

Letter from the CEO	4	Risk and opportunity management	65
Overview of the year 2021	8	Reference to the Declaration on Corporate Governance pursuant to Section 289f and Section 315d of the HGB	75
Vossloh stock	10	Outlook	76
Responsibility for green mobility	12	Nonfinancial Group statement	79
Report of the Supervisory Board	26		
Declaration on Corporate Governance/ Corporate Governance Report	30		
Combined management report	36	Consolidated financial statements of Vossloh AG	111
Business and market environment	38	Income statement	112
Economic report	40	Statement of comprehensive income	112
Macroeconomic and industry-specific conditions	40	Cash flow statement	113
Business acquisitions	41	Balance sheet	114
Results of operations	41	Statement of changes in equity	115
Financial position and investing activities	45	Notes to the consolidated financial statements	116
Asset and capital structure	48	Segment information by division and business unit	116
General statement on the business performance and economic situation of the Vossloh Group	49		
Business performance of Core Components	50	Responsibility statement	173
Business performance of Customized Modules	52	Independent auditor's report	174
Business performance of Lifecycle Solutions	53	Remuneration report	181
Vossloh AG – Analysis of the separate financial statements	54		
Statutory takeover-related disclosures pursuant to Section 289a and Section 315a HGB	56	Service	
Workforce	60	Financial calendar 2022/2023	190
Research and development	61	Glossary	191
		Addresses	192
		Ten-year overview	193



*„We live our guiding principle
,enabling green mobility‘ and
contribute to a more sustainable
future with our expertise.“*

Oliver Schuster CEO

Letter from the CEO

Dear shareholders,
ladies and gentlemen,

The last fiscal year was an uneven one for Vossloh, perhaps more so than any other in the company's history. Rarely have we seen such a combination of challenging conditions and disappointing reports on the one side and positive developments on the other in such a condensed manner. After the painful cuts in all areas of life in the wake of the pandemic, both on our personal and professional lives in 2020, we were looking forward to 2021. As we all know, the reality of the situation showed that this hope was misplaced. The challenges related to the COVID-19 pandemic remained in place. Supply chain disruption and increasing material prices have even intensified in some sectors.

2021 was also the year in which Heinz Hermann Thiele – a highly esteemed human being and one of Vossloh's most important supporters – left us far too soon. His unexpected death last year was a big shock to all of us. We will always appreciate his unique contribution to the process of stabilizing and realigning our company. In addition to leaving an unfillable hole, Heinz Hermann Thiele left us with a vision – a vision of a sustainably and profitably growing Vossloh Group, with the unique expertise and ambition to be the global leader in track-related products and services. This vision is what drives us forward. As the Executive Board, we remain committed to making this vision a reality.

In view of the economic performance we took a big step forward towards this goal in the year under review. Despite all the challenges facing the company in the 2021 fiscal year, we remained on track for sustainable and profitable growth together with our roughly 3,600 employees. Sales revenues went up to €942.8 million, a year-on-year improvement of 8.4 percent. Operating EBIT rose from €57.5 million to €72.3 million, while the operating EBIT margin improved by 1.1 percentage points to 7.7 percent. This was an outstanding performance in light of the significant impact that price increases of materials, logistics and energy had on earnings.

We are also highly satisfied with the order situation. Orders received went up by 3.5 percent year on year, with the year-end order backlog 2.8 percent higher than at the end of 2020. We are beginning to see renewed demand for our products and services in many countries. This will more than offset the temporary downturn in demand we have seen in some countries due to the pandemic. The book-to-bill ratio was 1.01 in 2021. It is important to note that this indicator does not include some significant sales successes. Only a small part of the framework agreements won in 2021 totaling well in excess of €200 million are represented in the orders received figure, as only the orders made under these agreements are recognized as orders received. These include framework agreements for the delivery of switch components and systems for state-owned railroad operators in Australia (ARTC), the Netherlands (ProRail), Norway (Bane NOR) and Brussels Intercommunal Transport Company (STIB), as well as the delivery of concrete ties to Queensland Rail in Australia.

Ladies and gentlemen, I am extremely confident that the good order situation will continue in the current fiscal year. We received a €90 million order in early February 2022 - one of the largest in the company's history. This will be included in the orders received over time as individual lots are ordered. Over the next few years, we will supply around 1.3 million concrete ties to state-owned rail operator ARTC through our Australian subsidiary Austrak. We secured another major order in China for rail fastening systems in February 2022, worth nearly €40 million. This means that the planned sales revenues in the Chinese high-speed segment for 2022 are already secured on the basis of the current delivery plans for the orders we have been awarded. We have also been awarded a future-oriented order for three maintenance machines for the Shenzhen metro in China. These can be operated completely emission-free for the first time. All of these factors give us confidence for the future and provide a solid foundation for future organic growth.

Our business model is not only sustainable, it is also benefiting from the increased political will to invest in rail networks. This includes the European Commission's Green Deal, which also declared 2021 the "European Year of Rail". We are convinced that shifting traffic from roads to rail networks has a key role to play in combating climate change, and we are not alone in that opinion. We believe that we have a duty to contribute to that process and are taking responsibility in this area.

All our production facilities in Germany switched to using exclusively green power some time ago. We have also implemented a number of extensive measures to reduce the amount of CO₂ emissions generated in connection with the products and services that we provide and have already received excellent ratings from renowned ESG agencies. In 2021, we introduced a Group-wide sustainability guideline which provides the principles and organizational framework for all of Vossloh's sustainability activities and initiatives. The EU Taxonomy Regulation – a standardized system for classifying ecologically sustainable economic activities – came into effect for the first time for the 2021 fiscal year. An outstanding 100 percent of our sales revenues in the 2021 fiscal year are considered taxonomy-eligible. In order to be classified as taxonomy-aligned, Vossloh's sales revenues need to be related to electrified rail lines – this is ultimately not something that we can control. With regard to our sales revenues in 2021, the value that is taxonomy-aligned on this basis is a significant 62 percent. Independent of the criterion regarding electrification, it is beyond doubt that the use of non-electrified rail lines to transport people and goods is a far more environmentally friendly method than any other mode of transport.

In the past fiscal year we completed our multiyear "factory of the future" project at our company headquarters in Werdohl. All of the production facilities are complete, and the automated and interlinked manufacturing with a greatly increased level of vertical integration has started successfully. The factory is now running at full capacity and has significantly boosted our competitiveness. Opening the factory was one of the factors which helped us to take back the market leadership in the German rail fastening systems market.

I and my colleagues on the Executive Board are particularly excited about the valuable ideas developed by our employees and submitted through the "Fit4Future" idea management program, which was rolled out across the Group in 2021. Since then, over 700 ideas have been submitted by more than 500 participants. The response has been overwhelming. We have already implemented just under 200 suggestions, with many more to follow. I would like to take this opportunity to thank all our employees for the commitment, endurance and loyalty they showed last year. Without all of their efforts, Vossloh would not be where it is today.

We are aiming for continued growth. In February 2021, we became one of the first companies in Germany to place a hybrid note linked to sustainability ratings. This €150 million note gave us the additional financial flexibility that we need for organic and inorganic growth. In January 2022, we issued a Schuldschein loan with a volume of €25 million, a seven-year term and a fixed interest rate of 0.8 percent as part of a refinancing. These extremely attractive terms underline the confidence that the capital market has in our company.

As planned, we have already used some of this additional financial flexibility to expand our range of products and services, to strengthen our position in specific growth markets and for targeted innovations. Our acquisition of Dutch company ETS Spoor BV at the end of July 2021 was another step towards strengthening our position in the rail infrastructure market. The acquired company has a wide range of complementary products and services. It has a strong market position in the particularly innovative Dutch market, which is already a pioneer for future-oriented business models.



Jan Furnivall (COO)



Oliver Schuster (CEO)



Dr. Thomas Triska (CFO)

Dear shareholders, Vossloh has everything it needs for sustainable success. We look forward with great confidence. We are forecasting sales revenues of between €925 million and €1 billion in 2022, with an EBIT margin of between 7.5 percent and 8.5 percent. Vossloh, therefore, expects EBIT to go up once again in 2022. Due to our excellent overall performance and our confidence about the future, the Executive Board and Supervisory Board of Vossloh AG will propose a dividend of €1.00 at the upcoming Annual General Meeting.

Ladies and gentlemen, transparency breeds trust. On behalf of everybody on the Executive Board, I would like to thank you for the trust that you have shown us this last fiscal year. We hope that you will stay with us as we remain on course for profitable and sustainable growth. Together, we can play our part in advancing green mobility in the interest of both the economy and environment.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Oliver Schuster'.

Oliver Schuster
Chief Executive Officer, Vossloh AG

Overview of the year 2021

Q1 2021

/ Vossloh receives the **largest order in the company's history** to date for the delivery of switch systems with a volume of around €50 million **to Australia**. The Inland Rail project will be equipped over a period of five years. The 1,700-km freight line will connect the eastern Australian cities of Melbourne and Brisbane; 600 km of this will be newly built and the rest will be modernized.

/ Vossloh concludes a comprehensive framework contract for **the supply of switches in the Netherlands**. The framework agreement with ProRail BV, the state-owned operator of the roughly 7,000-km rail network, includes options for the period to 2028. In addition to technical and economic parameters, ProRail specifically included the topic of sustainability in its decision to award the tender.

/ Vossloh chooses innovative financial paths and becomes one of the first companies in Germany to place a **sustainability-oriented hybrid note**. The repayment amount is linked to Vossloh's sustainability performance, which will be evaluated by means of independent sustainability ratings. The greater financial flexibility will be used to expand the current portfolio of products, to strengthen the company's position in certain growth markets, and for targeted innovations.

/ Remembering **Heinz Hermann Thiele**: The 79-year-old principal shareholder and former Chairman of Vossloh AG's Supervisory Board passes away in Munich. Through his enormous financial commitment and especially his personal dedication, he had a significant impact on the company and led it safely through the complex restructuring and realignment process over several years.

/ The **Thiele family** will remain committed to the Company as a **main shareholder of Vossloh**. In the future, their investment in Vossloh, which is held through holding companies, will be transferred to a family trust as specified in Heinz Hermann Thiele's will.

/ Joint venture Rhomberg Sersa Vossloh is awarded a contract from InfraLeuna for **digitalization of the rail infrastructure** at the Leuna site in order to optimize management of the track system over the long term. This means that one of Germany's largest chemical parks now relies on our MR.pro asset management software.

2021

Q2 2021

/ Vossloh signs a long-term framework contract for the delivery of **tram switches**. The Brussels-based transport company Société des Transports Intercommunaux de Bruxelles (STIB) will thereby cover all its needs for tram switches and spare parts for the next ten years. The contract has an overall value of nearly €40 million.

/ All agenda items suggested by the Executive and Supervisory Boards at the **Annual General Meeting** are approved by a large majority. This includes a proposed dividend of €1.00 per share. Around 74 percent of the overall share capital is represented.

/ The sales revenues and operational profitability of the Vossloh Group grow significantly in the first three months of 2021 compared to the same period of the previous year. It is **the best operating performance in a first quarter for a decade**.

/ Vossloh develops a milling tool specifically for the complete processing of grooved rails, which is successfully introduced in the spring by Düsseldorfer Rheinbahn AG. Through a combination of the HSG-city, which has been managed independently for more than five years, and rail milling service contracts as needed, the Düsseldorf-based network operator possesses adequate instruments for **noise-reducing rail maintenance**.

Q3 2021

/ Vossloh **increases the sales forecast** for 2021; the EBIT margin forecast is confirmed despite significant rises in material prices.

/ The **establishment of Vossloh Rail Services Italia S.r.l.** is both the result of the positive development of the market and also part of Vossloh's consistent orientation as an **asset management specialist**. Soon afterwards, a smart HSG-city is deployed in Milan. This ensures customized maintenance through diagnostics and grinding services.

/ Vossloh acquires the **Dutch company ETS Spoor BV** (ETS). ETS is an established and leading **"one-stop shop"** with a broad range of products and services. With the acquisition of its long-time business partner, the Vossloh Group strengthens its strategically important position in the Dutch rail infrastructure market, which offers outstanding growth prospects. In 2020, ETS achieved sales revenues of approximately €20 million and is now part of the Lifecycle Solutions division.

/ Bane NOR, the **Norwegian** state-owned infrastructure operator, concludes a large framework contract with Vossloh. The agreement primarily includes the delivery of **switches and crossings for conventional rail lines** as well as the development of a new switch series for heavy-haul lines. The value of the contract over the entire term including options exceeds €80 million. Sustainability criteria played a key role in winning the contract.

Q4 2021

/ Vossloh signs an important framework contract in **Australia**. Over the next three years, Vossloh will deliver **concrete ties** produced at its plant in Rockhampton (Queensland) to the state-owned rail company Queensland Rail (QR).

/ The Kalyon Group, a leading Turkish construction group specializing in infrastructure projects, awards Vossloh with a large order for 147 switches in various shapes, including spare parts and additional track components. The line connecting the cities of Bandirma, Bursa and Osmaneli in northwestern Turkey will be equipped. This involves the construction of a two-track high-speed line that considerably reduces travel times for people and goods. Vossloh had already equipped several **high-speed routes in Turkey** in previous years.

/ Vossloh is once again awarded a contract for the delivery of rail fastening systems for the construction of a **high-speed route in South China**. The systems will mostly be delivered in 2022. The contract has a volume of over €30 million and is proof of our consistently strong position in one of the world's most important rail markets. The Chinese high-speed network currently extends over 40,000 km and is growing rapidly.

/ Deutsche Bahn successfully completes the comprehensive modernization of several routes with an overall length of 193 km on the **Berlin-Hamburg high-speed line**. Vossloh delivered prefabricated long-rails with a total length of around 400 km from its welding plants just in-time, and was solely responsible for the rail logistics.

Vossloh stock

Stock markets ultimately saw significant gain in the 2021 fiscal year despite a consistently high level of volatility. The DAX ended the year at 15,885 points, up 16 percent compared to the end of 2020. The MDAX and SDAX also closed the year up an impressive 14 percent and 11 percent respectively. The performance of the indexes over the course of the year was mainly affected by the continuation of the COVID-19 pandemic and its impact on the economy. The DAX saw significant gains in the first half of 2021 as infection rates went down and the economy recovered. The index climbed above the 15,000 mark for the first time at the end of March. The ongoing commitment of the European Central Bank to low interest rates and the U.S.' \$1.9tn stimulus package had a positive effect on the stock market.

The DAX remained between 15,000 and 16,000 points for the majority of the second half of the year. The share price fell significantly at several points due largely to rising inflation that was

partly spurred by the high price of energy and raw materials. Stock markets were negatively affected by supply bottlenecks, rising infection rates and the emergence of the Omicron variant in November. In the last two trading weeks of the year, the DAX once again recorded significant gains. The MDAX and SDAX closed the year at record highs of 35,123 and 16,414 points respectively.

Vossloh AG stock also performed extremely well and increased by 9 percent over the course of the 2021 fiscal year. Investors who reinvested the dividends paid out in 2021 would have enjoyed a 12 percent increase, comparable to the development of the indexes. Vossloh stock started the year at €41.50 on January 4, 2021. The shares performed extremely well up to the end of February in a volatile environment before some significant downturns in March and April. The Vossloh stock price reached its low point for the year of €39.35 on April 21.

Stock price trend from January 1, 2021 to December 31, 2021



Vossloh stock indicators		2021	2020
Earnings per share	€	1.31	0.98
Dividend per share ¹	€	1.00	1.00
Annual average number of shares outstanding	thousand shares	17,564	17,564
Number of shares outstanding at year-end	thousand shares	17,564	17,564
Closing share price	€	45.15	41.35
Price high/low	€	49.45/39.35	42.50/23.60
Closing market capitalization	€ mill.	793.0	726.3
Trading volume	thousand shares	3,041	3,854
Average daily trading volume	thousand shares	11.9	15.2

¹Proposed dividend for the 2021 fiscal year, subject to the approval of the Annual General Meeting

Over the course of the next few months, Vossloh shares revived their strong start to the year, posting a notable 13 percent increase in August. It reached its year-high of €49.45 on September 3 and closed the year at €45.15. This corresponds to a market capitalization of €793.0 million at year-end.

The Deutsche Börse announced some significant changes to the SDAX index on September 3, 2021, including the fact that Vossloh AG stock would be removed from the index on September 20, 2021.

Dividend

The Executive Board and Supervisory Board of Vossloh AG will propose a dividend of €1 per share for the 2021 fiscal year at the Annual General Meeting scheduled for May 18 (previous year: €1). This equates to a dividend payout of approximately €17.6 million.

Shareholder structure

Nadia Thiele and Robin Brühmüller who is the executor of the estate of the late Heinz Hermann Thiele hold 50.09 percent of the shares in Vossloh AG based on their most recent voting interest notifications, making them the largest shareholders. Another shareholder of Vossloh AG with voting rights exceeding the legal reporting threshold of 3 percent is Franklin Mutual Advisers, LLC, Wilmington, Delaware, USA, which holds 4.99 percent of capital stock. In line with the definition provided by Deutsche Börse AG, any shareholdings below 5 percent are included in free float market capitalization. As a result, the free float of Vossloh AG's share capital was 49.91 percent on December 31, 2021. According to this definition, the market capitalization of freely available shares totaled around €386 million using a volume-weighted average price over the previous 20 trading days up to the reporting date of December 30, 2021.

Analysts' ratings

From late February 2022, the Vossloh AG share was being tracked by seven financial analysts, who issue reports and assessments at regular intervals. Six of them recommended buying Vossloh stock while one recommended holding. The average price target for Vossloh shares was €55 based on the analysts' ratings made available up to the end of February 2022. The lowest price target was €53 and the highest was €58.

Sustainability

Vossloh AG's sustainability measures have been assessed by a number of international rating agencies for several years. Such ratings play a particular role for Vossloh. In early 2021, the Group was one of the first companies in Germany to place a sustainability-oriented hybrid note. The repayment amount of the bond is linked to Vossloh's sustainability performance as measured by ISS ESG and MSCI ESG Research ratings. ISS ESG has awarded Vossloh Prime status, which means that Vossloh AG is in the top ten percent in its industry. MSCI ESG Research has given the Company a rating of A (on a scale from AAA to CCC) for its sustainability efforts. EcoVadis also provides regular assessments of Vossloh from a sustainability standpoint. Vossloh's sustainability performance currently has Silver status, placing it in the top ten percent of all companies assessed by EcoVadis. For more information about sustainability at Vossloh, please refer to page 79 et seq. of the nonfinancial Group statement.

Capital market dialog

The Executive Board and the Investor Relations team of Vossloh AG were in regular contact with institutional and private investors in the 2021 fiscal year. The exchange of information with the capital market was intensified significantly in 2021. Vossloh took part in several capital market conferences and organized its own events with investors and analysts in the reporting year. In addition, Vossloh representatives have used regular conference calls as a way to maintain links with the capital market for a number of years.

The Executive Board and the Investor Relations Team of Vossloh AG is glad to be at your disposal for any inquiries submitted in writing or in person. Additional information about the company and Vossloh AG stock is available at www.vossloh.com. In addition to up-to-date financial reports, presentations and press releases, the website also provides information about creditor relations. You can send an email to investor.relations@vossloh.com or call us at (02392) 52609.

RESPONSIBILITY FOR GREEN MOBILITY

Global megatrends like population growth, urbanization and globalization are pushing traditional mobility concepts to their limits. Rail-based passenger transport is the obvious and logical alternative to cars, particularly in large urban areas. More and more goods are being transported around the world due to the division of labor and products being manufactured and consumed in different regions. Providing an efficient and sustainable way to handle this increasing demand for both passenger and goods transport capacity is without a doubt one of the biggest challenges we face in the 21st century.



Sustainability is a well-established pillar of doing business responsibly and is long past being just a trend. Both economy and society at large need to change, and they will. The 195 signatories to the Paris Climate Accords are committed to combating climate change and limiting global warming compared to pre-industrial levels. We have an obligation to future generations to act and do business sustainably.

Green mobility is the future

The transport sector accounts for around a quarter of the world's CO₂ emissions. Decarbonizing the mobility system has a vital role to play when it comes to protecting our climate over the long term. In light of the increasing demand for mobility, the only way to reduce emissions from motorized transport is to make greater use of the greenest mode of transport available: rail. Rail handles 11.3 percent of

freight and 6.8 percent of passenger transport in the European Union, while accounting for just 0.5 percent of the greenhouse gases emitted by the transport sector as a whole. There's also a welcome side-effect for those who choose to invest in rail transport. External costs – related to accidental damage and noise, for example – are much lower for rail than other methods of transport. Rail also requires far less space.

A domestic flight generates 42 times the greenhouse gas emissions per passenger and kilometer of a high-speed train (254 grams compared to 6 grams). A car driven by a single person generates 171 grams on average.



Greater levels of rail traffic on the political agenda worldwide

The European Green Deal calls for a 100 percent increase in high-speed transport volumes by 2030, as well as a 100 percent rise in freight transport by 2050. The German rail network will see 86 billion euros from the German government over the next 10 years under the service and financing agreement signed in 2020. Italy plans to invest 23 billion euros in rail, the majority of which will go towards expanding the high-speed network. Investments in excess of 10 billion euros are planned in Eastern Europe. Some of these funds will go towards Rail Baltica, a planned rail link from Warsaw to Tallinn via Kaunas and Riga, with an onward connection to Helsinki. The USA plans to invest 66 billion dollars in long-distance passenger transport networks, with an additional 90 billion dollars earmarked for passenger rail networks in and around major cities. Australia has announced that it will invest more than 15 billion euros in rail infrastructure projects.

Availability remains the key

Over the short to medium term, extending rail networks will only facilitate a relatively small increase in rail traffic, particularly in Europe. Existing routes will be required to take on a higher level of traffic in order to meet the targets that have been set, leading to greatly increased traffic density.

This has a number of very positive implications for Vossloh. Increased use of existing networks will inevitably lead to greater wear and tear. This will lead to greater demand for our cutting-edge, reliable, and safe products and solutions. This has been our core competence for over 135 years.

Another important consideration is that the amount of time available for maintenance will go down as traffic density goes up. Maintenance needs to be far more efficient by becoming condition-based and predictive. With a uniquely comprehensive range of products, Vossloh has in-depth knowledge of the physics of all track components, in addition to how they interact in a system. This expertise plays a vital role in our ability to offer our customers tailored maintenance solutions.



Vossloh intends to be climate-neutral by 2030.



RESPONSIBILITY FOR THE PLANET

As a leading global rail technology company focused on rail infrastructure, Vossloh's vision is to make the world a better place by clearing the track for reliable, safe and convenient mobility, combined with zero emissions. We are making this vision a reality by providing innovative products, services and tailored solutions for reliable and resilient rail infrastructure. Our brand promise – “enabling green mobility” – demonstrates our commitment to sustainable governance and combating climate change. Sustainability isn't just a buzzword for us – it's at the heart of who we are.





*100 percent
green energy
at all German
production facilities.*

We have a key role to play in helping the transport sector meet its climate change and environmental targets. It's not enough for us that rail is already a green mode of transport. It's the how that's important. Vossloh has added sustainability to its strategy as a central pillar and incorporated it into its Company values. We are convinced that successful companies have to include economic, social and ecological factors in their decisions and behavior. Conserving resources and keeping our emissions as low as possible are the guiding principles for our products, services, manufacturing processes and all of our other business processes.

Committed to sustainability

Long-term success for a company involves contributing to society as a whole and protecting the livelihoods and opportunities of future generations. That's why Vossloh's Executive Board issued a sustainability commitment in October 2021 in light of the need to act sustainably. Vossloh also has a sustainability policy which ensures that the Group's structures and processes are organized in such a way that Vossloh can live up to this commitment. It creates an organizational framework with responsibilities and procedures, roles and areas of authority, in addition defining a process for identifying key focus areas for Vossloh. Sustainability therefore plays a vital role in every area of our Company.

Green Factory of the future

Linear production processes, a high level of automation and increased vertical integration are the main characteristics of the factory of the future in Werdohl, which began operating in 2021. The ability to manufacture additional components of our rail fastening system in-house significantly reduces transport times. We have reduced our CO₂ emissions by 30 percent since 2017 (in the comparable part of our production processes), in line with our internal objectives. We are also planning to install a solar power system to cover a portion of our energy requirements.

Next generation tension clamps

In addition to providing clear advantages for our customers, Vossloh's new generation of tension clamps are also good for the environment in a number of different ways. With visibly different geometry, they offer properties optimized to meet the increasingly demanding requirements of rail operators. The new tension clamps also have a smaller carbon footprint than the previous generation. Reduced weight and space requirements also help improve the tension clamps' green credentials. Vossloh's *protect* premium coating provides long-lasting corrosion protection for bolts and tension clamps, even under extreme environmental conditions. The manufacturing and application processes do not use any chemicals that are harmful to the environment.

Improved environmental credentials for rail ties

Vossloh Tie Technologies is about to launch a pilot project in the USA which will incorporate CO₂ in the manufacturing process for concrete ties. The project captures CO₂ emitted previously, thereby reducing our carbon footprint. Injecting CO₂ into the concrete slightly reduces the cement content, further reducing the greenhouse gases produced by the manufacturing process.

Vossloh's composite tie is made from the innovative material amalentic, which is mainly derived from industrial-grade recycled material. The tie itself is completely recyclable after a service life of up to 50 years. Due to their weight, versatility and service life, composite ties are a particularly good replacement for wooden

ties which are impregnated with chemicals that are extremely hazardous to the environment.

Switch construction on track to carbon neutrality

The Customized Modules division is reviewing all of its business processes, as well as every step in manufacturing and all of the materials and components used in switches, in order to find new ways to achieve carbon neutrality by 2030. Ongoing projects include electrifying Company vehicles and production equipment, buying green energy, installing photovoltaic systems on buildings, LED lighting and recycling packaging. The division is documenting every phase of the product life cycle to analyze and optimize the impact of development and project management,

purchasing and transport, manufacturing, shipping, operation and disposing of products.

Electrification of rail processing machines

We delivered the first completely emission-free high-speed rail grinder to a customer in China at the beginning of 2022. The electricity needed for suction, hydraulics, the compressor and small-scale consumers can be supplied directly from the traction vehicle thanks to an external power connection near the coupling.

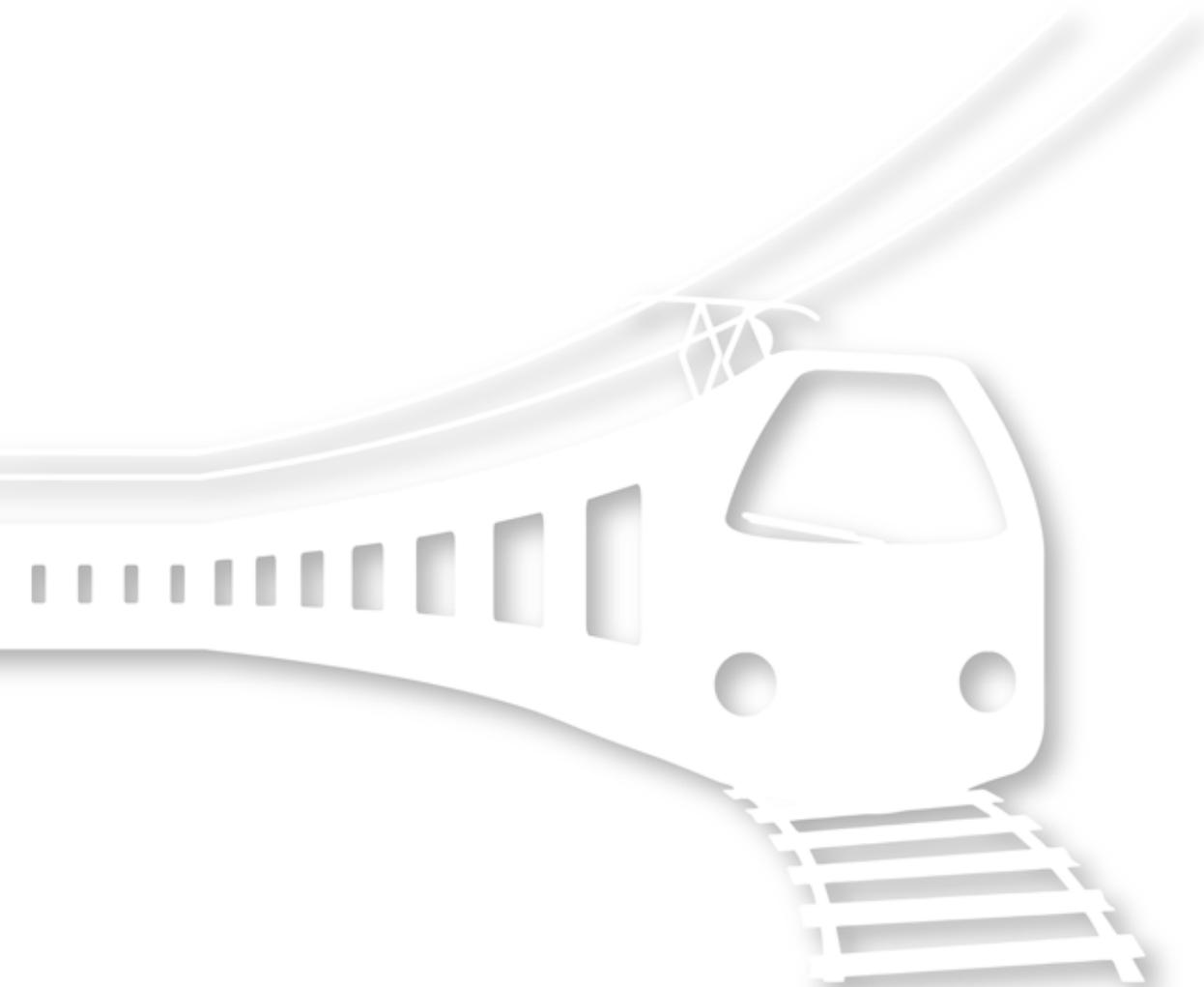


*Global warming is already underway and will put additional strain on rail infrastructure, already under pressure from ever-increasing transport volumes. The temperature of a track is **around 20 degrees (Celsius) higher** than the air temperature when exposed to direct sunlight. However, Vossloh's rail fastening systems provide **a combination of flexibility and stability**. This ensures that loads are distributed evenly, maintaining the **service life** of the track even in extremely high temperatures. Vossloh's composite rail ties are also designed to handle **extreme temperatures**.*

RESPONSIBILITY TO OUR STAKEHOLDERS



Sustainability means so much more than looking after the environment. The wellbeing of the people who work with us and for us, the financial interests of our investors and our customers' need for efficient infrastructure: we have a responsibility to society to meet all of these needs.





Culture of collaboration

Vossloh has established a system of values in recent years which guides how we treat each other, both internally and how we interact with our external partners and stakeholders. We recently put this system of values into words after focusing the Group on rail infrastructure and drawing up our Group strategy. We added sustainability as a fifth value to our core values of passion, excellence, entrepreneurship, and trust and respect. This topic has become a vitally important area for the workforce, in line with the expectations of our customers, investors, employees, young talent and suppliers.

Values come to life when people embody them in their interactions. That's why Vossloh has established clear guidelines on how it expects employees to behave: We create value for Vossloh, drive constant improvement and we are close to our people. These principles guide how we work together within our system of values and form the basis of how we act as a company.

Long-term success amid global competition is only possible if we conduct our business in a responsible manner. This includes both the Company and its employees adhering to applicable laws, respecting basic ethical values and acting in an exemplary fashion at all times and in all scenarios. Vossloh is committed to the guiding principles of sustainable development and recognizes its growing global significance for the environment, economy and society.

*It is our **shared ideas and values** which guide us and make us a team. Our slogan **“enabling green mobility”** makes it clear that we are committed to sustainable, safe and convenient mobility.*

*All staff members follow the **VIP principles** no matter who they are dealing with: We create Value for Vossloh, drive constant Improvement and we are close to our People.*



Sustainable financing

Global investors have found that companies who have integrated sustainability into their day-to-day business tend to have more stable performance over the long term, and therefore represent a less risky proposition for investors. In line with our commitment to sustainability, we are convinced that doing business in a sustainable way protects against risk. The placement of our innovative hybrid note made us one of the first German companies to take an approach to financing geared to sustainability. The redemption amount of the hybrid note is tied to our sustainability performance, as determined using independent ratings from ISS ESG and MSCI ESG. Vossloh is transparent about its performance in this area. Vossloh's groundbreaking hybrid note means that its ability to access additional capital will largely depend on its sustainability performance in the near future. This will be a significant growth driver in future, just like digitalization.

The first-time application of the EU taxonomy in the 2021 fiscal year clearly underscores our commitment to sustainability. Given that Vossloh's business

supports to rail-based transport, which is environmentally sustainable, 100 percent of Group sales in 2021 are taxonomy-eligible. Furthermore, a major share of Group sales of 62 percent is taxonomy-aligned. In accordance with currently applicable EU regulations, products and services for non-electrified routes are not included here. Additional information on the derivation and calculation of values can be found in the nonfinancial Group statement.

Vossloh has the tools to improve efficiency

Network operators – some of our most important customers – make a significant contribution to green mobility by ensuring that rail networks can handle as much traffic as possible without disruption. Maximizing route availability lowers both energy consumption and emissions because trains can keep moving without stopping and starting. A smooth-running network with punctual trains encourages people to take the train out of convenience and shipping companies to use trains to ensure reliable transport links.

Vossloh supplies customers with the tools they need to maximize the efficiency of rail networks. By collecting and interpreting track condition data, we can supply tailored and highly efficient maintenance services that provide genuine added value for our customers. Let's take Sweden as an example: Vossloh is running a landmark project using sensors to monitor 1,000 strategically important switches in the Swedish network. Switches account for around 40 percent of all network disruption. Sensor boxes developed in accordance with Vossloh specifications record acceleration forces as well as environmental and other system parameters. A traffic light system is used to flag deviations from pre-defined thresholds. These deviations are interpreted using additional criteria such as the age of the switch, product models, weather and the intensity with which the route is being used. We can then provide maintenance recommendations based on the real-world strain experienced by the switch. Vossloh can also provide all of the relevant maintenance services – from spare parts through to grinding, milling and high-speed switch replacements.

GREEN MOBILITY. BETTER WORLD.



If mobility remains as vitally important as it currently is, the transport sector needs to reduce its carbon footprint significantly. There's no way for this to happen without increasing our use of rail – our most environmentally friendly means of mass transport – over the coming decades. The political will to decarbonize the transport sector has materialized in a variety of investment programs for rail networks around the world. The European Commission, for example, has set itself the target of reducing greenhouse gas emissions from the transport sector by 90 percent by the year 2050.

We are playing our part in driving green mobility forward in order to make the world a better place for all. Green mobility is attractive and predictable for users because it's socially responsible, makes efficient uses of resources and is designed to offer maximum availability.

We look after the planet by taking responsibility for and minimizing the negative impact our products, services and business processes have on the environment. We are convinced that this is the right way for us to be successful and achieve our financial objectives. It's also part of our DNA.

We take responsibility for the people who work with and for us. It's people that make the difference in a rapidly-changing world.

We help our customers and play our part in making sure that the trains run on time. Vossloh provides a range of well-established and continuously optimized sustainable products and tools for maximizing the efficiency of rail networks. In conjunction with our commitment to sustainable governance, we are building a path to a better world.