Press release

Knorr-Bremse rewards its suppliers for more sustainable business practices

- Knorr-Bremse is strengthening its ESG measures in cooperation with Deutsche Bank and expanding the Supply Chain Finance program to include sustainability aspects
- Suppliers with good sustainability performance benefit from more attractive financing terms

Munich, December 16, 2022 – Knorr-Bremse AG is systematically driving its ESG efforts and, with the support of Deutsche Bank, is linking its existing Supply Chain Finance program (SCF) to ESG ratings of suppliers. By providing financial incentives to promote increased sustainability among its suppliers, Knorr-Bremse is taking another decisive step towards creating more sustainable value chains.

For 15 years now, suppliers of Knorr-Bremse have benefited from the Supply Chain Finance program run by Deutsche Bank. For example, they get their money sooner because the bank pre-finances at attractive interest rates until Knorr-Bremse pays the invoice. The financing costs for the suppliers are based on the creditworthiness of Knorr-Bremse, which usually reduces the financing costs for the suppliers. Adding sustainability components to the program increases these financial benefits for the suppliers; those who operate more sustainably are rewarded with even better financial terms. In this way, the global program will gradually encourage more and more suppliers to improve their ESG measures.

Frank Markus Weber, Chief Financial Officer and Executive Board Spokesman of Knorr-Bremse AG: "Our Supplier Early Payment Program is becoming more sustainable: With our Syndicated Loan and our Sustainability Linked Bond, we have already shown how financing instruments and sustainability can be combined in a meaningful way. The Sustainability Linked Supply Chain Finance Program, implemented in collaboration with Deutsche Bank, is now the third financing instrument with which we at Knorr-Bremse are specifically promoting sustainability. The financial benefits arising from the latest program make an ESG rating particularly attractive for suppliers, creating a win-win situation for both sides: for our suppliers and for us as Knorr-Bremse."

Jan-Philipp Gillmann, Head of Corporate Bank EMEA, Deutsche Bank: "Sustainability-linked Supply Chain Finance programs enable our clients to create an incentive for their suppliers to be more sustainable. By improving their ESG rating, suppliers can further reduce financing costs together with their clients."

Suppliers in the Sustainability-linked Supply Chain Finance program (SSCF) can choose between two ESG rating providers: Ecovadis and NQC. Thus, the program provides more flexibility compared to similar offerings. This is NQC’s debut in an SSCF program. NQC’s supplier assurance platform is used by many global automobile brands to assess their suppliers.
About Knorr-Bremse
Knorr-Bremse (ISIN: DE000KBX1006, ticker symbol: KBX) is the global market leader for braking systems and a leading supplier of other safety-critical rail and commercial vehicle systems. Knorr-Bremse’s products make a decisive contribution to greater safety and energy efficiency on rail tracks and roads around the world. About 30,500 employees at over 100 sites in more than 30 countries use their competence and motivation to satisfy customers worldwide with products and services. In 2021, Knorr-Bremse’s two divisions together generated revenues of €6.7 billion. For more than 115 years the company has been the industry innovator, driving innovation in mobility and transportation technologies with an edge in connected system solutions. One of Germany’s most successful industrial companies, Knorr-Bremse profits from the key global megatrends of urbanization, sustainability, digitalization, and automated driving.

About Deutsche Bank
Deutsche Bank provides retail and private banking, corporate and transaction banking, lending, asset and wealth management products and services as well as focused investment banking to private individuals, small and medium-sized companies, corporations, governments and institutional investors. Deutsche Bank is the leading bank in Germany with strong European roots and a global network.