

An aerial photograph showing a multi-lane highway with a white truck, a high-speed train on adjacent tracks, and lush green fields. The scene is captured from a high angle, looking down at the infrastructure. The train is white with blue accents and is moving along the tracks. The highway has white lane markings and a truck is visible in the distance. The surrounding landscape is green with some yellow flowers in the top left corner.

GREEN FINANCE FRAMEWORK

August 2024



KNORR-BREMSE

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About Knorr-Bremse

For over 115 years, Knorr-Bremse has been shaping the future of mobility as a major innovator of sustainable system solutions. We are the global market leader for braking systems and a leading provider of other systems for rail and commercial vehicles, and play a major role in improving safety, efficiency and reliability on road and rail. As a high-performance partner of vehicle manufacturers and operators, Knorr-Bremse also has leading market positions in door and air-conditioning systems for rail vehicles and driver assistance systems for commercial vehicles. We see ourselves as an innovator in our fields, driving forward mobility and transport technologies. The fundamental transformation of mobility is opening up new opportunities for Knorr-Bremse. Global megatrends such as urbanization, sustainability, digitalization, and mobility are defining these changes. We are ideally positioned to help shape a new world of transportation. More than 33,000 employees devote all their expertise and passion to our customers and partners – at over 100 locations in more than 30 countries around the globe. In 2023, the Group generated sales of EUR 7.9 billion with its two divisions. We continue to work every single day to maintain our position as one of the most successful industrial groups in Germany.

The Rail Vehicle Systems division supplies highly advanced, safety-critical products and systems for equipping mass transit vehicles such as commuter trains, metro cars and light rail vehicles as well as freight cars, locomotives and high-speed trains. The product portfolio of the Rail Vehicle Systems division comprises, among other things, braking systems, entrance and HVAC systems, sanitary systems, coupling systems, a portfolio of digital solutions

and smart services for optimizing rail traffic, power electrics, rail computing and communication (RCC)/TCMS, signaling systems, stationary and mobile testing equipment, windshield wiper and wash systems, and extensive aftermarket solutions (RailServices).

Our Commercial Vehicle Systems division supplies products and systems for trucks, buses, trailers and agricultural machinery. Knorr-Bremse is the world market leader in the global market for disk brakes as well as pneumatic braking systems for commercial vehicles. It is also a leading supplier of products for braking systems and vehicle dynamics (including steering systems), energy supply and distribution, and fuel efficiency. The product portfolio of the Commercial Vehicles Systems division includes, among other things, pneumatic braking systems (i.e., brake control systems, disk brakes, drum brakes, brake cylinders, valves and pedal units) and steering systems, vehicle dynamics solutions (i.e., antilock braking systems and electronic stability programs), driver assistance systems (e.g., emergency braking systems), automated driving and electronic leveling control, energy supply and distribution systems, including compressors and air treatment, products for boosting fuel efficiency such as engine components and transmission control systems (i.e., vibration dampers, engine air management, transmission control, and gear/clutch actuation) and trailer and aftermarket solutions.

More information on Knorr-Bremse can be found on our corporate website¹.

¹ [Start page | Knorr-Bremse Group](#)

Sustainability at Knorr-Bremse

Through our technical excellence, innovative products, and the strong commitment of our employees we enable and accelerate sustainable and safe mobility solutions. Together with our customers we deploy them for rail and road. A sound sustainability management focuses on providing the necessary environment for implementation of our sustainability activities. It ensures that sustainability is an integral part of our processes and decisions.

Green Product portfolio at Knorr-Bremse Rail

The transformation of personal transportation into a collective, eco-friendly, seamless mobility is steadily progressing. But only by reducing emissions and energy consumption as well as by increasing availability, rail transportation will be able to improve its position in the mobility mix. This is why we are putting so much effort into the development of more sustainable transit technologies and why we are helping our customers to improve their ecological footprint. Among others the following systems and technologies stand exemplary for our broad product portfolio that comes along with ecological benefits.

The importance of an optimal friction pairing for braking systems is well known. Brake discs, available in different materials in combination with the optimum pad, reduce particulate matter in brake pads. The inverter-controlled systems from AirSupply Smart represent a paradigm shift in air supply - towards demand-driven compressed air supply with permanent condition monitoring. This enables operators to achieve a fundamentally new environmentally friendly energy and noise emission management of their air supply systems. Our company brand Merak's custom[air] combines multiple technologies to form an integrated solution for sustainable health & comfort – all round. With its innovative green[air] suite, Merak combines environmentally friendly refrigerants, like propane (R290) with a GWP (Global Warming Potential) of just 0.02 and CO₂ with a GWP of 1, with high-energy-efficient technologies for minimized environmental impact. A solution for improving the energy efficiency of vehicles is offered by our company brand Microelettrica. The System Integrated Functional Unit (SIFU) is a maintenance-friendly solution that combines numerous control and diagnostic components for energy distribution in the vehicle in a single compact, digitalized system. This makes it possible to analyze energy consumption, enabling operators to take the next steps to reduce it.

Green Product Portfolio at Knorr-Bremse Truck

Knorr-Bremse has always developed intelligent system solutions that make a significant contribution to safe, efficient and sustainable urban and long-distance transportation. As one of the main industry trends, Knorr-Bremse is focusing on the topic of e-mobility to master the transformation to sustainable freight transportation. We are ideally positioned for the e-mobility of tomorrow and are helping to shape the zero-emission trend with our innovative, efficient and scalable technologies.

The eCompressor solutions for electrically powered trucks are one example for these technologies. The extremely reliable and efficient Electric Screw Module (screw compressor in combination with an electric motor) offers an optimum solution for vehicles with medium to high air requirements, such as city buses, while at the same time keeping noise and vibration levels low. Compared to the piston compressors commonly used in diesel vehicles, the design of the e-compressor results in significantly less vibration and a whispering operation sound. It therefore fits harmoniously into the overall profile of electric and hybrid vehicles and helps to minimize disruptive noise emissions. Additionally, the iAPU (intelligent Air Processing Unit), offers further advantages, like energy savings through intelligent control of functions and enables the control of the e-motor.

Sustainability Strategy and Management

Knorr-Bremse wants to live up to its environmental and social responsibilities. In line with this desire, we have committed to sustainable corporate governance and integrated sustainability into our organizational structures and business processes. We aim to strengthen this integration in the future because the company's sustainable direction contributes to its business success. The resulting sustainability strategy is impetus for adding value in a way that conserves resources and a key influence on our conduct as a fair business partner and employer.

Our sustainability management is designed based on international standards and internal rules. They lay out our requirements for sustainable corporate governance and are a guide for our employees' and business partners' conduct. These internal guidelines include, for example, our Sustainability Guidelines and our Group-wide Code of Conduct. Furthermore, we are guided by international guidelines and conventions such as the UN Global Compact, the UN Guiding Principles on Business and Human Rights, the conventions of the International Labour Organization (ILO) and the UN Sustainable Development Goals (SDGs). Our sustainability ambitions are accomplished using the specific, established management systems and action programs.

Through our sustainability strategy, we have set the objective of constantly enhancing our sustainability performance in all areas of the value-adding process. We derive our strategic focus topics from our materiality analysis, international guidelines and external ratings and customer assessments. We also gain important input through dialogue with our stakeholders, such as customers, employees and investors. We have increasingly used the ESG approach to structure our overarching sustainability program, and the measures derived from it, since 2022. This means we are also following capital market requirements and future legislation more clearly. Our ambitious sustainability targets, such as our SBTi-validated climate targets until 2030 and our Net-Zero Target 2050, underline our strong commitment.

Further, Knorr-Bremse is supporting responsible practices outside its immediate corporate scope through donations.

Knorr-Bremse Global Care e.V. ("Knorr-Bremse Global Care") is a globally active non-profit organization that offers new prospects to people who, through no fault of their own, are in need of support. It promotes projects of partner organizations primarily in the two areas of education and water, sanitation and hygiene (WASH).

The Knorr-Bremse Sustainability Guidelines (selection)

Compliance Guidelines

There are six Group-wide compliance guidelines that specify principles for conduct. They cover dealing with gifts and invitations, donations and sponsoring, corruption prevention, conflicts of interest, screening of business partners and fair competition.

Code of Conduct

Our Code of Conduct defines our understanding of responsible behavior for all Knorr-Bremse employees globally.

[Code of Conduct](#)

Procurement Guidelines

Our Supplier Code of Conduct demonstrates our obligation to fair and sustainable business practices within our supply chain. The quality guidelines for our procurement spell out the requirements that we have of our suppliers with regard to sustainability. The Conflict Minerals Policy governs the handling of conflict minerals and guides the Purchasing department at Knorr-Bremse as well as Knorr-Bremse's suppliers. Internal guidelines specify the extent to which sustainability aspects are to be taken into account in purchasing decisions for various categories (e.g., energy, business travel or energy-efficient products).

[Supplier Code of Conduct](#)

[Conflict Minerals Policy](#)

Product and System Safety Guidelines

The Quality Policy defines our high-quality requirements for the RVS division, while our Quality First Policy lays out our high quality requirements for CVS. The Product Safety and Product Conformity Organizational Policy, issued in 2022, provides an organizational framework for fulfilling our product safety requirements.

Human Rights Policy

The Human Rights Policy brings together all aspects relating to human rights that are currently spread across different Knorr-Bremse guidelines.

[Human Rights Policy](#)

HSE Policy

With our Health, Safety and Environment (HSE) Policy, we commit to high performance standards.

[HSE Policy](#)

Materiality Analysis

Our materiality analysis was established in line with the Non-Financial Reporting Directive (NFRD). It was updated in 2022 and confirmed by the Knorr-Bremse ESG Board in 2023 and shows us the focus topics we need to prioritize in order to address the most relevant environmental and social challenges for Knorr-Bremse. During the analysis, we first evaluated the positive and negative impacts of our business activity on the environment and society from an inside-out perspective. Secondly, we analyzed the topics' business relevance and impact on Knorr-Bremse's future viability (outside-in perspective). This confirmed the following 13 focus topics from the previous materiality analysis:

Our focus topics

E Environment
 S Social
 G Governance

Anti-corruption and Fair Competition G	Climate Protection E	Data Protection G	Diversity, Equal Opportunities and Inclusion S
Employment Conditions S	Environmental Product Design E	Occupational Health and Safety S	Personnel Development S
Product and System Safety S	Social Commitment S	Sustainability in the Supply Chain G	Waste E
Water E			

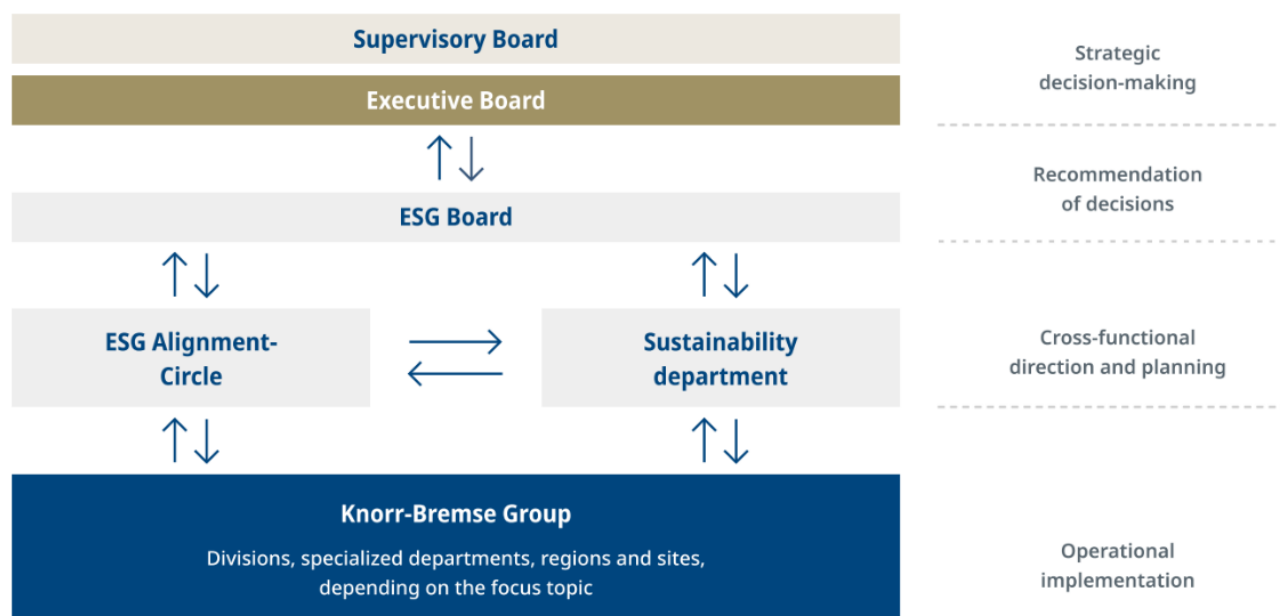
Organizational Structure for Sustainability at Knorr-Bremse

With a clear organizational structure, we ensure the analysis, structuring and implementation of the identified sustainability measures in the Group's highest decision-making bodies. The organizational structure, which was expanded in 2022, is intended to drive the growing work in sustainability management both strategically and in terms of implementation.

The entire Executive Board is responsible for the business strategy's focus on sustainability. The Sustainability department coordinates the sustainability strategy and reports directly to the Chief Financial Officer. To address the topic of sustainability in an organizationally appropriate way and support the implementation of the defined measures, the company relies on the Knorr-Bremse ESG-Board as the central coordination body.

The ESG-Board, which meets at least four times a year, comprises two members of the Executive Board as well as a representative of senior management from each of the two divisions, the regions, the Chair of Knorr-Bremse Global Care e.V. and the Head of the Sustainability department.

The ESG Alignment Circle is a body that was installed in 2022 and precedes the ESG Board. It has the task of coordinating the implementation of the individual sustainability activities across departments and divisions and ensuring systematic process integration.

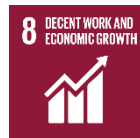


Knorr-Bremse and the Sustainable Development Goals (SDGs)

The United Nations' 17 Sustainable Development Goals (SDGs), which came into effect in 2015, provide guidance for companies to align their business activities with sustainable development across the entire value chain. Based on these SDGs, the industry can use its economic power and strong innovation in a more targeted way to face the economic, social and environmental challenges.






In this context, Knorr-Bremse wants to address the challenges through its business model and activities, and contribute to the achievement of the SDGs. Our sustainability strategy focuses on the five SDGs on that we can have the greatest influence over through our business. Furthermore, Knorr-Bremse contributes to SDG 4 (Quality Education) and SDG 6 (Clean Water and Sanitation) through the activities of Knorr-Bremse Global Care e. V.

We focus on the following SDGs



Sustainability Ratings and Rankings

Knorr-Bremse's commitment to sustainability is evaluated regularly and recognized as part of external ratings and rankings. They are important to us as they confirm our direction and alert us to potential improvements. Using sustainability ratings and rankings, we analyze and evaluate the external perception of our sustainability performance. The comparison with our peers and early detection of trends gives us findings that we use to develop our sustainability management further.

	<p>DAX@50 ESG</p> <p>Knorr-Bremse has been listed in this index since it started. It presents the top 50 companies in Germany based on their ESG performance, market capitalization and revenue.</p> <p>DAX@50 ESG</p>
	<p>S&P Global Corporate Sustainability Assessment (CSA-Score)</p> <p>Knorr-Bremse scored 52 out of 100 points (2022: 50, 2021: 52), putting it in the top 21% of the comparison group. The S&P Global Corporate Sustainability Assessment takes into account economic criteria as well as environmental and social criteria based on the best-in-class principle. The most sustainable companies in an industry are added to the index.</p> <p>S&P Global Corporate Sustainability Assessment</p>
	<p>MSCI</p> <p>Knorr-Bremse's rating of "AA" was confirmed for the reporting year 2023 (2022: AA, 2021: A), the second-best of seven categories. MSCI ESG ratings score companies on a scale from "AAA" to "CCC" with regard to their industry-specific ESG risks and their risk management.</p> <p>© 2024 MSCI Inc. All rights reserved. For more information, visit MSCI</p>
	<p>ISS ESG</p> <p>Knorr-Bremse has improved to Prime Status "B-" (2022: C+, 2021: C+). This puts Knorr-Bremse in the top 12% of companies in its industry. ISS ESG assesses a company's sustainability performance on a scale from "A+" to "D-".</p> <p>ISS ESG</p>
	<p>Morningstar Sustainalytics</p> <p>Knorr-Bremse was assigned 13.8 out of a total of 100 risk points (2022: 19.5; 2021: 18.9) and is therefore classified as low risk (top 1% within its peer group). Sustainalytics categorizes ESG risks across five risk levels (negligible, low, medium, high and severe).</p> <p>Sustainalytics</p> <p>© 2024 Morningstar Sustainalytics. All rights reserved. For more information, visit Sustainalytics. www.Sustainalytics.com</p>



CDP

Knorr-Bremse has received an improved rating of “A-” for transparency and performance in climate protection (2022: C, 2021: B). This puts Knorr-Bremse at the CDP Leadership Level and above the European average (B) and the global sector average (C). Within its peer group, Knorr-Bremse is in the top 21%. CDP rates companies on climate protection according to a scale from “A” to “D-,” with “A” being the highest.

[CDP](#)

EcoVadis

Knorr-Bremse is currently scored with Gold (2023: Silver status; 2022: Silver status) and is therefore among the top 3% of companies in the comparison group. EcoVadis evaluates companies from 180 countries in four categories – Environment, Labor & Human Rights, Ethics and Sustainable Procurement – and awards Platinum, Gold, Silver or Bronze status. [EcoVadis](#)

Additional and the always latest information on Knorr-Bremse’s sustainability strategy, ratings and rankings and other aspects can be found on the corporate website and in the respective reporting.

Green Finance Framework

Rationale

Knorr-Bremse has established this Green Finance Framework (the “Framework”) as basis for the issuance of financial instruments for which an amount equivalent to the net proceeds will be allocated to environmentally sustainable means (“Green Finance Instruments”). Knorr-Bremse is convinced that sustainable finance instruments can serve as a relevant tool to channel investments to projects with a positive environmental benefit and contribute to the sustainable transformation of the economy and consequently the achievement of the Paris Climate Agreement and the UN Sustainable Development Goals (“UN SDG”). In the case of Knorr-Bremse, the focus lies especially on enhancing sustainable mobility.

As a consequence, Knorr-Bremse seeks to align its financing strategy, when appropriate, with sustainability characteristics, in order to further drive its ambitions and communicate its efforts in a transparent and credible way to its stakeholders, including the capital markets.

As a first step in this regard, we signed a new syndicated loan whose interest is being linked to our sustainability rating by ISS Corporate Solutions at the beginning of 2022. Further, we issued the first bonds linked to sustainability targets in 2022, outlining our ambition to further increase data quality in Scope 3 and to define company-wide science-based climate targets, for Scope 1+2 as well as for most relevant Scope 3 emissions. Moreover, we have also implemented a Sustainability-Linked Supply Chain Finance Program, linked to the ESG rating of suppliers.

In June 2023, our corporate climate targets were assessed by the Science Based Targets initiative (SBTi) and finally approved. The SBTi has classified our Scope 1+2 target ambition and determined that it is in line with a 1.5°C trajectory. The corresponding Scope 3 comprises the most relevant Scope 3 emission categories “3.1 purchased goods and services”, “3.4 upstream transport and distribution” and “3.11 use of sold products” and were also subject of approval by SBTi.

Following our ambition to further implement sustainable finance instruments into our financing structure, we have published a new Sustainability-Linked Bond Framework in 2023, that sets out our SBTi-validated decarbonization targets, thus following up on our previous announced ambitions.

As a next step, Knorr-Bremse is setting up this Green Finance Framework, allowing us to put the focus on expenditures towards sustainable purposes for our own operations and concerning our products. This Framework will provide additional greater transparency with regards to our environmental strategy and efforts.

The Framework covers a variety of instruments, including covered/secured or unsecured bonds, convertible bonds, loans, and commercial paper. Green Finance Instruments can be of any seniority, including subordinated/ hybrid instruments, but, in all cases, are to be issued ranking pari-passu with other conventional funding instruments of similar status and subordination.

Structure

The Framework is aligned with the Green Bond Principles (GBP 2021) including Appendix I (June 2022)² by the International Capital Market Association (ICMA) and the Green Loan Principles (GLP 2023) by the Loan Market Association (LMA), the Asia Pacific Loan Market Association (APLMA), and the Loan Syndications & Trading Association (LSTA). The following aspects are included in the Green Finance Instrument section of this Framework corresponding to the GBP 2021 and the GLP 2023:

- Use of Proceeds
- Process for Project Evaluation and Selection
- Management of Proceeds
- Reporting

Use of Proceeds



An amount equivalent to the net proceeds from the issuance of each Green Finance Instrument under this Framework will be allocated at issuance or over time, in whole or in part, to new or existing projects (“Eligible Green Projects”) which fulfill at least one of the below outlined green eligibility criteria (“Green Eligibility Criteria”). Eligible Green Projects can occur in the form of capital or operating expenditures (CapEx & OpEx).






For the allocation of proceeds towards CapEx and OpEx, Knorr-Bremse will apply a two-year look-back period from the issuance of the respective Green Finance Instrument. In defining the Eligibility Criteria for the Eligible Green Projects, Knorr-Bremse refers to the substantial contribution criteria defined for the respective economic activities in the EU Taxonomy Climate Delegated Act – Annex I and subsequent amendments.


Prior to the issuance of a Green Financing Instrument, Knorr-Bremse intends to provide indicative information on the expected allocation.

² [Green-Bond-Principles-June-2022-060623.pdf \(icmagroup.org\)](https://www.icmagroup.org/green-bond-principles/2022/06/06/2022-060623.pdf)

Green Eligibility Criteria

GBP / GLP category	Green Eligible Projects	Knorr-Bremse Example Projects	UN SDGs	EU environmental objective
Clean Transportation	<ul style="list-style-type: none"> – Manufacture, repair, maintenance, retrofitting, repurposing, and upgrade of mobility components for zero-emission personal mobility devices and of automotive and mobility systems, components, separate technical units, parts, and spare parts, essential for delivering and improving the environmental performance of end vehicles of the categories M1, M2, M3, N1, N2, and N3 – Manufacture, installation, technical consulting, retrofitting, upgrade, repair, maintenance, and repurposing of products, equipment, systems, and software related to defined rail constituents – Construction, modernisation, maintenance and operation of infrastructure that is required for zero tailpipe CO2 operation of zero-emissions road transport, as well as infrastructure dedicated to transshipment, and infrastructure required for operating urban transport <p>Projects to fulfill the substantial contribution criteria of the EU Taxonomy under the following economic activities as adopted to the EU Taxonomy Climate Delegated Act by the European Commission on June 27, 2023 (Annex I, Climate Change Mitigation):</p> <ul style="list-style-type: none"> – 3.18 Manufacture of automotive and mobility components – 3.19 Manufacture of rail rolling stock constituents – 6.14 Infrastructure for rail transport – 6.15 Infrastructure enabling low-carbon road transport and public transport 	<ul style="list-style-type: none"> – Manufacture of products and systems such as brake control systems, compressors, and driver assistance systems as well as spare parts and services which are essential for delivering and improving the environmental performance of trucks and buses to the extent these products are equipped into vehicles that have zero direct (tailpipe) CO2 emission – Manufacture of products such as braking systems, entrance and HVAC systems, sanitary systems, coupling systems, a portfolio of digital solutions and smart services for optimizing rail traffic, power electrics, rail computing and communication (RCC)/TCMS, stationary and mobile testing equipment, windshield wiper and wash systems for rail rolling stock as well as spare parts and services which are essential to the environmental performance, operation, and functioning of trains, to the extent these products are equipped into vehicles that have zero direct (tailpipe) CO2 emission – Manufacture and maintenance of and services for infrastructure for rail and public transport such as signaling systems and platform screen doors as well as spare parts 	 	Climate Change Mitigation

Renewable Energy	<ul style="list-style-type: none"> – Installation, maintenance, and repair of renewable energy technologies, on-site <p>Projects to fulfill the substantial contribution criteria of the EU Taxonomy under the following economic activities as included in the EU Taxonomy Climate Delegated Act adopted on June 4, 2021 (Annex I, Climate Change Mitigation):</p> <ul style="list-style-type: none"> – 7.6 Installation, maintenance and repair of renewable energy technologies 	<ul style="list-style-type: none"> – Installation of renewable energy technologies (e.g solar installations, heat pumps) 	  	Climate Change Mitigation
Energy Efficiency	<ul style="list-style-type: none"> – Individual renovation measures consisting in installation, maintenance, or repair of energy efficiency equipment – Installation, maintenance, and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) – Installation, maintenance, and repair of instruments and devices for measuring, regulation, and controlling energy performance of buildings <p>Projects to fulfill the substantial contribution criteria of the EU Taxonomy under the following economic activities as included in the EU Taxonomy Climate Delegated Act adopted on June 4, 2021 (Annex I, Climate Change Mitigation):</p> <ul style="list-style-type: none"> – 7.3 Installation, maintenance and repair of energy efficiency equipment – 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) – 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings 	<ul style="list-style-type: none"> – Installation of energy efficient equipment (e.g., heating, ventilation and air conditioning, LED lighting, façade installation) – Installation of charging stations for electric cars – Installation of devices such as lighting control systems and energy management systems for building automation 	 	Climate Change Mitigation

Green Buildings	<ul style="list-style-type: none"> – Buying real estate and exercising ownership of that real estate <p>Projects to fulfill the substantial contribution criteria of the EU Taxonomy under the following economic activities as included in the EU Taxonomy Climate Delegated Act adopted on June 4, 2021 (Annex I, Climate Change Mitigation):</p> <ul style="list-style-type: none"> – 7.7 Acquisition and ownership of buildings 	<ul style="list-style-type: none"> – Acquisition and construction of new buildings 		Climate Change Mitigation
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Process for Project Evaluation and Selection

Knorr-Bremse has established a process to select Eligible Projects that meet the before outlined Eligibility Criteria. Given the compliance with the relevant EU Taxonomy's substantial contribution criteria, Knorr-Bremse will rely on its established processes for EU Taxonomy reporting (in accordance with EU Taxonomy Regulation 2020/852 of the European Parliament and of the Council of June 18, 2020, and pursuant to Article 8) to identify Eligible Projects. The EU Taxonomy refers both to economic activities that fall within Knorr-Bremse's core business and to capital and operating expenditure that are not directly connected with the core business but, for example, concern individual measures in the field of buildings. Both the examination of taxonomy eligibility and the screening of the relevant substantial contribution criteria are based on the descriptions and criteria of economic activities defined in Commission Delegated Regulations 2021/2139, 2023/2485, and 2023/2486. Knorr-Bremse continues to closely observe the economic activities as the ongoing dynamic developments surrounding the EU Taxonomy regulations may result in adjustments in the interpretation of each economic activity.

Knorr-Bremse has established a process for the governance of its green finance activities as formulated in this Framework. It has established a dedicated committee (the "Green Finance Committee") within the organization to ensure the oversight of its green finance approach. The committee is chaired by Knorr-Bremse's Chief Financial Officer (CFO) and consists of representatives from:

- Treasury
- Sustainability
- Accounting

- Investor Relations
- Business Development

The Green Finance Committee should meet at least once a year, or more often in case required. It is responsible for:

- Allocating an amount equal to the net proceeds to the outstanding Green Finance Instruments (including in case of a Reallocation) on the basis of compliance with the Green Eligibility Criteria
- Ensuring relevant processes for ESG risks (outlined below) have been applied
- Monitoring relevant market developments and update the Framework in case required
- Provide validation for the allocation and impact reporting

Risk management

As an international corporate group with a global presence, Knorr-Bremse encounters both risks and opportunities in the course of its entrepreneurial activities. Within the company's departments, attention is paid to identifying sustainability-related risks and opportunities and this will be further expanded. Building on KB's materiality analysis, the risk management process for ESG risks comprises a total of six stages, from identification, assessment, mitigation and aggregation to reporting and monitoring.

The concrete structure of Knorr-Bremse's sustainability management is based on statutory frameworks and internal rules such as policies and guidelines. These include our sustainability-related guidelines as well as policies such as the Code of Conduct or our Human Rights Policy. We also use our established management systems to realize our sustainability ambitions and implement corresponding measures. All targets and activities are in harmony with the

five Knorr-Bremse company values: entrepreneurship, technological excellence, reliability, passion, and responsibility. International guidelines and conventions also provide us with guidance on sustainable business. These include the UN Global Compact, the UN Guiding Principles on Business and Human Rights, the International Labour Organization (ILO) conventions, and international standards such as ISO 14001 (environmental management), ISO 50001 (energy management), or ISO 45001 (health and safety management). In addition, we are guided by the UN Sustainable Development Goals (SDGs).

Management of Proceeds

Knorr-Bremse intends to allocate Eligible Green Projects to the proceeds of any Green Finance Instrument, selected in accordance with the Green Eligibility Criteria and the evaluation and selection process presented above. Thereby, Knorr-Bremse will follow a per instrument allocation. For this purpose, Knorr-Bremse will use a register, which allows the documentation and monitoring of Eligible Green Projects and their allocation to the respective Green Finance Instrument. The register will be administered by Knorr-Bremse's treasury department.

Knorr-Bremse will generally strive to achieve a level of allocation of Eligible Green Projects that matches the proceeds of the relevant Green Finance Instrument as soon as possible but latest until maturity of the instruments. Future changes to this Framework's Green Eligibility Criteria will not affect the classification of Eligible Green Projects, which have already been allocated to a Green Finance Instrument.

In case projects do not longer meet the Green Eligibility Criteria as of the time of issuance of the instrument, or in case of divestments or other developments that change relevant characteristics, status or ownership of the allocated

Eligible Green Projects and thus lead to a situation where Knorr-Bremse considers these no longer suitable for allocation, Knorr-Bremse strives to have the corresponding amount of proceeds reallocated to other Eligible Green Projects as soon as possible (the "Reallocation").

For Eligible Green Projects that have been allocated to the proceeds of any outstanding Green Finance Instruments, these will not be allocated again, unless the previous allocation is lifted, such as through redemption or repurchase of the Green Finance Instrument, subject to this project still meeting the Green Eligibility Criteria and being subject to the above outlined Process for Project Evaluation and Selection, thus also being aligned with Knorr-Bremse's relevant policies and risk management processes.

Whilst any Green Finance Instrument net proceeds remain unallocated, Knorr-Bremse will hold and/or invest, at its own discretion, in its treasury liquidity portfolio, in cash or other short - term and liquid instruments or to pay back a portion of its outstanding indebtedness.

Reporting

Knorr-Bremse will make and keep readily available reporting on the allocation of Eligible Green Projects to the proceeds of its Green Finance Instruments at least annually until full allocation of the respective instruments ("Allocation Reporting"). In addition, Knorr-Bremse will publish a report on the expected related environmental impact of the Eligible Green Projects ("Impact Reporting") on an annual basis until full allocation of the respective Green Finance Instrument and again in case of a Reallocation. The reporting will be made available on Knorr-Bremse's website in the Corporate Bonds section.

Allocation Reporting

To provide transparency on the allocation of proceeds to the relevant Green Eligibility Criteria, Knorr-Bremse will provide an Allocation Reporting. Knorr-Bremse will report one year after the issuance and on an annual basis thereafter, until full allocation of all outstanding instruments, and in case of a Reallocation, the following metrics:

- Net proceeds of outstanding Green Finance Instruments
- The total amount of Eligible Green Projects allocated towards Green Finance Instruments and shown by the respective Green Eligibility Criteria
- The amount of financing and refinancing of Eligible Green Projects
- The nature of projects being financed (such as a description and/or classification of the projects to the extent these are available and deemed appropriate to be published)
- The balance of unallocated proceeds

The Allocation Reporting will provide information for all Green Finance Instruments outstanding. It will be subject to a limited assurance assessment by an external auditor, or other third party. Limitations due to data availability or confidentiality obligations may limit the level of detail that is provided.

Impact Reporting

Knorr-Bremse will also report on the environmental impacts resulting from the Eligible Green Projects, where and when feasible and subject to data availability. Such reporting will be subject to confidentiality agreements, competitive considerations, or a large number of underlying projects, limiting the amount of detail that can be made available. Hence, the information may be presented on an aggregated basis. The reporting may include a description of relevant projects (to the extent feasible) and then focus on selected impact metrics (illustrative examples outlined below, subject to data availability):

GBP / GLP Category	Example impact metrics
Clean Transportation	<ul style="list-style-type: none"> – Number of vehicles equipped with KB products (separated by rail vehicles and trucks) – Reduced emissions (on case study level)
Renewable Energy	<ul style="list-style-type: none"> – Annual renewable energy generation in MWh/GWh (electricity) and GJ/TJ (other energy)
Energy Efficiency	<ul style="list-style-type: none"> – Annual energy savings in MWh/GWh (electricity) and GJ/TJ (other energy savings) – Estimate of annual GHG emissions reduced/avoided during production (tCO_{2e})
Green Buildings	<ul style="list-style-type: none"> – Annual GHG emissions reduced/avoided in tonnes of CO₂ equiv. vs local baseline/baseline certification level – % of energy use reduced/avoided vs local baseline/building code

These metrics shall be further supported by selected case studies.

Second Party Opinion

Knorr-Bremse has appointed Moody's Investor Service ("Moody's") to provide an independent pre-issuance Second Party Opinion ("SPO") report to evaluate this Framework and confirm its alignment with the ICMA GBP 2021 and the GLP 2023. The SPO report will be accessible at Knorr-Bremse's corporate website and is also available on the website of Moody's.

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