit-tee compensation	In %	Attendance fee ¹⁾	In %	Total compensation	Base remuneration	In %	Commit-tee compensation	In %	Attendance fee ¹⁾	In %	Total compensation
Dr. Reinhard Ploss (Chairman of the Supervisory Board) (since May 24, 2022)	300	62	170	35	16	3	486	200	62	113	35	12	4	325
Franz-Josef Birkeneder ²⁾ (Deputy Chairman of the Supervisory Board)	150	54	110	40	17	6	277	150	53	110	39	25	9	285
Dr. Theodor Weimer (Deputy Chairman of the Supervisory Board)	150	79	30	16	9	5	189	150	77	30	15	14	7	194
Kathrin Dahnke	100	43	120	52	12	5	232	100	42	120	50	18	8	238
Michael Jell ²⁾³⁾	100	63	50	31	10	6	160	100	70	30	21	13	9	143
Dr. Sigrid Evelyn Nikutta (since May 24, 2022)	100	74	27	20	9	7	136	67	94	-	-	4	6	71
Wolfgang Nirschl ²⁾ (since July 3, 2023)	50	93	-	-	4	7	54	-	-	-	-	-	-	-
Werner Ratzisberger ²⁾	100	66	40	26	11	7	151	100	65	40	26	14	9	154
Annemarie Sedlmair ^{2), 3)}	100	94	-	-	6	6	106	100	92	-	-	9	8	109
Dr. Stefan Sommer	100	43	120	52	10	4	230	100	43	120	52	13	6	233
Julia Thiele-Schürhoff	100	67	40	27	9	6	149	100	71	27	19	13	9	140
Sylvia Walter ²⁾	100	94	-	-	6	6	106	100	93	-	-	7	7	107
Erich Starkl ²⁾ (until June 30, 2023)	50	96	-	-	2	4	52	100	93	-	-	7	7	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 Supervisory Board compensation of € 38 thousand and € 25 thousand respectively from subsidiaries of Knorr-Bremse in 2022 and 2023.

Multi-year overview

The following overview [Table → 4.14](#) 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) was completed in full. By contrast, the average compensation shown for employees represents the amount they received in the reporting year.

The key figures for which Knorr-Bremse AG 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 revenues, EBIT, free cash flow and earnings per share (EPS) of the Knorr-Bremse Group as well as the net income according to German GAAP of the separate financial statements of Knorr-Bremse AG, are used to present the results of operations.

The Knorr-Bremse Group's total workforce in Germany (excluding trainees, working students and interns) is applied 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.

4.14 MULTI-YEAR COMPARISON¹⁾

	2023	Change	Change	Change
	in € thousand	2023/2022 In %	2022/2021 In %	2021/2020 In %
Executive Board members				
Marc Llistosella ²⁾	5,202	-	-	-
Frank Markus Weber	3,384	41	-11	12
Dr. Claudia Mayfeld	3,096	60	24	-
Bernd Spies	3,173	100	-	-
Dr. Nicolas Lange ²⁾	774	-	-	-
Dr. Jürgen Wilder ²⁾	4,896	137	-32	5
Former Executive Board members				
Bernd Eulitz	300	-81	50	-68
Ralph Heuwing	186	-85	167	-83
Dr. Dieter Wilhelm	262	14	0	0
Members who left prior to December 31, 2013	259	-13	1	2
Supervisory Board members				
Dr. Reinhard Ploss	486	50	-	-
Franz-Josef Birkeneder ⁴⁾	277	-3	52	17
Dr. Theodor Weimer	189	-3	55	213
Kathrin Dahnke	232	-3	70	-18
Michael Jell ⁴⁾	160	12	43	0
Dr. Sigrid Evelyn Nikutta	136	91	-	-
Wolfgang Nirschl ³⁾⁴⁾	54	-	-	-
Werner Ratzisberger ⁴⁾	151	-2	54	0
Annemarie Sedlmair ⁴⁾	106	-3	36	0
Dr. Stefan Sommer	230	-1	75	-
Julia Thiele-Schürhoff	149	6	75	0
Sylvia Walter ⁴⁾	106	-1	102	-
Erich Starkl ³⁾⁴⁾	52	-51	34	0
Earnings indicators				
<i>Knorr-Bremse Group</i>				
Revenues (in € million)	7,926	11	7	9
EBIT (in € million)	870	21	-21	13
Free cash flow (in € million)	552	152	-63	-13
Earnings per share – undiluted (in €)	3.43	13	-21	25
<i>Knorr-Bremse AG</i>				
Net income according to German GAAP (in € million)	561	298	-58	-13
Workforce remuneration				
Workforce of the Knorr-Bremse Group in Germany	88	2	2	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 was completed in full. By contrast, the average compensation shown for employees represents the amount they received in the reporting year.

2) Marc Llistosella has been Chairman of the Executive Board since January 1, 2023.
Dr. Nicolas Lange has been a member of the Executive Board since October 1, 2023.
Dr. Jürgen Wilder was a member of the Executive Board until September 30, 2023.

3) Wolfgang Nirschl has been a member of the Supervisory Board since July 3, 2023.
Erich Starkl was a member of the Supervisory Board until June 30, 2023.

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 each passed resolutions to approve this compensation report on March 20, 2024.

Munich, March 20, 2024



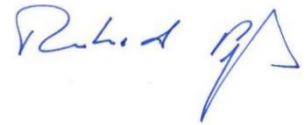
MARC LLISTOSELLA

CEO
Knorr-Bremse AG



DR. CLAUDIA MAYFELD

Executive Board member for Integrity, Legal Affairs 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, 2023, 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, 2023, 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 21, 2024

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Becker
Wirtschaftsprüfer
[German Public Auditor]

Mokler
Wirtschaftsprüfer
[German Public Auditor]