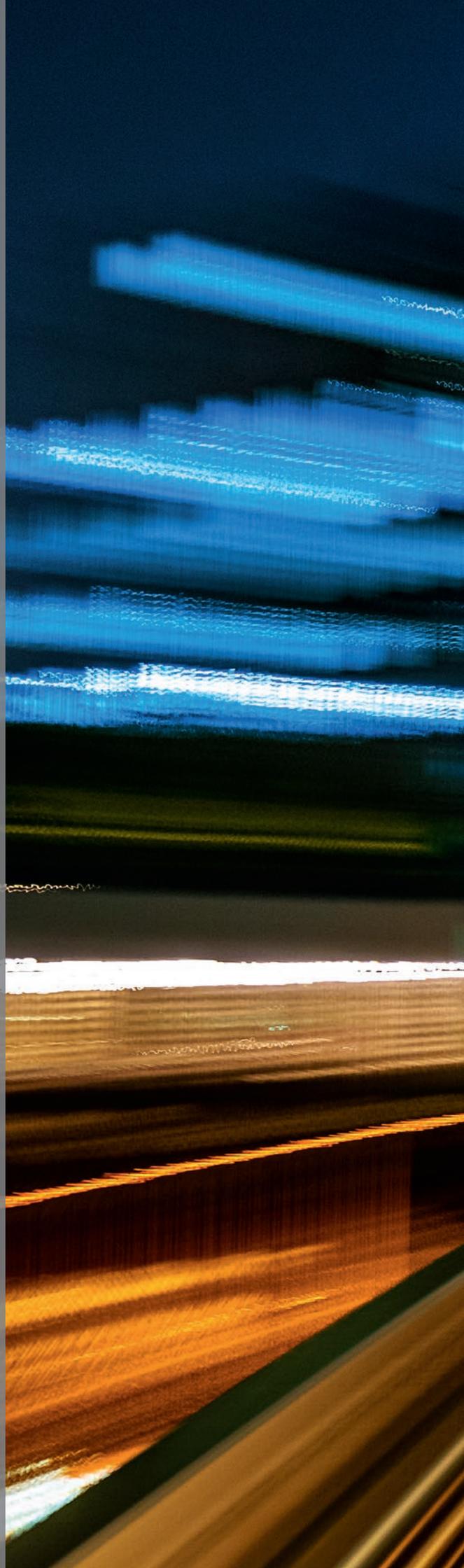


# 04

## Compensation Report

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# Compensation Report

The Compensation Report explains the principles of the remuneration system 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 reporting period.

The Compensation Report was jointly prepared by the Executive Board and the Supervisory Board. In accordance with the German Act on the Implementation of the Second Shareholders' Rights Directive (ARUG II), the changed framework conditions for reporting apply to this Compensation Report for the first time. The present Compensation Report will be presented for approval to the Annual General Meeting on May 24, 2022. The Compensation Report for 2021 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 2021 Compensation Report.

## Business performance in the 2021 fiscal year

The global economic recovery that began in the second half of 2020 continued in 2021. (Source: OECD). In particular, the rapid introduction of vaccinations played an important role in combating the Covid-19 virus in developed economies. (Source: World Bank).

Macroeconomic imbalances reached an unprecedented level across the board during the year. Government spending, budget deficits and debt-to-GDP ratios climbed to new record levels in several leading economies. Central bank balances have additionally absorbed quantities of non-current assets, the accumulation of which was largely financed by bank reserves. (Source: World Bank). At the same time, the pressure on markets increased as a result of markedly rising inflation and increasing commodity prices. (Source: OECD). The economic recovery was hit by a significant setback due to the pandemic and took place only at reduced speed, thus remaining behind expectations in the second half of the year. (Sources: IMF, OECD).

The development of GDP growth was a consistent picture across regions in 2021, similar to what had already been observed in 2020 – albeit with the signs now pointing in the opposite direction. Global GDP increased from -3.1% in 2020 to +5.9% in 2021. Economic output in the same period increased from -6.4% to +5.2% in the eurozone, from -3.4% to

+5.6% in the USA and from +2.3% to +8.1% in China. (Source: IMF).

The financial markets' sharp rise was halted by the spread of the Omicron variant. For example, during the year the DAX reached a record high of +18.5% compared with the figure for year-end 2020 and closed 2021 15.8% up on 2020. The MDAX performed similarly in the same period, peaking at +17.8% and ending the year +14.1% up on the reference value in 2020. (Source: Refinitiv).

Overall, the Covid-19 pandemic affected the rail vehicle market at different times in different regions during 2021. All countries continued to be hit by the impact of the Covid-19 pandemic, with restrictions in various forms. Reduced vehicle mileage in some cases led to reductions in the aftermarket volume. Nevertheless, positive developments emerged over the course of the year.

Because most rail operations were maintained in Europe, orders were not canceled but only postponed, despite significantly reduced passenger numbers. The freight market saw a rise in North America compared with 2020 despite further waves of Covid-19, whereas passenger traffic continued to be impacted lower passenger numbers. In the Asian countries, continuing Covid-19 restrictions meant a return to the pre-pandemic level was mostly not yet achieved, even though a recovery could be seen in 2021 compared with 2020.

Measured by the truck production rate, the global commercial vehicle market fell by 1% year on year in 2021. While there was a general recovery of production rates in Europe and North and South America, Asia saw a sharp reduction, especially in the second half of 2021.

In western Europe, commercial vehicle production rose by 20% year on year in 2021 to around 445 thousand units. Commercial vehicle production in North America suffered due to global supply chain shortages, particularly of semiconductors, only recovering by 20% to around 350,000 units. The rise in commodity prices and the great demand for medium and large vans supported the sharp rise in Brazilian truck and bus production by 59% to around 176 thousand units. In the Asia region, commercial vehicle production fell by a total of 11% to around 1,908 thousand units. This decrease is particularly due to China, where we saw a 20% year-on-year fall to around 1,466 thousand units – following a government-supported rise in 2020.

## Executive Board Compensation

### Remuneration System

#### Principles and Objectives

The Supervisory Board regularly reviews the appropriateness of the Executive Board's remuneration and remuneration system in accordance with statutory requirements and the recommendations of the German Corporate Governance Code (GCGC), adjusting them as necessary. The remuneration system applied in fiscal 2021 came into force with effect from January 1, 2020, taking account of new statutory requirements (ARUG II) and new recommendations in the GCGC. The following main changes were implemented and approved by Knorr-Bremse AG's Annual General Meeting on June 30, 2020 in accordance with section 120a AktG. The description in question is available in the Corporate Governance section of Knorr-Bremse AG's website (see [https://ir.knorr-bremse.com/websites/knorrbremse\\_ir/English/7000/corporate-governance.html](https://ir.knorr-bremse.com/websites/knorrbremse_ir/English/7000/corporate-governance.html)) and is referred to in addition to the following description.

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 96.359% of the votes validly cast, applies to all members of the Executive Board. It can also be found under the linked Corporate Governance section above. The Compensation Report for fiscal 2022 should also report on this new remuneration system.

#### Overview

The Executive Board remuneration system applicable for fiscal year 2021 consists of fixed remuneration components (annual salary, fringe benefits and pension contribution), a performance-related one-year variable remuneration component (STI), a performance-related multi-year variable remuneration component (LTI) and the Share Ownership Guidelines for Executive Board members. Details are explained below in the relevant context.

The **2021 STI** depends on the achievement of financial targets, specifically (1) revenues, (2) earnings before interest and taxes (EBIT), (3) net working capital (with a 30% weighting in each case) and (4) quality (with a 10% weighting). In addition, for each fiscal year, the Supervisory Board takes account of each Executive Board member's individual performance, the Executive Board's collective performance, plus the attainment of non-financial goals such as sustainability and diversity, by applying a multiplier ("modifier") ranging from 0.8 to 1.2. The amount paid out is limited to 180% (Executive Board

Chair/CEO) or 200% (other Executive Board members) of the target amount.

The **LTI** is awarded as a performance share plan based on virtual shares, and is paid out in annual tranches. The term of a tranche is four years (the "performance period"). The amount of the LTI payout directly depends on the performance of Knorr-Bremse shares during the performance period. It also depends in equal parts on the Company's total shareholder return (TSR) over the performance period compared with the TSR of companies in three individually specified peer groups (relative TSR) over the same period and on the average increase in earnings per share (EPS) during this period relative to a target value set by the Supervisory Board at the start of the performance period. The amount paid out is limited to 180% (Executive Board Chair/CEO) or 200% (other Executive Board members) of the target amount.

The Share Ownership Guidelines (SOG) oblige Executive Board members to acquire shares in the Company in the amount of 100% of their respective fixed base salary over a four-year period from the date of the IPO or from the date of their appointment, and to hold these shares until the end of their appointment.

#### Target remuneration

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.

For the Executive Board Chair/CEO, the share of fixed remuneration (fixed annual salary, pension contribution and fringe benefits) is approximately 32% of the target total remuneration and the share of the variable compensation is approximately 68% of the target total remuneration. The share of the STI (target amount) is approximately 27% of the target total remuneration here, and the share of the LTI (target amount) is approximately 41% of the target total remuneration.

For the ordinary Executive Board members, the share of fixed remuneration (fixed annual salary, pension contribution and fringe benefits) is approximately 44% to 47% of the target total remuneration and the share of the variable compensation is approximately 53% to 56% of the target total remuneration. The share of the SDI (target amount) is approximately 23% to 24% of the target total remuneration and the share of the LTI (target amount) is approximately 30% to 32% of the target total remuneration.

#### Maximum remuneration

The total remuneration 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 remuneration components, pension contribution and fringe benefits) – irrespective of whether they are paid out in this fiscal year or at a later date – has a maximum absolute limit (“maximum remuneration”). The maximum remuneration in accordance with the remuneration system approved by the Annual General Meeting is € 7,490,000 for the Executive Board Chair/CEO and € 4,030,000 for the ordinary Executive Board members. In the case of the current CEO, maximum compensation of € 6,370,000 was agreed upon in the service contract.

The maximum remuneration may differ from the fixed maximum remuneration in the first or second year of their appointment when a new member of the Executive Board takes office if the Supervisory Board in exceptional cases grants the new Executive Board member payments on taking office to compensate for payments foregone from their previous employment. In this case, the maximum remuneration for this one fiscal year increases by up to 50% for the Executive Board Chair/CEO and up to 25% for ordinary Executive Board members.

## Executive Board Remuneration in the 2021 Fiscal Year

Information on the Executive Board’s fixed remuneration, objectives and target attainment for variable remuneration and individualized disclosures on remuneration granted and owed to individual Executive Board members for fiscal year 2021 can be found below. **Compensation granted and owed for the purposes of section 162 (1) sentence 1 AktG** is defined as the remuneration received in a given fiscal year. Additionally, the relevant parts of the report voluntarily show the compensation earned for a given fiscal year in order to illustrate the link between performance and compensation, i.e., the principle of pay for performance, transparently. The illustrated compensation earned consists of amounts that, from a commercial perspective, are attributable to services already performed in full during the fiscal year. Earned compensation is disclosed regardless of any potentially outstanding resolutions of the Supervisory Board regarding compensation amounts. A note is provided if the earned compensation comprises remuneration components of an amount that cannot be computed at the time of reporting. This overview of compensation earned is intended let shareholders compare the remuneration for a fiscal year with the development of earnings indicators in that fiscal year.

### Fixed remuneration components

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

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.

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. Aside from this, no occupational pension plan is provided.

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, 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. [Table → 4.01](#)

### APPLICATION IN THE REPORTING YEAR

The individual components of the fixed remuneration components for fiscal year 2021 whose sum forms the respective minimum remuneration of the Executive Board members in office in the reporting year is reported below. The corresponding presentation of the remuneration granted and owed pursuant to section 162 (1), sentence 1, of the AktG can be seen in [Table → 4.10](#).

## 4.01 THE EXECUTIVE BOARD MEMBERS' FIXED REMUNERATION

	Annual fixed salary		Fringe benefits		Pension contribution		Compensation payments on the occasion of taking up of- fice		Total fixed remuneration	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
in € thousand										
<b>Dr. Jan Michael Mrosik</b> (Chairman of the Executive Board) (since January 1, 2021)	1,000	–	43	–	300	–	–	–	1,343	–
<b>Dr. Peter Laier</b> Commercial Vehicle Systems division (since January 1, 2016)	900	900	28	28	300	300	–	–	1,228	1,228
<b>Dr. Claudia Mayfeld</b> Executive Board Member for Integrity and Legal Affairs (since May 1, 2021)	533	–	19	–	100	–	–	–	652	–
<b>Frank Markus Weber</b> Executive Board Member for Finance, Controlling and IT (since July 1, 2020)	850	400	36	37	300	150	–	1,000	1,186	1,587
<b>Dr. Jürgen Wilder</b> Rail Vehicle Systems division (since September 1, 2018)	900	900	22	24	300	300	–	–	1,222	1,224

## CONTRIBUTION TO THE LONG-TERM DEVELOPMENT OF THE COMPANY

The Supervisory Board is convinced that the fixed remuneration is appropriate to the respective Executive Board member's tasks and performance and to the business's overall situation. This is intended to enable the Company to attract people suitable for the long-term development of the Company to work for the Company.

## PERFORMANCE-RELATED COMPONENT

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

## Short-term Variable Remuneration

## SHORT-TERM INCENTIVE

The short-term incentive (STI) is intended to reward performance over the past fiscal year as reflected by the Company's development over the short term. For fiscal year 2021, the STI amount to be paid out depends on the achievement of financial targets, specifically (1) revenues, (2) earnings before interest and taxes (EBIT), (3) net working capital (with a 30% weighting in each case) and (4) quality (with a 10% weighting), as well as the attainment of non-financial targets. The definition of the respective target parameters can be found in the remuneration system description at [https://ir.knorr-bremse.com/websites/knorrbremse\\_ir/English/7000/corporate-governance.html](https://ir.knorr-bremse.com/websites/knorrbremse_ir/English/7000/corporate-governance.html).

For the CEO, CFO and the Executive Board member responsible for integrity and legal affairs, financial targets are set in relation to the Group as a whole, whereas for the Executive Board members who are responsible for the divisions, 50% of the financial targets are set in relation to the Group as a whole and 50% in relation to the division for which the Executive Board member is responsible. Before the beginning of each fiscal year, the Supervisory Board defines the targets for the individual performance criteria, which are derived from the budget planning. Once the fiscal year has ended, the Supervisory Board determines the concrete level of target attainment based on actual target achievement and sets the payout amounts.

The quality sub-target in the STI puts a focus on actions at an operational level within the business divisions. To this end, the Supervisory Board sets separate quality sub-targets for both divisions for each fiscal year. They can include, for example, "cost of poor quality," "delivery quality" or "ready for assembly," with each target value being equivalent to 100% target attainment.

In addition, for each fiscal year, the Supervisory Board takes account of each Executive Board member's individual performance, the Executive Board's collective performance, plus the attainment of non-financial goals such as sustainability and diversity, by applying a multiplier ("modifier") ranging from 0.8 to 1.2.

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, which means in April 2022 for fiscal 2021. Accordingly, the STI for fiscal 2020 was paid out in fiscal 2021.

If an appointment to the Executive Board begins or ends during a fiscal year, the target amount is reduced pro rata temporis to the beginning or end of the appointment. If the service agreement ends with a notice period, the end of the notice period is definitive.

Thus the target attainment corridor for the STI ranges from 80% to 120%. If a specified target has not been achieved at a level of 80% or more, the relevant STI sub-target is considered not to have been achieved and the payout level is set at 0%. If a specified target is achieved at a level of 120% or more, the payout amount is set at 200% (the maximum value). Values in the range between these values are calculated through linear interpolation. The maximum payout amount for the Chief Executive Officer is 180% of the target amount.

Any subsequent change to the financial and non-financial performance criteria is excluded. Only in the event of extraordinary events or developments is the Supervisory Board entitled to temporarily adjust the plan terms of the STI at its

reasonable discretion – e.g., on the acquisition or disposal of a business unit.

#### **Application of the performance criteria in the reporting year**

The Executive Board members received the STI for the 2020 fiscal year during the reporting period (which is considered compensation granted or owed within the meaning of section 162 (1) AktG). The STI earned for the 2021 fiscal year during the reporting period is also presented below on a voluntary basis in order to illustrate the link between performance and compensation, i.e., the principle of pay for performance, transparently.

The Supervisory Board set targets for the fiscal years 2020 (STI received) and 2021 (STI earned) and determined target attainment after the years ended. The Group-based targets were the same for all Executive Board members. The targets for the divisions affect the division heads Dr. Peter Laier (Commercial Vehicle Systems) and Dr. Jürgen Wilder (Rail Vehicle Systems). The target attainment calculated was the same for all Executive Board members. The Supervisory Board determined the following actual performance in relation to the targets set out below. [Table → 4.02](#)

## 4.02 KEY FIGURES FOR THE STI

Group	Key figure		Target setting		Target achievement	
			Weighting	Target level	Actual value**	Target achievement level
<b>Group</b>	<b>Revenues</b>	2021	30%	6,593	6,626	100%
	(in € million)	2020	30%	6,754	6,095	90%
	<b>EBIT</b>	2021	30%	917	907	99%
	(in € million)	2020	30%	1,000	870	87%
	<b>NWC</b>	2021	30%	48	44	108%
	(in days' sales)	2020	30%	42	43	99%
<b>Quality*</b>	2021	10%			118%	
	2020	10%			108%	
<b>Commercial Vehicle Systems</b>	<b>Revenues</b>	2021	30%	2,992	3,399	114%
	(in € million)	2020	30%	3,069	2,763	90%
	<b>EBIT</b>	2021	30%	288	360	120%
	(in € million)	2020	30%	361	266	74%
	<b>NWC</b>	2021	30%	33	36	92%
	(in days' sales)	2020	30%	29	33	88%
<b>Quality*</b>	2021	10%			120%	
	2020	10%			109%	
<b>Rail Vehicle Systems</b>	<b>Revenues</b>	2021	30%	3,601	3,229	90%
	(in € million)	2020	30%	3,685	3,332	90%
	<b>EBIT</b>	2021	30%	679	585	86%
	(in € million)	2020	30%	682	652	96%
	<b>NWC</b>	2021	30%	60	54	111%
	(in days' sales)	2020	30%	53	53	100%
<b>Quality*</b>	2021	10%			116%	
	2020	10%			107%	

\* Quality is measured using various customary separately targeted quality indicators (quality sub-targets). This is based on different quality sub-targets depending on the area of responsibility. The Supervisory Board set division-based quality sub-targets for the 2020 and 2021 fiscal years.

\*\* When calculating target attainment, some unbudgeted extraordinary influences were subtracted out of the score if they inappropriately influenced an Executive Board member's performance against a sub-target. The purpose of this was to deliver a budget vs actual comparison that focuses only on operational aspects as far as possible.

The Supervisory Board calculated individual target attainment levels for the financial targets based on these uniform actual values that were determined for all Executive Board members. The Supervisory Board established an individual modifier for each Executive Board member to calculate the individual performance of each Executive Board member, the

collective performance of the Executive Board and the achievement of non-financial targets. The amount payable to an Executive Board member is determined by multiplying the target amount by the target attainment level and the individual modifier. [Table → 4.03](#)

## 4.03 INDIVIDUAL TARGET ATTAINMENT FOR THE STI

		Group (in %)		Total target attainment (in %)	Target amount (in € thousand)	Modifier
<b>Dr. Jan Michael Mrosik</b> (since January 1, 2021)	2021	104%		104%	1,300	1.0
	2020	–		–	–	–
<b>Dr. Claudia Mayfeld</b> (since May 1, 2021)	2021	104%		104%	400	1.0
	2020	–		–	–	–
<b>Frank Markus Weber</b> (since July 1, 2020)	2021	104%		104%	600	1.2
	2020	94%		94%	300	1.0
			<b>Commercial Vehicle Systems</b> (in %)	<b>Total target attainment</b> (in %)	<b>Target amount</b> (in € thousand)	<b>Modifier</b>
<b>Dr. Peter Laier</b> (since January 1, 2016)	2021	104%	110%	107%	600	1.0
	2020	94%	86%	90%	600	1.2
			<b>Rail Vehicle Systems</b> (in %)	<b>Total target attainment</b> (in %)	<b>Target amount</b> (in € thousand)	<b>Modifier</b>
<b>Dr. Jürgen Wilder</b> (since September 1, 2018)	2021	104%	98%	101%	600	1.1
	2020	94%	97%	96%	600	1.2

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 line with these specifications, the Executive Board members received the STI for the 2020 fiscal year in fiscal 2021, for which reason it is counted as compensation granted or owed during the reporting period for the purposes of section 162 (1) sentence 1 AktG. The STI for the 2021 fiscal year is payable in fiscal 2022 according to these specifications and is therefore compensation earned but not yet granted or owed in fiscal 2021 within the meaning of section 162 (1) sentence 1 AktG. The following shows, on a voluntary basis, the STI earned for the 2021 fiscal year alongside the STI received in fiscal 2021 (granted or owed within the meaning of section 162 (1) sentence 1 AktG) to illustrate the link between performance and compensation in the reporting period transparently. The following table (Table →) 4.04 discloses all amounts that the individual Executive Board members have earned in the respective reporting period as compensation for their services as an Executive Board member, even if these are not yet payable or have not yet been received. The compensation received includes amounts that have been received or fallen due (granted or owed within the meaning of section 162 (1) sentence 1 AktG) during the relevant reporting period.

## 4.04 COMPENSATION GRANTED AND OWED FROM THE STI PURSUANT TO SECTION 162 AKTG

in € thousand	Compensation earned from the STI		Compensation received from the STI	
	2021	2020	2021	2020
<b>Dr. Jan Michael Mrosik</b>	1,560	–	–	–
<b>Dr. Peter Laier</b>	804	482	482	634
<b>Dr. Claudia Mayfeld</b>	480	–	–	–
<b>Frank Markus Weber</b>	864	300	300	–
<b>Dr. Jürgen Wilder</b>	686	602	602	660

In fiscal year 2020, the Supervisory Board expanded the target achievement range for the Executive Board's STI for fiscal year 2020 from 80%-120% to 70%-120% in light of the Covid-19 pandemic. In the Supervisory Board's opinion, the resulting greater weighting of the earnings contributions below the 100% level provided a performance-based adjustment to the STI amounts to be paid under the existing remuneration system. The associated deviation from recommendation G.8 of the German Corporate Governance Code was disclosed in an update to the declaration of compliance published on March 30, 2021.

## CONTRIBUTION TO THE LONG-TERM DEVELOPMENT OF THE COMPANY

The STI ensures the variable compensation's strategic alignment by directly linking it to the financial performance

criteria. The financial performance criteria are not only used at Group level but are also used to strategically align business activities in the individual business units. This promotes alignment of the Executive Board's activities to profitability and further growth. 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.

### Long-term Variable Remuneration

The long-term incentive (LTI) is intended to reward sustained, long-term performance by Executive Board members.

#### LTI BASED ON PERFORMANCE CASH

The LTI for the 2018 and 2019 fiscal years was granted on the basis of a performance cash plan and is allocated in annual tranches, each with a three-year term. The respective performance is measured on the basis of the increase in the Knorr-Bremse Group's economic value added (EVA®) over the performance period. EVA® is determined by deducting capital expenditure from net operating profit after tax.

At the beginning of the 2018 and 2019 performance periods, the Supervisory Board set a target, a minimum value and a maximum value for the EVA® that was to be calculated for the reporting date at the end of the performance period. The Supervisory Board was also able to define non-recurring (one-time) effects for which adjustments must be made at the end of the performance period. A target attainment level of 100% is assumed if a target is achieved, while a level of 1% is assumed when the minimum value is achieved and 200% when the maximum value is achieved. Target attainment is calculated through linear interpolation for achievement between the minimum value and the target or between the target and the maximum value. The amount to be paid out is calculated by multiplying the respective target amount by the level of target attainment, capped at 200%.

In the event of extraordinary events or developments like the examples listed inconclusively in the LTI plan terms, such as high inflation or significant changes in accounting or measurement policies, the Supervisory Board may, at its reasonable discretion, limit the amount payable or, if the respective Executive Board member would have received a higher bonus in the absence of such an event or development, increase the amount payable – again, at its reasonable discretion.

Further details can be found in the 2019 Compensation Report.

#### LTI BASED ON PERFORMANCE SHARES

Since the 2020 fiscal year, the LTI has been awarded as a performance share plan based on virtual shares and allocated in annual tranches. The term of a tranche is four years (the

“performance period”). This begins on January 1 of the respective grant year and ends on December 31 of the third year after the grant year. The LTI is paid out following approval of the consolidated financial statements for the last fiscal year of the relevant performance period.

The amount of the LTI payout directly depends on the performance of the Knorr-Bremse share during the performance period. It also depends in equal parts on the Company's total shareholder return (TSR) over the performance period compared with the TSR of companies in three individually specified peer groups (relative TSR) over the same period and on the average increase in earnings per share (EPS) during this period relative to a target value set by the Supervisory Board at the start of the performance period.

The amount paid out is limited to 180% (Executive Board Chair/CEO) or 200% (other Executive Board members) of the target amount. The payout amount is due for payment in the month after the approval of Knorr-Bremse AG's consolidated financial statements for the last fiscal year of the performance period.

If an appointment to the Executive Board ends prior to the expiry of the performance period, only the LTI tranche for the grant year is reduced pro rata temporis to the end of the appointment. The outstanding tranches of the LTI will still be paid out on the regular payment dates (with no reductions). However, any claims associated with tranches that have already been awarded for current performance periods shall lapse without substitution or compensation if, prior to the end of the performance period, the service agreement is terminated for good cause by the Company, i.e. for extraordinary reasons for which the Executive Board member is responsible, or if the Executive Board member's appointment is revoked due to a gross breach of duty, or if the Executive Board member resigns from office without good cause and without the Company's consent.

In the event of extraordinary events or developments, the Supervisory Board is entitled to appropriately adjust the terms of the plan at its reasonable discretion. Extraordinary events or developments may include, for example, an acquisition or a disposal of a company or parts of a company or stakes in companies, a merger of the Company with another company, significant changes in the Company's shareholder structure, changes to the legal and/or regulatory environment, significant fluctuations in the Company's share price, high inflation, or significant changes in accounting and measurement methods.

#### APPLICATION OF THE PERFORMANCE CRITERIA IN THE REPORTING YEAR

For the EVA®-based LTI tranche for the 2018-2020 performance period, the minimum EVA® specified by the

Supervisory Board was not reached, which meant that no payment was made for this tranche.

For the LTI tranche for the 2019-2021 performance period, the Supervisory Board has deemed the Covid-19 pandemic an extraordinary event and therefore decided to use its reasonable discretion to raise the payout amounts to 80% of the relevant target amount. As it did this, the Supervisory Board considered the change in EVA® during the performance period as well as the quantified effects of Covid-19 on the financial indicators relevant to EVA® as of the reporting date of December 31, 2021. In the Supervisory Board's opinion, the raise provides a performance-based adjustment to the STI amounts to be paid under the existing remuneration system for the 2019-2021 performance period. The LTI will be paid out in April 2022.

The first performance period for the LTI under the remuneration system that applies to the reporting year runs from 2020 through 2023. For this reason, it has been unnecessary to determine whether the targets have been achieved for this tranche. The first payout of the long-term component can be expected in April 2024 – if the relevant targets are achieved. The second performance period for the LTI runs from 2021 through 2024, with payment in April 2025 if the relevant targets are achieved.

The Supervisory Board set the following target remuneration from the LTI for the members of the Executive Board in office during the reporting period for the performance periods 2018 to 2020, 2019 to 2021, 2020 to 2023 and 2021 to 2024. Only the performance period(s) relevant for each Executive Board member are displayed ([Table → 4.05](#)):

#### 4.05 TARGET REMUNERATION FOR THE LTI

	Performance period	Performance range (in € thousand)		
		Minimum value	LTI target amount (= 100%)	Maximum value
<b>Dr. Jan Michael Mrosik</b>	2021 - 2024	-	1,500	2,700
<b>Dr. Peter Laier*</b>	2019-2021	-	700	1,400
	2020-2023	-	800	1,600
	2021-2024	-	800	1,600
<b>Dr. Claudia Mayfeld**</b>	2021-2024	-	533	1,067
<b>Frank Markus Weber***</b>	2020-2023	-	400	800
	2021-2024	-	800	1,600
<b>Dr. Jürgen Wilder****</b>	2018-2020	-	200	400
	2019-2021	-	600	1,200
	2020-2023	-	800	1,600
	2021-2024	-	800	1,600

\* Dr. Laier has only received an LTI since the 2019 fiscal year in accordance with his contractual arrangements.

\*\* Dr. Mayfeld's LTI for the 2021-2024 tranche is being prorated for the period from May to December 2021.

\*\*\* Mr. Weber's LTI for the 2020-2023 tranche is being prorated for the period from July to December 2020.

\*\*\*\* Dr. Wilder's LTI for the 2018-2020 tranche was prorated for the period from September to December 2018.

The Supervisory Board set the following uniform targets under the LTI for the members of the Executive Board in office

in the reporting period for the performance periods 2018 to 2020 and 2019 to 2021. [Table → 4.06](#)

#### 4.06 TARGETS FOR LTI BASED ON PERFORMANCE CASH

	Minimum value	Target level	Maximum value
<b>2018-2020 tranche</b>			
EVA® in 2017 (in € million)	410.2	410.2	410.2
EVA® increase in performance period (in %)	<0.92%	20.92%	≥40.92%
EVA® in 2020 (in € million)	<414.0	496.0	≥578.0
Payout as % of target	0%	100%	200%

Target attainment (in € million)	330.6
Target attainment (in %)	0%

2019-2021 tranche	Minimum value	Target level	Maximum value
EVA* in 2018 (in € million)	441.0	441.0	441.0
EVA* increase in performance period (in %)	<0.84%	18.82%	≥37.64%
EVA* in 2021 (in € million)	<441.0	524.0	≥607.0
Payout as % of target	0%	100%	200%

Target attainment (in € million)	429.0
Target attainment* (in %)	80%

\* According to a Supervisory Board decision on March 11, 2022.

For the LTI based on performance shares, the target attainment level is based in equal measure on relative TSR and average EPS during the performance period. The Supervisory Board set a strategic target for the EPS sub-target before the relevant performance period began. For the LTI tranche for the 2020-2023 performance period, the Supervisory Board has deemed the Covid-19 pandemic an extraordinary event and therefore utilized its option to adjust the target set for the EPS sub-target. The Supervisory Board does not set any targets for the relative TSR sub-target. The level of target attainment is calculated at the end of the relevant performance period as the average of the relative percentile ranks that the

Company has reached within each of the individual peer groups when comparing TSR. The TSR is defined as the percentage change in the share price during the performance period while factoring in fictitious reinvestment of dividends along with all capital measures. The share price used for this metric is the average share price in the 60 trading days preceding the beginning and end of a performance period. The target for the EPS sub-target, the share price at the beginning of the performance period and the level of target attainment as of the reporting date of December 31, 2021, are shown in [Table → 4.07](#). The fair value details incorporate the EPS and the relative TSR as of the reporting date indicated.

#### 4.07 PARAMETERS FOR LTI BASED ON PERFORMANCE SHARES

	2020-2023 tranche	2021-2024 tranche
Adjusted EPS (in €)	3.72	4.08
Average share price used for allocation (in €)	88.33	104.95
Fair value as of Dec. 31 reporting date (in %)		
For Chief Executive Officer	126.27%	79.44%
For ordinary Executive Board members	132.63%	81.44%

Based on the targets presented in [Table → 4.07](#) and the target adjustment for the 2019-2021 performance period (see above), the individual target attainment as of December 31, 2021, has been calculated as displayed in [Table → 4.08](#). The

fair value presented for the reporting date is equivalent to the payout amount, assuming that there are no changes to the status quo in the next few years.

#### 4.08 TARGET ATTAINMENT FOR LTI BASED ON PERFORMANCE SHARES

	2020-2023 tranche			2021-2024 tranche		
	LTI target amount (in € thousand)	PSUs allocated*	Fair value as of Dec. 31, 2020 (in € thousand)	LTI target amount (in € thousand)	PSUs allocated*	Fair value as of Dec. 31, 2021 (in € thousand)
<b>Dr. Jan Michael Mrosik</b>	-	-	-	1,500	14,293	1,193
<b>Dr. Peter Laier</b>	800	9,057	1,061	800	7,623	652
<b>Dr. Claudia Mayfeld</b>	-	-	-	533	5,082	434
<b>Frank Markus Weber</b>	400	4,529	531	800	7,623	652
<b>Dr. Jürgen Wilder</b>	800	9,057	1,061	800	7,623	652
<b>Bernd Eulitz</b>	1,333	15,095	1,683	-	-	-

\* PSU stands for performance share unit. The number of PSUs allocated is calculated by dividing the target amount by the weighted average price of Knorr-Bremse shares in the 60-day period preceding the relevant performance period.

The target remuneration from the LTI ([Table → 4.06 / Table → 4.07](#)) and the targets set and achieved for the LTI ([Table → 4.08](#)) did not result in any payouts from the LTI tranche for the 2018-2020 performance period during the reporting period. For the tranche with the 2019-2021 performance period, € 560 thousand will be paid to Dr. Peter Laier and € 480 thousand to Dr. Jürgen Wilder in April 2022 due to the adjustment of targets (see above) on account of the pandemic.

#### CONTRIBUTION TO THE LONG-TERM DEVELOPMENT OF THE COMPANY

In order to link remuneration to the Company's long-term development, the long-term variable remuneration makes up a significant proportion of total remuneration. With a term of four years and an annual award, the Company's development is observed over multi-year cycles. A combination of internal and external performance criteria take the stakeholder and shareholder approach into account. Comparison with indices and peers creates incentives for long-term profitability and operational development and for the implementation of strategically relevant projects such as obtaining technology leadership through R&D expertise.

#### Share ownership obligation (share ownership guidelines (SOG))

In addition to the LTI as an equity-based performance share plan with a four-year performance period, the share acquisition and retention obligation for the Executive Board constitutes a further key component of the remuneration 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 his or her fixed gross annual salary 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).

#### IMPLEMENTATION STATUS OF THE SOG IN THE REPORTING YEAR

The four-year build-up phase for the share ownership program has not yet expired for any of the members of the Executive Board in office in fiscal 2021. As of December 31, 2021, the members of the Executive Board in office held shares in Knorr-Bremse AG under the share ownership program as follows ([Table → 4.09](#)):

## 4.09 OVERVIEW OF THE SHARE OWNERSHIP PROGRAM

	End of the build-up phase	Number of shares held	Total acquisition costs of the shares held (in €)	Proportion of the respective fixed gross annual salary
Dr. Jan Michael Mrosik	Dec. 31, 2024	2,921	301,698	30%
Dr. Peter Laier	n/a	8,000	639,253	71%
Dr. Claudia Mayfeld	Apr. 30, 2025	3,000	295,242	55%
Frank Markus Weber	Jun. 30, 2024	4,540	450,933	53%
Dr. Jürgen Wilder	Oct. 11, 2022	10,770	901,681	100%

More information on Executive Board members' transactions in shares in Knorr-Bremse AG can be found at [https://ir.knorr-bremse.com/websites/KnorrBremse\\_ir/English/2000/investor-news.html](https://ir.knorr-bremse.com/websites/KnorrBremse_ir/English/2000/investor-news.html).

#### Compensation granted and owed within the meaning of section 162 (1) sentence 2 AktG

The following table (Table → 4.10) shows the compensation individually granted and owed pursuant to section 162 (1) sentence 1 AktG of the members of the Executive Board in office in fiscal 2021. The compensation due or received in a fiscal year (granted or owed within the meaning

of section 162 (1) sentence 1 AktG) and, on a voluntary basis, the compensation earned in a given fiscal year are presented in order to transparently illustrate the link between performance and compensation in the reporting period. All amounts that the individual Executive Board members have earned in the respective reporting year as compensation for their services as an Executive Board member are reported, even if these are not yet payable or have not yet been received. The amounts that have been received or become payable in the respective reporting year are reported as compensation received.

## 4.10 COMPENSATION GRANTED AND OWED

			2021			2020			
			in € thousand	in %	in %	in € thousand	in %	in %	
Dr. Jan Michael Mrosik	Remuneration earned	Fixed remuneration	Fixed salary	1,000	25%	33%	-	-	-
			Fringe benefits	43	1%	-	-	-	-
			Pension contribution	300	7%	-	-	-	-
		Variable remuneration	STI*	1,560	38%	67%	-	-	-
			LTI**	1,193	29%	-	-	-	-
		Other remuneration	-	-	-	-	-	-	
		<b>Total</b>	<b>4,096</b>	<b>100%</b>	<b>100%</b>	-	-	-	
Remuneration received	Fixed remuneration	Fixed salary	1,000	75%	100%	-	-	-	
		Fringe benefits	43	3%	-	-	-	-	
		Pension contribution	300	22%	-	-	-	-	
	Variable remuneration	STI from previous year	-	-	-	-	-	-	
		LTI from previous years***	-	-	-	-	-	-	
	Other remuneration	-	-	-	-	-	-		
	<b>Total</b>	<b>1,343</b>	<b>100%</b>	<b>100%</b>	-	-	-		

			2021			2020			
			in € thousand	in %	in %	in € thousand	in %	in %	
Dr. Peter Laier	Remuneration earned	Fixed remuneration	Fixed salary	900	34%	46%	900	32%	44%
			Fringe benefits	28	1%		28	1%	
			Pension contribution	300	11%		300	11%	
		Variable remuneration	STI*	804	30%	54%	482	18%	56%
			LTI**	652	24%		1,061	38%	
	Other remuneration		-	-	-	-	-	-	
	<b>Total</b>		<b>2,684</b>	<b>100%</b>	<b>100%</b>	<b>2,771</b>	<b>100%</b>	<b>100%</b>	
	Remuneration received	Fixed remuneration	Fixed salary	900	52%	72%	900	48%	66%
			Fringe benefits	28	2%		28	2%	
			Pension contribution	300	18%		300	16%	
Variable remuneration		STI from previous year	482	28%	28%	634	34%	34%	
		LTI from previous years***	-	-	-	-	-	-	
Other remuneration		-	-	-	-	-	-		
<b>Total</b>		<b>1,710</b>	<b>100%</b>	<b>100%</b>	<b>1,862</b>	<b>100%</b>	<b>100%</b>		
Dr. Claudia Mayfeld	Remuneration earned	Fixed remuneration	Fixed salary	533	34%	41%	-	-	-
			Fringe benefits	19	1%		-	-	-
			Pension contribution	100	6%		-	-	-
		Variable remuneration	STI*	480	31%	59%	-	-	-
			LTI**	434	28%		-	-	-
	Other remuneration		-	-	-	-	-	-	
	<b>Total</b>		<b>1,566</b>	<b>100%</b>	<b>100%</b>	<b>-</b>	<b>-</b>	<b>-</b>	
	Remuneration received	Fixed remuneration	Fixed salary	533	82%	100%	-	-	-
			Fringe benefits	19	3%		-	-	-
			Pension contribution	100	15%		-	-	-
Variable remuneration		STI from previous year	-	-	-	-	-	-	
		LTI from previous years***	-	-	-	-	-	-	
Other remuneration		-	-	-	-	-	-		
<b>Total</b>		<b>652</b>	<b>100%</b>	<b>100%</b>	<b>-</b>	<b>-</b>	<b>-</b>		
Frank Markus Weber	Remuneration earned	Fixed remuneration	Fixed salary	850	32%	44%	400	17%	25%
			Fringe benefits	36	1%		37	2%	
			Pension contribution	300	11%		150	6%	
		Variable remuneration	STI*	864	32%	56%	300	12%	34%
			LTI**	652	24%		531	22%	41%
	Other remuneration		-	-	-	1,000	41%	41%	
	<b>Total</b>		<b>2,702</b>	<b>100%</b>	<b>100%</b>	<b>2,418</b>	<b>100%</b>	<b>100%</b>	
	Remuneration received	Fixed remuneration	Fixed salary	850	58%	80%	400	25%	37%
			Fringe benefits	36	2%		37	2%	
			Pension contribution	300	20%		150	10%	
Variable remuneration		STI from previous year	300	20%	20%	-	-	-	
		LTI from previous years***	-	-	-	-	-	-	
Other remuneration		-	-	-	1,000	63%	63%		
<b>Total</b>		<b>1,486</b>	<b>100%</b>	<b>100%</b>	<b>1,587</b>	<b>100%</b>	<b>100%</b>		

			2021			2020				
			in € thousand	in %	in %	in € thousand	in %	in %		
<b>Dr. Jürgen Wilder</b>	<b>Remuneration earned</b>	<b>Fixed remuneration</b>	Fixed salary	900	35%	48%	900	31%	42%	
			Fringe benefits	22	1%		24	1%		
			Pension contribution	300	12%		300	10%		
		<b>Variable remuneration</b>	STI*	686	27%	52%	602	21%	58%	
			LTI**	652	25%		1,061	37%		
		<b>Other remuneration</b>		-	-	-	-	-	-	
		<b>Total</b>		<b>2,560</b>	<b>100%</b>	<b>100%</b>	<b>2,887</b>	<b>100%</b>	<b>100%</b>	
		<b>Remuneration received</b>	<b>Fixed remuneration</b>	Fixed salary	900	50%	67%	900	48%	65%
				Fringe benefits	22	1%		24	1%	
				Pension contribution	300	16%		300	16%	
<b>Variable remuneration</b>	STI from previous year		602	33%	33%	660	35%	35%		
	LTI from previous years***		-	-		-	-			
<b>Other remuneration</b>			-	-	-	-	-	-		
<b>Total</b>			<b>1,824</b>	<b>100%</b>	<b>100%</b>	<b>1,884</b>	<b>100%</b>	<b>100%</b>		

\* 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. Payment is made in the respective following fiscal year.

\*\* The LTI is considered earned in the fiscal year in which it is granted, i.e., the LTI for the 2021-2024 performance period is earned in the 2021 fiscal year. The target achievement and the amount owed are determined by the Supervisory Board after the end of the four-year performance period. Because there is not yet a completed performance period for the share-based LTI, the benefit considered earned from the LTI is the amount arrived at by multiplying the number of performance shares allocated by the fair value as of December 31, 2021.

\*\*\* The LTI for the 2018 and 2019 fiscal years was granted pursuant to an EVA\*-based performance cash plan and is allocated in annual tranches, each with a three-year term. For the LTI tranche for the 2018-2020 performance period, the minimum EVA\* specified by the Supervisory Board was not reached, which meant that no payment was made for this tranche. For the LTI tranche for the 2019-2021 performance period, the Supervisory Board has deemed the Covid-19 pandemic an extraordinary event and therefore decided to raise the payout amounts at its reasonable discretion. This LTI will be paid out in April 2022. Since the 2020 fiscal year, the LTI has been awarded as a performance share plan based on virtual shares and allocated in annual tranches. Each tranche has a four-year term. To date, no performance period has expired for the share-based LTI. Therefore, no remuneration became payable or was received from the LTI in 2020 and 2021.

## Other information on remuneration

### REVIEW OF THE MAXIMUM LIMIT FOR THE REMUNERATION IN TERMS OF AMOUNT (MAXIMUM REMUNERATION)

None of the cash payments made to the Executive Board members during the reporting period exceeded the applicable maximum limit for the total remuneration to be granted (sum of all the remuneration amounts spent for the fiscal year in question, including fixed annual salary, variable remuneration components, pension contribution and fringe benefits or any compensation in conjunction with new appointees commencing their role; altogether termed **maximum remuneration**). Because the expense for the LTI bonus will only occur in the third year after the conclusion of the reporting year due to the full-year performance period, it will, however, only be possible to report conclusively on compliance with the maximum remuneration for fiscal year 2021 in the Compensation Report for fiscal year 2024. If the expense for the LTI bonus were to result in the maximum limit being exceeded, the payout amount for the relevant grant year's LTI is reduced. If the maximum limit for a fiscal year is crossed and reducing the payout amount for the LTI still does not bring the remuneration 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.

For fiscal year 2021, there were no contractually agreed exemptions with members of the Executive Board on the occasion their taking up office.

### SHARES AND STOCK OPTIONS GRANTED OR PROMISED

In accordance with the remuneration system, the Executive Board members in office in the reporting year were not granted or promised any shares or stock options.

### RETENTION (MALUS) AND CLAWBACK

The remuneration system applicable for fiscal year 2021 does not provide for any opportunity to retain or clawback variable remuneration components. The associated deviation from recommendation G.11 of the German Corporate Governance Code was disclosed and justified in the declaration of compliance published on December 9, 2021.

### RESOLUTION OF THE ANNUAL GENERAL MEETING PURSUANT TO SECTION 120A (4) AKTG AND DISCUSSION PURSUANT TO SECTION 120A (5) AKTG

In the 2021 reporting year, there was no resolution of the Annual General Meeting pursuant to section 120a (4) AktG or discussion pursuant to section 120a (5) AktG that should have been considered.

### 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 service agreements for the Executive Board members are valid for the duration of the members' appointment. Executive Board members are normally appointed for no more than three years if it is their first appointment. If they are reappointed, their appointment will be for no more than five years. Their service agreements are extended for the duration of their reappointment unless other arrangements are made.

Upon terminating their role at the Company, Executive Board members are subject to a post-contractual non-compete clause for a period of one year. During this period, the Executive Board members are entitled to non-compete compensation (*Karenzentschädigung*) 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 earned from an activity not falling under the post-contractual non-compete clause is set off against the non-compete compensation insofar as the non-compete compensation, taking into account the income earned, would exceed the contractual payments last received by the Executive Board member by more than one tenth. Beyond that, there are no commitments in the event of regular termination of service agreements.

In the event of termination of the appointment by mutual agreement, members of the Executive Board receive a compensation payment. The compensation payment consists of the fixed annual salary and the STI for the remaining period of the regular appointment, but for 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. For the STI, the STI paid in the last financial year ended before the termination of the appointment is used. If the appointment ends before the end of the first fiscal year in which an STI is paid, the assessment basis for the STI is the target amount. The compensation payment is set off against any non-compete compensation paid by Knorr-Bremse AG. Even if the appointment is terminated by mutual agreement, the Executive Board member is not entitled to the compensation payment if the premature termination of the appointment was made at the request of the Executive Board member or if Knorr-Bremse AG had good cause to revoke the appointment or terminate the service agreement without notice or if the Executive Board member is subsequently reappointed to the Executive Board following the termination of the appointment by mutual agreement.

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 his/her incapacity to conduct business properly or due to a vote of no confidence, or if s/he resigns prematurely, unilaterally and effectively from his/her 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.

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.

### COMMITMENTS IN THE EVENT OF PREMATURE TERMINATION OF SERVICE, INCLUDING ANY CHANGES TO THESE COMMITMENTS AGREED DURING THE LAST FISCAL YEAR

The commitments contractually agreed with the Executive Board members in office in the reporting year in the event of a premature termination of service are in line with the requirements of the remuneration system (see above).

### COMMITMENTS IN THE EVENT OF REGULAR TERMINATION OF SERVICE, WITH THEIR PRESENT VALUE AND THE AMOUNT SPENT OR SET ASIDE BY THE COMPANY FOR THIS PURPOSE DURING THE LAST FISCAL YEAR, INCLUDING ANY CHANGES TO THESE COMMITMENTS AGREED DURING THE LAST FISCAL YEAR

The commitments contractually agreed with the Executive Board members in office in the reporting year in the event of a regular termination of service are in line with the requirements of the remuneration system (see above).

Under his service agreement in force until December 31, 2018, the Company committed to funding defined benefits for Dr. Laier and this commitment was made non-contributory as of December 31, 2018. Due to this defined-benefit commitment, Dr. 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 € 1,354 thousand in 2020 and to € 1,260 thousand in 2021. Accordingly, the annual pension for Dr. Laier will amount to € 48 thousand as of December 31, 2021.

Knorr-Bremse AG does not have any pension commitments to current members of the Executive Board.

**Payments to former Executive Board members**

The following table (Table → 4.11) shows the compensation granted and owed to the former members of the Executive

Board in fiscal 2021 pursuant to section 162 (1) sentence 1 AktG. Solely the time of payment receipt is used as the basis for this.

**4.11 COMPENSATION PAYMENTS TO FORMER EXECUTIVE BOARD MEMBERS**

			2021			2020		
			in € thousand	in %	in %	in € thousand	in %	in %
<b>Bernd Eulitz*</b> (until August 31, 2020)	Fixed remuneration	Fixed salary	–	–	–	800	25%	32%
		Fringe benefits	–	–	–	13	0%	–
		Pension contribution	–	–	–	233	7%	–
	Variable remuneration	STI	1,040	100%	100%	227	7%	7%
		LTI	–	–	–	–	–	–
	Other remuneration	Severance	–	–	–	2,000	61%	61%
		<b>Remuneration received</b>		<b>1,040</b>	<b>100%</b>	<b>100%</b>	<b>3,273</b>	<b>100%</b>
<b>Ralph Heuwing*</b> (until April 30, 2020)	Fixed remuneration	Fixed salary	–	–	–	300	11%	15%
		Fringe benefits	–	–	–	6	0%	–
		Pension contribution	–	–	–	100	4%	–
	Variable remuneration	STI	480	100%	100%	634	22%	22%
		LTI	–	–	–	–	–	–
	Other remuneration	Severance	–	–	–	1,800	63%	63%
		<b>Remuneration received</b>		<b>480</b>	<b>100%</b>	<b>100%</b>	<b>2,840</b>	<b>100%</b>
<b>Dr. Peter Laier*</b> (until December 31, 2021)	Fixed remuneration	Fixed salary	–	–	–	–	–	–
		Fringe benefits	–	–	–	–	–	–
		Pension contribution	–	–	–	–	–	–
	Variable remuneration	STI	–	–	–	–	–	–
		LTI	–	–	–	–	–	–
	Other remuneration	Compensation payment**	1,864	100%	100%	–	–	–
	<b>Remuneration received</b>		<b>1,864</b>	<b>100%</b>	<b>100%</b>	–	–	–
<b>Heinz Hermann Thiele</b> (member of Supervisory Board until Feb. 23, 2021)	Fixed remuneration	Retirement pension	217	98%	100%	978	98%	100%
		Fringe benefits	5	2%	–	21	2%	–
	Variable remuneration	–	–	–	–	–	–	
	Other remuneration	–	–	–	–	–	–	
		<b>Remuneration received</b>		<b>222</b>	<b>100%</b>	<b>100%</b>	<b>999</b>	<b>100%</b>
<b>Dr. Dieter Wilhelm</b> (until June 30, 2016)	Fixed remuneration	Retirement pension	230	100%	100%	230	100%	100%
	Variable remuneration	–	–	–	–	–	–	
	Other remuneration	–	–	–	–	–	–	
		<b>Remuneration received</b>		<b>230</b>	<b>100%</b>	<b>100%</b>	<b>230</b>	<b>100%</b>
<b>Executive Board members who left prior to Dec. 31, 2011</b>	Fixed remuneration	Retirement pension	295	100%	100%	289	100%	100%
	Variable remuneration	–	–	–	–	–	–	
	Other remuneration	–	–	–	–	–	–	
		<b>Remuneration received</b>		<b>295</b>	<b>100%</b>	<b>100%</b>	<b>289</b>	<b>100%</b>

\* Remuneration was earned up until the time of leaving due to active work on the Executive Board. This remuneration will be reported as received compensation in the year during which payment is received.

\*\* Dr. Laier is entitled to a compensation payment of € 2,764 thousand, however this was offset against compensation of € 900 thousand for his non-compete clause. The compensation payment of € 1,864 thousand was made at the time of his departure from the Executive Board. The non-compete compensation of € 75 thousand per month became payable in January 2022 for a duration of one year.

## Supervisory Board Compensation

### Remuneration System for the Supervisory Board

The remuneration system for Knorr-Bremse AG's Supervisory Board applicable for fiscal year 2021 was approved by the Annual General Meeting on June 30, 2020 with 99.4628% of the votes validly cast. It provides for fixed remuneration only.

Remuneration of Supervisory Board members is governed by article 18 of Knorr-Bremse AG's Articles of Association. According to the article, the following annual fixed base remuneration applies: € 250 thousand for the chairperson of the Supervisory Board, € 120 thousand for each deputy chairperson of the Supervisory Board, and € 80 thousand for the other members of the Supervisory Board. The chairperson of the Executive Committee additionally receives € 60 thousand, each further member of the Executive Committee € 20 thousand, the chairperson of the Audit Committee € 60 thousand and each further member of the Audit Committee € 20 thousand. 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 2021 after the Annual General Meeting on May 24, 2022. 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.

A Strategy Committee, to which three shareholder representatives and one employee representative belong, was set up through a resolution by the Supervisory Board of May 20, 2021. Subject to the resolution of the Annual General Meeting on May 24, 2022 on the amendment of article 18 of Knorr-Bremse AG's Articles of Association that is required in this regard, the chairperson will additionally receive € 120 thousand and each further member of the Strategy Committee will receive € 40 thousand. This remuneration is granted pro rata temporis in the reporting year, rounding up to full months – i.e., from May 2021.

In accordance with Article 18 (5) 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. Since fiscal 2020, Knorr-Bremse has granted the Supervisory Board remuneration as non-variable fixed remuneration, generally without value added tax, thus taking account of the Federal Court of Finance case law on the entrepreneurial status of supervisory board members (ruling of November 27, 2019, case V R 23/19, V R 62/17 and the relevant Federal Court of Finance letter of July 8, 2021 (ref. III C 2 - S 7104/19/10001 :003)). Supervisory Board members are included in the Company's D&O insurance policy without a deductible. No meeting fee is provided for.

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

### Application in the Reporting Year and Contribution to the Long-Term Development of the Company

The Supervisory Board remuneration makes it possible to attract suitable candidates for the position of a Supervisory Board member. As a result, the Supervisory Board remuneration contributes to the Supervisory Board as a whole being able to competently fulfill its duties to supervise and advise the Executive Board professionally and competently and thus promotes Knorr-Bremse AG's business strategy and long-term development.

The total board remuneration for fiscal 2021 reported in [Table → 4.12](#) arises on the basis of the remuneration system described above. This is payable after the 2022 Annual General Meeting. Supervisory Board members did not receive any loans from the Company in either fiscal year 2021 or fiscal year 2020.

## 4.12 COMPENSATION GRANTED AND OWED

Supervisory Board members in office as of December 31, 2021

		2021		2020	
		in € thousand	in %	in € thousand	in %
<b>Prof. Dr. Klaus Mangold</b> (Chairman)	Base remuneration	250	76%	250	76%
	Allowances for Supervisory Board members	80	24%	80	24%
	<b>Received in the fiscal year</b>	<b>330</b>	<b>100%</b>	<b>330</b>	<b>100%</b>
	<b>Earned in the fiscal year*</b>	<b>357</b>		<b>330</b>	
<b>Franz-Josef Birkeneder**</b> (Deputy Chairman)	Base remuneration	120	75%	120	75%
	Allowances for Supervisory Board members	40	25%	40	25%
	<b>Received in the fiscal year</b>	<b>160</b>	<b>100%</b>	<b>160</b>	<b>100%</b>
	<b>Earned in the fiscal year*</b>	<b>187</b>		<b>160</b>	
<b>Kathrin Dahnke</b>	Base remuneration	100	59%	120	60%
	Allowances for Supervisory Board members	70	41%	80	40%
	<b>Received in the fiscal year</b>	<b>170</b>	<b>100%</b>	<b>200</b>	<b>100%</b>
	<b>Earned in the fiscal year*</b>	<b>140</b>		<b>170</b>	
<b>Dr. Thomas Enders</b> (from June 30, 2020)	Base remuneration	40	100%	-	-
	Allowances for Supervisory Board members	-	-	-	-
	<b>Received in the fiscal year</b>	<b>40</b>	<b>100%</b>	-	-
	<b>Earned in the fiscal year*</b>	<b>107</b>		<b>40</b>	
<b>Michael Jell**</b>	Base remuneration	80	80%	80	80%
	Allowances for Supervisory Board members	20	20%	20	20%
	<b>Received in the fiscal year</b>	<b>100</b>	<b>100%</b>	<b>100</b>	<b>100%</b>
	<b>Earned in the fiscal year*</b>	<b>100</b>		<b>100</b>	
<b>Werner Ratzisberger**</b>	Base remuneration	80	80%	80	80%
	Allowances for Supervisory Board members	20	20%	20	20%
	<b>Received in the fiscal year</b>	<b>100</b>	<b>100%</b>	<b>100</b>	<b>100%</b>
	<b>Earned in the fiscal year*</b>	<b>100</b>		<b>100</b>	
<b>Annemarie Sedlmair**</b>	Base remuneration	80	100%	60	100%
	Allowances for Supervisory Board members	-	-	-	-
	<b>Received in the fiscal year</b>	<b>80</b>	<b>100%</b>	<b>60</b>	<b>100%</b>
	<b>Earned in the fiscal year*</b>	<b>80</b>		<b>80</b>	
<b>Dr. Stefan Sommer</b> (from May 24, 2021)	Base remuneration	-	-	-	-
	Allowances for Supervisory Board members	-	-	-	-
	<b>Received in the fiscal year</b>	-	-	-	-
	<b>Earned in the fiscal year*</b>	<b>133</b>		-	
<b>Erich Starkl**</b>	Base remuneration	80	100%	80	100%
	Allowances for Supervisory Board members	-	-	-	-
	<b>Received in the fiscal year</b>	<b>80</b>	<b>100%</b>	<b>80</b>	<b>100%</b>
	<b>Earned in the fiscal year*</b>	<b>80</b>		<b>80</b>	
<b>Julia Thiele-Schürhoff</b>	Base remuneration	80	100%	80	100%
	Allowances for Supervisory Board members	-	-	-	-
	<b>Received in the fiscal year</b>	<b>80</b>	<b>100%</b>	<b>80</b>	<b>100%</b>
	<b>Earned in the fiscal year*</b>	<b>80</b>		<b>80</b>	
<b>Sylvia Walter**</b> (from May 24, 2021)	Base remuneration	-	-	-	-
	Allowances for Supervisory Board members	-	-	-	-
	<b>Received in the fiscal year</b>	-	-	-	-
	<b>Earned in the fiscal year*</b>	<b>53</b>		-	
<b>Dr. Theodor Weimer</b> (from June 30, 2020)	Base remuneration	40	100%	-	-
	Allowances for Supervisory Board members	-	-	-	-
	<b>Received in the fiscal year</b>	<b>40</b>	<b>100%</b>	-	-
	<b>Earned in the fiscal year*</b>	<b>125</b>		<b>40</b>	

*Former Supervisory Board members***Dr. Wolfram Mörsdorf**  
(until June 30, 2020)Base remuneration  
Allowances for Supervisory Board members**Received in the fiscal year\*****Heinz Hermann Thiele**

(from June 30, 2020 to February 23, 2021)

Base remuneration  
Allowances for Supervisory Board members**Received in the fiscal year\*****Wolfgang Tölsner**

(until June 30, 2020)

Base remuneration  
Allowances for Supervisory Board members**Received in the fiscal year\*****Georg Weiberg**

(until June 30, 2020)

Base remuneration  
Allowances for Supervisory Board members**Received in the fiscal year\*****Günter Wiese\*\***

(until May 20, 2021)

Base remuneration  
Allowances for Supervisory Board members**Received in the fiscal year\***

2021		2020	
in € thousand	in %	in € thousand	in %
40	100%	80	100%
-	-	-	-
<b>40</b>	<b>100%</b>	<b>80</b>	<b>100%</b>
60	86%	-	-
10	14%	-	-
<b>70</b>	<b>100%</b>	<b>-</b>	<b>-</b>
40	100%	80	100%
-	-	-	-
<b>40</b>	<b>100%</b>	<b>80</b>	<b>100%</b>
40	100%	80	100%
-	-	-	-
<b>40</b>	<b>100%</b>	<b>80</b>	<b>100%</b>
80	100%	80	100%
-	-	-	-
<b>80</b>	<b>100%</b>	<b>80</b>	<b>100%</b>

\* Payable for fiscal 2021 upon the end of the 2022 Annual General Meeting

\*\* Employee representative

## Multi-year overview: Information on the development of Executive Board and Supervisory Board remuneration in relation to the remuneration of the rest of the workforce and to the Company's earnings performance

In accordance with section 162 (1) sentence 2 no. 2 AktG, the following overview presents the relative movement of the remuneration of Executive Board and Supervisory Board members compared with the average remuneration of employees and with selected Knorr-Bremse Group earnings indicators.

The remuneration indicated for the Executive Board and Supervisory Board members, as portrayed in [Table →/Table → 4.11](#) and [Table → 4.12](#) 2.12, represents the total remuneration received by these individuals during the reporting period for the purposes of section 162 (1) sentence 1 AktG.

[Table → 4.13](#) The remuneration earned by the Executive Board members serving during the reporting period is additionally presented on a voluntary basis. The purpose of this is to illustrate the link between performance and compensation in the reporting period as transparently as possible by setting out the changes in earned remuneration next to the changes in the Group's declared earnings indicators.

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 consolidated 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 is taken into account for the presentation of the average remuneration of employees on a full-time equivalent basis. The remuneration stated represents the remuneration actually received in the reporting year in each case.

## 4.13 MULTI-YEAR COMPARISON

	2021	Change	2020
<b>Executive Board remuneration</b>			
<i>Remuneration earned by Executive Board members serving in the reporting period</i>	in € thousand	in %	in € thousand
Dr. Jan Michael Mrosik (since January 1, 2021)	4,096	-	-
Dr. Peter Laier (since January 1, 2016)	2,684	-3%	2,771
Dr. Claudia Mayfeld (since May 1, 2021)	1,566	-	-
Frank Markus Weber (since July 1, 2020)	2,702	12%	2,418
Dr. Jürgen Wilder (since September 1, 2018)	2,560	-11%	2,887
<i>Remuneration received by Executive Board members serving in the reporting period</i>	in € thousand	in %	in € thousand
Dr. Jan Michael Mrosik (since January 1, 2021)	1,343	-	-
Dr. Peter Laier (since January 1, 2016)	1,710	-8%	1,862
Dr. Claudia Mayfeld (since May 1, 2021)	652	-	-
Frank Markus Weber (since July 1, 2020)	1,486	-6%	1,587
Dr. Jürgen Wilder (since September 1, 2018)	1,824	-3%	1,884
<i>Remuneration received by former Executive Board members</i>	in € thousand	in %	in € thousand
Bernd Eulitz (until August 31, 2020)	1,040	-68%	3,273
Ralph Heuwing (until April 30, 2020)	480	-83%	2,840
Dr. Peter Laier (until December 31, 2021)	1,864	-	-
Heinz Hermann Thiele (until March 31, 2007)	222	-78%	999
Dr. Dieter Wilhelm (until June 30, 2016)	230	0%	230
Executive Board members who left prior to Dec. 31, 2011	295	2%	289
<b>Supervisory Board remuneration</b>			
<i>Supervisory Board members in office as of December 31, 2021</i>	in € thousand	in %	in € thousand
Prof. Dr. Klaus Mangold (Chairman)	330	0%	330
Franz-Josef Birkeneder** (Deputy Chairman)	160	0%	160
Kathrin Dahnke	170	-15%	200
Dr. Thomas Enders (since June 30, 2020)	40	-	-
Michael Jell**	100	0%	100
Werner Ratzisberger**	100	0%	100
Annemarie Sedlmair** (since April 1, 2019)	80	33%	60
Dr. Stefan Sommer (since May 20, 2021)	-	-	-
Erich Stark**	80	0%	80
Julia Thiele-Schürhoff	80	0%	80
Sylvia Walter** (until May 20, 2021)	-	-	-
Dr. Theodor Weimer (from June 30, 2020)	40	-	-
<i>Former Supervisory Board members</i>	in € thousand	in %	in € thousand
Dr. Wolfram Mörsdorf (until June 30, 2020)	40	-50%	80
Heinz Hermann Thiele (from June 30, 2020 to February 23, 2021)	70	-	-
Wolfgang Tölsner (until June 30, 2020)	40	-50%	80
Georg Weiberg (until June 30, 2020)	40	-50%	80
Günter Wiese** (until May 20, 2021)	80	0%	80
<b>Earnings indicators</b>		in %	
<i>Knorr-Bremse Group</i>			
Revenues (in € million)	6,706	9%	6,157
EBIT (in € million)	916	13%	814
Free cash flow (in € million)	600	-13%	687
Earnings per share – undiluted (in €)	3.85	25%	3.07
<i>Knorr-Bremse AG</i>			
Net income per HGB (in € million)	335	-13%	385
<b>Workforce remuneration</b>		in %	
Workforce of the Knorr-Bremse Group in Germany		2%	

\* Voluntary disclosure

\*\* Employee representative

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 in separate meetings on March 25, 2022, and March 11, 2022, respectively.

Munich, March 25, 2022



**FRANK MARKUS WEBER**  
Chief Financial Officer  
Knorr-Bremse AG



**DR. CLAUDIA MAYFELD**  
Executive Board member for Integrity and Law  
Knorr-Bremse AG



**PROF. DR. KLAUS MANGOLD**  
Chairman of the Supervisory Board  
Knorr-Bremse AG



## Report on the Examination of the Remuneration Report

We have examined the attached remuneration report of Knorr-Bremse AG, Munich, for the financial year from January 1 to December 31, 2021, including the related disclosures, which was prepared in accordance with the requirements of Section 162 AktG [German Stock Corporations Act].

### Responsibilities of the Legal Representatives and the Supervisory Board

The legal representatives 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 legal representatives and the Supervisory Board are also responsible for such internal control as they have determined necessary to enable the preparation of a remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

### Auditor's responsibilities

Our objectives are to render an opinion on the basis of our examination on this remuneration report, including the related disclosures. We performed our examination in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). In accordance therewith, we have to comply with the professional obligations and plan and perform the examination so as to obtain reasonable assurance on whether the remuneration report, including the related disclosures, is free from material misstatement.

An examination includes the performance of audit procedures in order to obtain audit evidence for the amounts included in the remuneration report, including the related disclosures. The election of audit procedures lies in the dutiful discretion of the auditor. This includes the evaluation of the risks of material misstatement in the remuneration report, including the related disclosures, whether due to fraud or error. In evaluating these risks, the auditor takes into account the internal control system that is relevant for the preparation of the remuneration report, including the related disclosures. Our objective in this connection is to plan and perform audit procedures that are appropriate under the given circumstances, but not to render an opinion on the effectiveness of the company's internal control system. An audit also includes the assessment of the accounting methods applied, the reasonableness of the estimated amounts in the accounting determined by the legal representatives and the Supervisory Board and the evaluation of the overall presentation of the remuneration report, including the related disclosures.

We believe that the audit evidence obtained by us is sufficient and appropriate to serve as a basis for our opinion.

### Opinion

In our opinion based on our audit findings, the remuneration report for the financial year from January 1 to December 31, 2021, including the related disclosures, complies, in all material respects, with the disclosure requirements pursuant to Section 162 AktG.

### Other matter – formal examination of the remuneration report

The examination of the content of the remuneration report described in this audit report includes the formal examination of the remuneration report required by Section 162 paragraph 3 AktG, including the issuance of a report on this audit. Since we are rendering an unqualified opinion on the examination of the content of the remuneration report, this opinion includes the fact that the disclosures required by Section 162 paragraphs 1 and 2 AktG have been made in all material respects in the remuneration report.

### Indication of a limitation of our liability

The engagement, in the fulfilment of which we have performed the aforementioned services on behalf of Knorr-Bremse AG, was based on the General Engagement Terms (GET) for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms] as amended on January 1, 2017, which are attached to this report as Appendix 2. By taking note of and using the information included in this report, every recipient confirms that they are aware of the arrangements made there, including the limitation of our liability for negligence to EUR 4 million included in Clause 9 GET) and acknowledges their validity in relation to us.

Munich, March 29, 2022

KPMG AG  
Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

Becker  
Wirtschaftsprüfer  
[German Public Auditor]

Hanshen  
Wirtschaftsprüfer  
[German Public Auditor]

## Financial calendar\*

May 12, 2022                    Q1 / Interim Statement 3 months 2022

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May 24, 2022                    Annual Shareholder's Meeting

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August 12, 2022                Q2 / Half year report 2022

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November 10, 2022            Q3 / Interim Statement 9 months 2022

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\* The latest information on the dates can be found on our website  
[www.knorr-bremse.com](http://www.knorr-bremse.com)

## Imprint

Please feel free to contact us for further information.

### Publisher

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Knorr-Bremse AG, Munich

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### Further information on this report

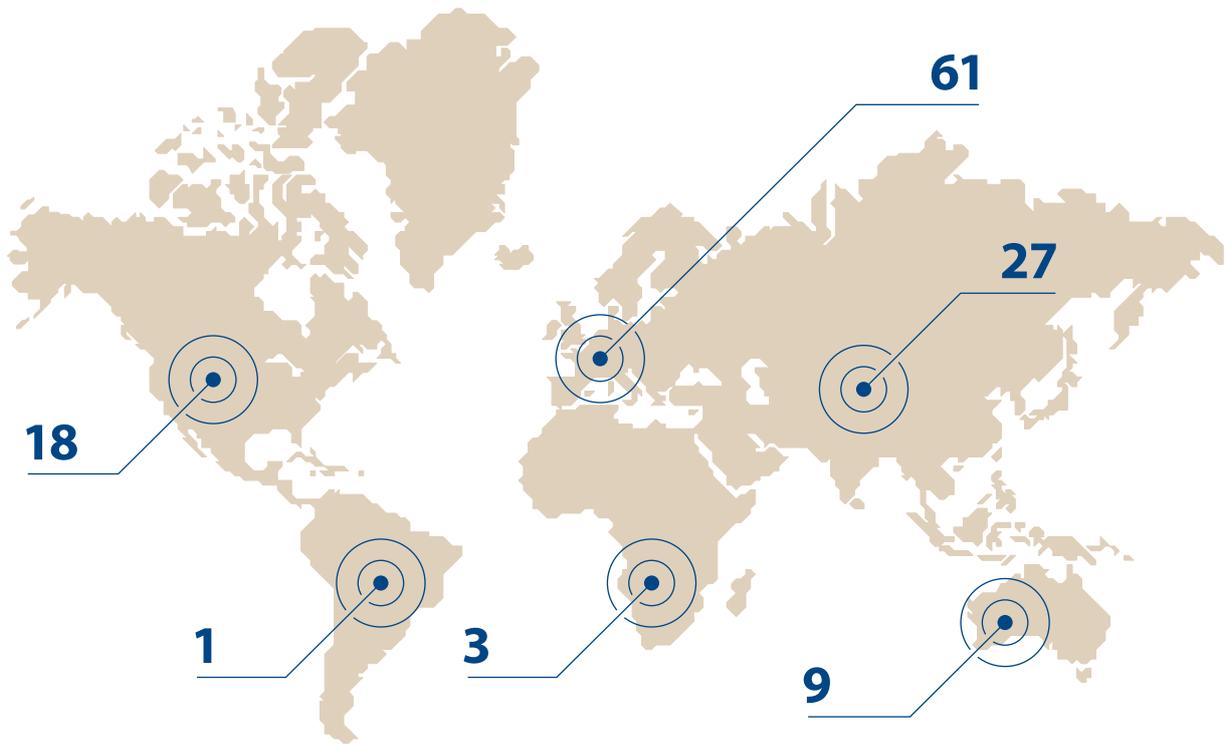
Due to rounding, numbers presented throughout this report may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

The Annual Report of Knorr-Bremse Group was published on March 31, 2022 in German and English. The German version is legally binding. The report as well as the magazine „Driving Innovation“ are also available online [www.Knorr-Bremse.com](http://www.Knorr-Bremse.com).

## Knorr-Bremse Worldwide

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### Locations by Region



### Global Presence. Local Expertise.

Wherever you are, Knorr-Bremse is there for you. We have around 30,500 employees working at more than 100 locations in over 30 countries on every continent in the world. They speak the national language. They know the local culture and customs. They're familiar with the country-specific product requirements. Knorr-Bremse – we play a major role in improving safety and efficiency on road and rail. Helping to move people and transport goods. All over the world.



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