

ABTRACT: KNORR-BREMSE RAIL SYSTEMS ITALIA, FOCUS AND STRATEGY ON SUSTEINABILITY

Knorr-Bremse Group:

Knorr-Bremse Group is committed to sustainable corporate governance. This commitment applies to our products and the way they are manufactured, as well as to our relationships with our employees, the environment and society as a whole. Corporate Responsibility is our strategic approach to systematically integrating social and environmental issues into our business processes

Knorr-Bremse commitment is reflected in a dedicated **organization** with focus on **Sustainability**.

With a clear organizational structure, we ensure the integration of the topic of sustainability in the Group's highest decision-making bodies. The entire Executive Board is responsible for the business strategy's focus on sustainability. The Sustainability division coordinates the sustainability strategy and reports directly to the Chief Financial Officer (CFO). To address the topic of sustainability in an organizationally appropriate way and support the implementation of the defined measures, the company relies on the ESG Board as the central coordination body. The ESG Board, which meets several times a year, comprises two members of the Executive Board, a representative of the senior management from each of the two divisions, a representative of each of the management teams of the Knorr-Bremse North America/ South America and Asia-Pacific regions, the Chair of Knorr-Bremse Global Care e. V. and the Head of the Sustainability department. The ESG Board advises on the development of the sustainability program. It defines goals and measures for implementing the strategic topics and evaluates their progress on an ongoing basis. The ESG Board and the Sustainability department are centrally responsible for the development, management, and monitoring of sustainability projects. The operational implementation of projects takes place in different areas of activity and divisions.

The ESG Alignment Circle is a body that 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. It comprises leading representatives of nearly all functional units of the Knorr-Bremse Group. In addition, issue-specific committees and departments supplement the implementation and development of the sustainability program. Established bodies – e.g., for the topic of human rights or sustainable purchasing – communicate on individual specialist topics and monitor operational implementation. The Executive Board and the Supervisory Board are informed regularly about sustainability topics and make important decisions.



Stakeholder Management:

Trusting collaboration and open exchange with stakeholders is the basis for sustainable business success. We seek to understand the perspectives and demands of our stakeholder groups. This is essential in order to identify future trends, global developments and market requirements at an early stage and thus meet our stakeholders’ expectations. Particularly important stakeholder groups for us include employees, young professionals, customers and suppliers, shareholders and investors, business partners, authorities, unions, associations, the media, politics, non-government organizations (NGOs), local residents near our sites and representatives of local initiatives. We maintain a dialog with them all, often within fixed communication and event formats. They include direct conversations with customers, global trade fairs, active work in associations, investor meetings, the Annual General Meeting and communication with employees.

Sustainable Development Goals (SDGs)

The United Nations’ 17 Sustainable Development Goals, 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 Sustainable Development Goals (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 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. (Social Commitment).

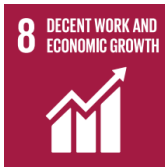
KB Strategy focuses on the following SDGs:



Knorr-Bremse believes that a diverse workforce is a critical factor in business success. We are committed to gender equality and to supporting women in the entire workforce, in management and in STEM professions. We support our employees with various offerings that help to achieve a work-life balance.

Examples of activities in 2023:

- Adoption of a Group-wide DEI (Diversity, Equity and Inclusion) strategy
- Development of a global diversity network
- Establishment of women's networks at further locations Diversity, Equal Opportunities and Inclusion



Knorr-Bremse strives to add value sustainably and wants to offer good working conditions and fair social standards to its current and future employees around the world. We continuously work on making our global supply chain more sustainable. We seek to respect and uphold human rights with our processes for human rights due diligence for our employees and suppliers.

Examples of activities in 2023:

- Implementation of 10 sustainability audits on-site at suppliers
 - Establishment of processes for human rights due diligence in accordance with the German Supply Chain Due Diligence Act
 - Key occupational health and safety figures at persistently low levels
- Employment Conditions
Due Diligence
Processes for Human Rights Sustainability in the Supply Chain



Knorr-Bremse finds solutions for the mobility of tomorrow and invests in a sustainable future through its research and development activities. Working in cooperation with our customers we can actively drive the transition to sustainable mobility with our innovative solutions. Thanks to our EcoDesign approach, we are already integrating aspects of sustainability into the development and innovation process.

Examples of activities in 2023:

- Continuation of eCUBATOR, an ideas factory for electric mobility
 - Implementation of a recycling analysis for 28 projects in the RVS division
 - Consistent incorporation of EcoDesign criteria into product development
- Environmental Product Design



Knorr-Bremse is committed to integrated and preventive environmental protection in its production processes, which it practices by preventing waste and using natural resources efficiently. In our product development, too, we take care to use materials in a way that conserves resources and to recycle with the help of our EcoDesign approach. We extend the product service life through our remanufacturing (CVS) and overhaul (RVS) activities and improve our customers' environmental and commercial sustainability.

Examples of activities in 2023:

- Increase of revenues from remanufactured/overhauled products to around 11 %
- Performance of life cycle analyses (LCAs) of selected products
- Publication of key figures on Knorr-Bremse's global waste volume



Knorr-Bremse aligns its climate protection objectives with the 1.5 degree target of the UN Paris Agreement. We want to minimize the carbon emissions from our business activity through production processes with reduced energy and emissions levels and through innovative products and solutions.

Examples of activities in 2023:

- Knorr-Bremse's updated climate targets (Scope 1-3) validated by the Science Based Targets initiative (SBTi)
- Setting of an internal CO₂e price for investment measures
- Installation of photovoltaic systems at further locations Climate Protection

Knorr-Bremse Rail Systems Italia

Knorr-Bremse Rail systems Italia reflects the KB Group commitment on Sustainability: with a dedicated local organization, cooperating with Group Sustainability Department, ESG related actions are deployed.

In the 2018 event entitled "Setting the course together. Knorr-Bremse for the Sustainable Development Goals", the SDGs took center stage for the first time. Our staff all over the world engaged with the global sustainability goals and were asked to contribute their ideas to strengthen Knorr-Bremse's contribution further

Since that time the ESG are in the focus of the annual KB days: the employees are requested to contribute with their ideas and proposal for actions.

Here below some examples of the actions that Knorr-Bremse Rail Systems Italia is carrying on based on positive cooperation with employees

- **GREEN PROJECT ASILO NIDO ARCA DI NOÈ**
Our project, restructuring completely the outdoor area of a kindergarten in Florence, was designed and developed together with the enthusiasm, competence and passion of the educators of the Municipality of Florence, offers children aged 0-3 the opportunity to feel part of the environment that surrounds them, to explore it, to respect it, and enjoy the flow of time and the seasons.
- **PHOTOVOLTAIC SYSTEM**
Fully in line with Group CRS strategy and Capable of 320KWp, the system is designed to cover current KBRSI demand and to sustain our mobility management program to install charging stations and move company fleet to Hybrid and Electric cars
- **BETTER TOGETHER**
Is a people oriented program with an Holistic approach to offer services and dedicated communication (psychological and physical wellness, nutrition, family care, charity, etc..)

KBRSI Sustainability Strategy 2025

In line with KB Group approach, KBRSI is setting a plan to develop 2025 sustainability strategy according to relevant SDGs, KB Group materiality analysis and KB Group Strategy.

For 2025, KBRSI is including further inputs to the Strategy development process.

With a dedicated project, the following inputs will be further included:

- Stakeholders input including for example employees survey, market benchmark analysis, etc...
- Focus Groups with main internal functions (CEO, Q-HSE, HR-Legal, Communication, Facility/mobility, Engineering, Purchasing, OP&SC)
- Relevance and Feasibility analysis of initiatives/actions

Inputs will be collected in an assessment which will be developed according to ISO 26000 and UNI/PdR 18/2016