



Corporate  
Governance  
2018



## CORPORATE GOVERNANCE

Kuehne + Nagel is committed to good corporate governance which is an integral part of the management culture of the Kuehne + Nagel Group (the Group).

*Corporate Governance guides the structure and operational practices within the Group. It aims at creating sustainable value for all stakeholders and safeguards the management's decision-making capability and efficiency. Accountability through clearly assigned duties to the Boards and Committees and transparency in financial reporting ensure that the Group acts responsibly.*

### PRINCIPLES

The principles of corporate governance, as defined in the Directive on Information Relating to Corporate Governance (RLCG) of the SIX Swiss Exchange, are the basis for the Articles of Association, the Organisational Rules, and the Committee Regulations of the holding company of the Group, Kuehne + Nagel International AG, Schindellegi (Feusisberg), Switzerland (the Company). The Group follows best practice recommendations and standards established in the "Swiss Code of Best Practice for Corporate Governance".

The Articles of Association (AoA) and the Code of Conduct are available on Kuehne + Nagel's website under the following link: [http://www.kn-portal.com/about\\_us/investor\\_relations/corporate\\_governance/](http://www.kn-portal.com/about_us/investor_relations/corporate_governance/)

### GROUP STRUCTURE AND SHAREHOLDERS

Under Swiss company law the Group is organised as a limited company that has issued shares of common stock to shareholders. Kuehne + Nagel International AG is the ultimate holding company of the Group.

#### Operational group structure

Kuehne + Nagel's operating businesses are organised into the following four business units:

- Seafreight
- Airfreight
- Overland
- Contract Logistics

Additionally, operating performance is presented in the following geographical regions:

- Europe, Middle East, Central Asia and Africa (EMEA)
- Americas
- Asia-Pacific

Business performance is reported according to this operational structure. For further information on the business units, please refer to the "Status Report" and the "Consolidated Financial Statements" respectively.

#### Listed companies of the Group

Kuehne + Nagel International AG, the ultimate holding company, is the only company listed on the Stock Exchange within the scope of the Group's consolidation. Kuehne + Nagel International AG has its registered office in Schindellegi (Feusisberg), Switzerland, and its shares are listed on the SIX Swiss Exchange, Zurich. The Company's market capitalisation amounted to CHF 15,162 million (120 million registered shares of nominal value CHF 1 at CHF 126.35 market value per share) on the closing date December 31, 2018.

Of the total Kuehne + Nagel International AG share capital on the closing date:

- the free float consisted of 55,834,531 shares = 46.5 per cent, and
- treasury shares consisted of 265,469 shares = 0.2 per cent

Kuehne + Nagel International AG shares are traded under the symbol "KNIN", the security number is 2,523,886 and ISIN is CH0025238863.

**Non-listed companies in the Group's consolidation**

The main subsidiaries and associated companies of the Group are disclosed in appendix "Significant consolidated subsidiaries and joint ventures" to the Consolidated Financial Statements (pages 103 to 110), including particulars as to the country, name of the company, location, share capital, and the Group's stake in per cent.

**Major shareholders**

According to the share register as of December 31, 2018, the following registered shareholders held more than three per cent of the total share capital of Kuehne + Nagel International AG:

- Kuehne Holding AG, Schindellegi (Feusisberg), Switzerland, held 53.3 per cent; all voting rights of Kuehne Holding AG are held by Klaus-Michael Kuehne.
- Kuehne Foundation, Schindellegi (Feusisberg), Switzerland, held 4.7 per cent.

In addition, disclosure notifications pertaining to shareholdings in excess of three per cent in Kuehne + Nagel International AG that were filed with the Company and the SIX Swiss Exchange were:

- BlackRock Inc.
- Harris Associates L.P.

Notifications are published on the SIX Swiss Exchange electronic publication platform, and can be accessed via the following link: <https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html>

On December 31, 2018, shares of unregistered owners amounted to 19 per cent of the issued shares.

**Cross-shareholdings**

On the closing date there were no cross-shareholdings in place.

**CAPITAL STRUCTURE****Ordinary share capital on the closing date**

The ordinary share capital of Kuehne + Nagel

International AG amounts to CHF 120 million and is divided into 120 million registered shares of a nominal value of CHF 1 each.

**Authorised and conditional share capital**

The Annual General Meeting held on May 8, 2018, extended its approval of authorised share capital up to a maximum of CHF 20 million by a further two years until May 8, 2020.

The Annual General Meeting held on May 2, 2005, approved a conditional share capital increase up to a maximum of CHF 12 million and to add the respective section in the Articles of Association.

The Annual General Meeting held on May 5, 2015, approved a conditional share capital up to a maximum of CHF 2 million for the provision of the employee share-based compensation plans of the company.

So far no use has been made of these rights. There is no resolution of the Board of Directors outstanding for further issuance of either authorised or conditional capital.

A description of the group of beneficiaries and of the terms and conditions of the authorised and conditional share capital can be found in the Articles of Association, Art. 3.3, 3.4 and 3.5, which are available on the Company website ([http://www.kn-portal.com/about\\_us/investor\\_relations/corporate\\_governance](http://www.kn-portal.com/about_us/investor_relations/corporate_governance)).

**Change in capital over the past three years**

During the years 2016 through 2018 no changes in capital occurred other than related to authorised and conditional share capital as outlined above.

**Shares and participating certificates**

On the closing date, 120 million registered shares of a nominal value of CHF 1 each were outstanding. At the same date, no participating certificates were outstanding.

**Profit sharing certificates**

There were no profit sharing certificates outstanding at the closing date.

### Limitations on transferability and nominee registrations

Each share has one vote. All shares have equal voting rights, and no preferential rights or similar entitlements exist. The Articles of Association do not provide for any limitations on the transfer of shares. Nominees are entered in the share register only upon their written agreement to declare the names, addresses, and shareholdings of the respective persons, on whose account they are holding shares.

### Convertible bonds and warrants/options

No convertible bonds, warrants or options were outstanding as at the closing date.

## BOARD OF DIRECTORS

At the Annual General Meeting of May 8, 2018, Klaus-Michael Kuehne, Dr. Joerg Wolle, Karl Gernandt, Dr. Renato Fassbind, Juergen Fitschen, Hans Lerch, Dr. Thomas Staehelin, Hauke Stars, and Dr. Martin Wittig were re-elected to the Board of Directors for a one-year term. Dr. Joerg Wolle was re-elected Chairman of the Board of Directors for a one-year term.

On the closing date the Board of Directors comprised nine members. Their biographical particulars are as follows:

**Klaus-Michael Kuehne**, Honorary Chairman, German, 1937

Commercial apprenticeship in banking industry. Other significant activities: Chairman of the Board of Trustees of the Kuehne Foundation, Schindellegi (Feusisberg), and the Klaus-Michael Kuehne Foundation, Hamburg; Member of the Supervisory Board of Kuehne Logistics University GmbH (KLU), Hamburg.

Positions within the Kuehne + Nagel Group:

1958 \_\_\_\_\_ Entrance into the family business followed by various management positions  
1966–1975 \_\_\_\_\_ Chief Executive Officer of the Group  
1975–1992 \_\_\_\_\_ Delegate and member of the Board of Directors

1992–2009 \_\_\_\_\_ Executive Chairman of the Board of Directors  
Chairman of the Nomination and Compensation Committee  
2009–2011 \_\_\_\_\_ Chairman of the Board of Directors  
Chairman of the Nomination and Compensation Committee  
2010–2011 \_\_\_\_\_ Chairman of the Chairman's Committee  
2011–today \_\_\_\_\_ Honorary Chairman of Kuehne + Nagel International AG  
Member of the Board of Directors elected until the Annual General Meeting 2019  
Member of the Chairman's Committee  
Member of the Nomination and Compensation Committee elected until the Annual General Meeting 2019

**Dr. Joerg Wolle**, Chairman, German/Swiss, 1957

Holds a PhD in engineering sciences. From March 2017 to March 2019 he was Chairman of the Board of Directors of DKSH Holding Ltd, Zurich, Switzerland, where he served as President and CEO since 2000. Since June 6, 2013, Dr. Joerg Wolle is member of the Board of Directors of the Kuehne Holding AG, Schindellegi (Feusisberg), Switzerland.

Other significant activities: Chairman of the Board of Directors of KlingelInberg Ltd., Switzerland.

2010–2012 \_\_\_\_\_ Member of the Board of Directors  
2011–May 2016 \_\_\_\_\_ Chairman of the Nomination and Compensation Committee  
2013–May 2016 \_\_\_\_\_ Vice Chairman of the Board of Directors  
May 2016–today \_\_\_\_\_ Chairman of the Board of Directors elected until the Annual General Meeting 2019  
Chairman of the Chairman's Committee

**Karl Gernandt**, Vice Chairman, German, 1960

After graduating as Master in business administration at the University of St. Gallen, Switzerland, Karl Gernandt worked for Deutsche Bank AG from 1988 to 1996. There he held positions in corporate and/or retail banking in Germany, Asia and the USA.

From 1997 to 1999 he set his mark on the Financial Institution Group of A.T. Kearney GmbH. In 1999, Karl Gernandt moved to Holcim (Deutschland) AG as CFO, in 2000, he was appointed CEO and at the same time member of the European Board of Holcim Ltd, Switzerland. In 2007, he became CEO of Holcim Western Europe, Brussels. On October 1, 2008, Karl Gernandt was nominated as Delegate and since May 2016 has been Executive Chairman of the Board of Directors of Kuehne Holding AG, Schindellegi (Feusisberg). He is also member of the Board of Trustees of the Kuehne Foundation, Chairman of the Supervisory Board of Kuehne Logistics University GmbH (KLU), Hamburg, and member of the Board of Trustees of the Klaus-Michael Kuehne Foundation in Hamburg.

Other significant activities: Vice Chairman of the Board of Directors of Hapag-Lloyd AG, Hamburg; Member of the Board of Directors and Chairman of the Audit Committee of VTG AG, Hamburg.

Positions within the Kuehne + Nagel Group:

2008–2009 \_\_\_\_\_ Member of the Board of Directors

2009–2011 \_\_\_\_\_ Executive Vice Chairman and Delegate of the Board of Directors

2009–today \_\_\_\_\_ Member of the Audit Committee

May–Aug 2013 \_\_\_\_\_ Chief Executive Officer (CEO) of the Group

2011–May 2016 \_\_\_\_\_ Executive Chairman of the Board of Directors  
Chairman of the Chairman's Committee  
Member of the Nomination and Compensation Committee

May 2016–today \_\_\_\_\_ Vice Chairman of the Board of Directors elected until the Annual General Meeting 2019  
Chairman of the Nomination and

Compensation Committee elected until the Annual General Meeting 2019  
Member of the Chairman's Committee

**Dr. Renato Fassbind**, Swiss, 1955

After graduating from his studies in economics at the University of Zurich, Dr. Renato Fassbind worked as an assistant in the "Institut für Schweizerisches Bankwesen" at the University of Zurich between 1979 and 1982. In 1984 he joined Hoffmann-La Roche AG in Basel and advanced to become Head of Internal Audit. In 1990 he joined ABB AG, ultimately being the Chief Financial Officer from 1997 until 2002; from 2002 until 2004 he was the Chief Executive Officer of Diethelm Keller Group, Zurich. In 2004 Dr. Renato Fassbind joined the Credit Suisse Group as the Chief Financial Officer and Member of the Executive Board until October 2010.

Other significant activities: Vice Chairman of the Board of Directors of Swiss Re Ltd., Zurich; Member of the Board of Directors of Nestlé S.A., Vevey.

Positions within the Kuehne + Nagel Group:

2011–today \_\_\_\_\_ Member of the Board of Directors elected until the Annual General Meeting 2019

2011–today \_\_\_\_\_ Member of the Audit Committee

**Juergen Fitschen**, German, 1948

Trained as a wholesale and export trader, then graduated in business administration from Hamburg University. Juergen Fitschen started his career in 1975 at Citibank in Hamburg. In 1983 he was appointed member of the Executive Committee of Citibank Germany. In 1987 he joined Deutsche Bank and after various management positions in Thailand, Japan, Singapore and UK he was appointed member of the Management Board in 2001 responsible for "Corporate and Investment Bank". Juergen Fitschen left the Management Board in 2002 and became a member of the newly created Group Executive Committee of Deutsche Bank until its resolution in 2015. In 2004 he took over the responsibilities as

Global Head of Regional Management and CEO of Deutsche Bank Germany. In 2009 he rejoined the Management Board of Deutsche Bank AG retaining both responsibilities. Juergen Fitschen was Co-Chairman of the Management Board of Deutsche Bank AG from June 1, 2012 until his departure on May 19, 2016. Since June 1, 2016 he has served as a Senior Advisor of Deutsche Bank AG.

Other significant activities: Chairman of the Supervisory Board of Vonovia SE, Bochum; Chairman of the Supervisory Board of Ceconomy AG, Duesseldorf; Member of the Board of Directors of Cura Vermögensverwaltung GmbH & Co. KG, Hamburg.

Positions within the Kuehne + Nagel Group:

2008–2009 \_\_\_\_\_ Member of the Economic Council  
2008–today \_\_\_\_\_ Member of the Board of Directors elected until the Annual General Meeting 2019

#### **Hans Lerch, Swiss, 1950**

Commercial apprenticeship in the travel and tourism industry with a 35-year career at Kuoni Travel Holding Ltd. Assignments in the Far East from 1975 to 1985, President and CEO from 1999 to 2005. Chairman and CEO of SR Technics in Zurich from 2005 to 2008. Vice Chairman and CEO of Hotelplan from 2009 to 2013. Other significant activities: Member of the Board of Directors of Best of Switzerland Tours, Zurich; Chairman of the Board of Trustees of the move>med Foundation, Zurich.

Positions within the Kuehne + Nagel Group:

2005–today \_\_\_\_\_ Member of the Board of Directors elected until the Annual General Meeting 2019  
2006–today \_\_\_\_\_ Member of the Nomination and Compensation Committee elected until the Annual General Meeting 2019

#### **Dr. Thomas Staehelin, Swiss, 1947**

Holds a Ph.D. in law from the University of Basel; Lawyer. Dr. Thomas Staehelin is a Swiss Corporate and Tax Attorney and Partner in the Basel-based law firm Fromer Advokatur und Notariat.

Other significant activities (among others):

Vice Chairman of the Board of Directors of Kuehne Holding AG, Schindellegi (Feusisberg) and of Kuehne Foundation; Member of the Board of Directors and Chairman of the Audit Committee of Inficon Holding AG, Bad Ragaz; Member of the Board of Directors of Swissport International Ltd, Opfikon and of Radisson Hospitality AB, Stockholm; Chairman of the Board of Directors of Lantal Textiles AG, Langenthal and of Stamm Bau AG, Arlesheim.

Positions within the Kuehne + Nagel Group:

1978–today \_\_\_\_\_ Member of the Board of Directors elected until the Annual General Meeting 2019  
2006–today \_\_\_\_\_ Chairman of the Audit Committee

#### **Hauke Stars, German, 1967**

Engineering degree in applied computer science from Otto-von-Guericke University in Magdeburg, MSc by research in Engineering from University of Warwick, Coventry. Since December 2012 Hauke Stars is member of the Executive Board, Deutsche Boerse AG. She started her professional career in 1992 at Bertelsmann mediaSystems GmbH, Guetersloh, Germany. From 1998 to 2004 she worked for ThyssenKrupp Information Systems GmbH, Krefeld, renamed to Triaton GmbH in 2000. In 2004 Hauke Stars joined Hewlett Packard Netherlands B.V., Utrecht, as member of the Country Management Board. From 2007 to 2012 she was Managing Director of Hewlett Packard Switzerland GmbH and Country Manager Enterprise Business.

Other significant activities: Member of the Supervisory Board of Eurex Frankfurt AG; Member of the Supervisory Board of Fresenius SE & Co. KGaA; Member of the Supervisory Board of Clearstream International S.A., Luxembourg; Member of the Board of Directors of Eurex Zuerich AG; Member of the Regional Advisory Council of Deutsche Bank AG; Member of the Senate of National Academy of Science and Engineering (acatech); Member of the Executive Committee of Deutsches Aktieninstitut e.V.; Member of the Executive Committee of Frankfurt Main Finance e.V.

Position within the Kuehne + Nagel Group:  
 May 2016–today \_\_\_\_\_ Member of the Board of  
 Directors elected until the  
 Annual General Meeting  
 2019

**Dr. Martin C. Wittig**, German, 1964

Studies in mining engineering and business administration at RWTH Aachen followed by a Ph.D. in engineering at the Technical University of Berlin. After his studies he worked as a lecturer at the Technical University of Berlin and in project finance for the mining industry. In 1995 he joined Roland Berger Strategy Consultants and was elected Partner in 1999. In 2001 he became Managing Partner and Head of Roland Berger's office in Zurich and was elected to the global Executive Committee in 2003, where he held the position as CFO. From 2010 to 2013 he was Global Managing Partner and CEO of Roland Berger Strategy Consultants. Currently he advises CEOs of leading international companies. Other significant activities: Adjunct lecturer at the University of St. Gallen and Member of the HSG Honorary Advisory Board. Honorary Consul of Germany in Switzerland. Member of the Supervisory Board and Chairman of the Audit Committee of UBS SE, Frankfurt.

Positions within the Kuehne + Nagel Group:  
 2014–today \_\_\_\_\_ Member of the Board of  
 Directors elected until the  
 Annual General Meeting 2019  
 May 2016–today \_ Member of the Audit  
 Committee

All members of the Board of Directors are non-executive directors, none of them serves as a member of the Management Board and with the exception of the Honorary Chairman, Klaus-Michael Kuehne, none of them has important business connections with Kuehne + Nagel.

The Articles of Association (AoA) of Kuehne + Nagel International AG limit the number of mandates that members of the Board of Directors may hold outside

the Kuehne + Nagel Group. Article 21 of the AoA limits the maximum number of permitted additional mandates of members of the Board of Directors to 25 board memberships, whereof no more than four may be held in stock-listed companies. Mandates in companies, which are controlled by Kuehne + Nagel or which control Kuehne + Nagel, are not subject to this limitation. In addition, members of the Board of Directors may hold no more than 25 mandates at Kuehne + Nagel's request, and no more than 25 mandates in associations, charitable organisations, foundations, trusts, and employee welfare foundations.

**Election and duration of tenure**

The General Meeting elects the members of the Board of Directors as well as the members of the Compensation Committee individually. The General Meeting elects one of the members of the Board of Directors as Chairman of the Board of Directors. The duration of tenure of the Chairman, the members of the Board of Directors, and the members of the Compensation Committee ends at the conclusion of the next ordinary General Meeting. Re-election is possible.

**Internal organisation, Board committees and meetings in 2018**

The Chairman and the members of the Board of Directors, each, as well as the members of the Compensation Committee are elected by the General Meeting. The Board of Directors constitutes itself and appoints the Vice Chairman, the Chairman of the Nomination and Compensation Committee, the members of the Nomination Committee as well as the Chairman and the members of the Audit and the Chairman's Committee.

The scope of responsibilities of the Board of Directors, the Chairman and the Vice Chairman are stipulated in the Articles of Association, the Organisational Rules, and the Committee Rules, in particular, to the extent not already determined by applicable law. In accordance with the Articles of Association and Swiss corporate law, the main tasks and responsibilities of the Board of Directors,

as further defined in the Organisational Rules, comprise the following:

- the ultimate management of the Company
- issuance and review of business policies and guidelines especially regarding the strategic direction and management of the Company as well as any changes thereof;
- establishment of the organisation, determination of the main organisational topics and conduct of the business including the issuance of the Organisational Rules for the Board of Directors and the Management Board;
- approval and regular monitoring of the main elements of Corporate Governance considering the applicable laws and provisions for listed companies in Switzerland;
- monitoring, assessment and control of risks;
- nomination of the external auditors;
- determination of accounting and financial control structure, as well as the financial planning and dividend policies;
- approval of budgets, capital commitments and accounts;
- approval of annual and interim financial statements and the annual report;
- the ultimate supervision of the Management Board, in particular in view of compliance with the law, Articles of Association, and internal regulations and directives;
- appointment and dismissal of Management Board members and other senior executives;
- preparation of the Annual General Meeting including submission of proposals and the implementation of its resolutions;
- maintainance of the share register.

Dr. Joerg Wolle is the Chairman of the Board of Directors, and Klaus-Michael Kuehne is Honorary Chairman of Kuehne + Nagel International AG. The entire Board of Directors, however, is responsible for decisions on such above-mentioned aspects that are of significant importance to the Group. Certain tasks of the Board of Directors have been delegated to the Chairman and comprise the following:

- supervision towards the Management Board and the internal audit;
- supervision of compliance with internal regulations and directives regarding general management, organisation and quality;
- nomination of external consultants, in case of significant fees;
- definition of the corporate identity;
- approval of significant purchases, sales and lendings on securities or similar titles;
- approval of significant transactions outside the normal course of business;
- review of the yearly budgets as well as any supplements, consolidated or per country and business field;
- approval of significant credit limits to customers and other debtors;
- supervision of management and approval of settlement of significant litigations, legal cases, arbitrations and other administrative proceedings;
- approval of appointments and dismissals of regional presidents;
- approval of significant senior management remunerations.

The Board of Directors usually convenes for a two-day meeting quarterly with the Management Board being represented by the CEO and the CFO. The Board of Directors can invite other members of the Management Board to attend these meetings at its discretion. The Board of Directors has appointed a Secretary, who is not (and does not need to be) a member of the Board of Directors.

The Board of Directors takes decisions during the meetings or by written circular resolutions. All Committees meet as often as required but usually quarterly.

#### **Audit Committee**

The Audit Committee consists of three to five non-executive, predominantly independent members of the Board of Directors elected for a period of one year. Re-election as a member of the Audit Committee is possible. Members of the Management Board cannot be members of the Audit Committee.

As part of the regular contacts between the Audit Committee and both the internal and external auditors, the quality and effectiveness of the internal control mechanisms and the risk assessments are reviewed and evaluated continuously on the basis of written reports of the internal audit department as well as of management letters of the external auditors based on their interim audits. Furthermore, a regular contact with the external auditors throughout the year enables the Audit Committee to obtain knowledge of problem areas at an early stage. This allows proposing the timely introduction of any corrective actions to the Management Board.

Dr. Thomas Staehelin was the Chairman of the Audit Committee on the closing date, and Karl Gernandt, Dr. Renato Fassbind, and Dr. Martin C. Wittig were members.

The Audit Committee holds at a minimum four meetings a year, usually quarterly before the publication of the financial results. The Honorary Chairman can take part in the meetings as an advisor. Unless otherwise determined by the Audit Committee, the CEO, the CFO and the auditor in charge take part in all meetings, whilst the Head of Internal Audit, and the Group General Counsel or the Chief Compliance Officer, each, are invited as advisors whenever needed. In 2018 the auditor in charge attended three meetings of the Audit Committee. The Committee's Chairman informs the other members of the Board of Directors about the topics discussed in detail and decisions to be submitted to the entire Board of Directors for approval.

The main responsibilities of the Audit Committee with regards to the external auditors are:

- to secure a comprehensive and efficient audit concept for the Kuehne + Nagel Group;
- to comment on the audit planning and findings, if any;

- to evaluate the recommendations made by the external auditors and review of actions, if any;
- to propose to the Board of Directors regarding the nomination of the independent external auditors for approval by the Annual General Meeting;
- to approve the audit fees invoiced by the external auditors.

With regards to the internal audit function of the Group, the Audit Committee has the following responsibilities:

- to issue regulations and directives;
- to review the audit plan and findings, if any;
- to evaluate recommendations made by the internal auditors and discussion with the Management Board;
- to propose the nomination of the Head of Internal Audit;
- to assess the performance of the Group's internal audit function.

With regards to the tasks of the Management Board the Audit Committee has the following responsibilities:

- to review and evaluate annual and interim financial statements in respect to compliance with accounting policies and any changes thereof, going concern assumption, adherence to listing regulations, and material risks;
- to recommend to the Board of Directors the approval of the financial statements;
- to assess existence and effectiveness of the Group's internal control system;
- to assess the fiscal situation of the Group and reporting to the Board of Directors.

#### **Chairman's Committee**

The Chairman's Committee consists of the Chairman, the Vice Chairmen and the Honorary Chairman of the Board of Directors for the period of their tenure in the Board of Directors. The Chairman's Committee advises

the Board of Directors on the financial performance of the Group, its economic development and measures of optimisation as well as of any other significant developments within the Group. In its advisory role the Chairman's Committee reports to the Board of Directors for decisions.

The Chairman's Committee has the following responsibilities:

- to evaluate significant capital expenditures and acquisitions of the Kuehne + Nagel Group which are subject to approval of the Board of Directors;
- to discuss any matters of significance that require the approval of the Board of Directors and subsequently be submitted to the Board of Directors for resolution.

On the closing date, Dr. Joerg Wolle was the Chairman of the Chairman's Committee and Klaus-Michael Kuehne and Karl Gernandt were members.

On invitation of the Chairman, the Chairman's Committee convenes as often as business requires but typically four times a year, once each quarter. The Committee invites Members of the Management Board at its discretion, being usually represented by the CEO and the CFO, to attend these meetings.

The Board of Directors is informed by the Chairman of the Chairman's Committee about all issues discussed, in particular, about all topics that need approval of the Board of Directors.

#### **Nomination and Compensation Committee**

The Nomination and Compensation Committee consists of two to six members of the Board of Directors elected at the Annual General Meeting (Compensation Committee) on the one hand and designated by the Board of Directors (Nomination Committee) on the other hand, each for a period of one year and meeting regularly as one joint Committee. On the closing date December 31, 2018, Karl Gernandt was the Chairman of the Nomination and Compensation Committee; Klaus-Michael Kuehne and Hans Lerch were members.

On invitation of the Chairman, the Nomination and Compensation Committee convenes as often as business requires but at least three times a year, usually quarterly. Members of the Management Board can take part in the Nomination and Compensation Committee meetings by invitation.

The Compensation Committee supports the Board of Directors with the determination and validation of the remuneration policy, defines the remuneration concepts, and the principles of remuneration for the members of the Board of Directors and the Management Board. The principles of remuneration, post-employment benefits and share-based compensations are reviewed annually. The Nomination and Compensation Committee discusses the amounts of compensation for each member of the Board of Directors individually, evaluates the performance of each member of the Management Board and recommends their remuneration. The General Meeting approves the maximum total remuneration of the Boards.

The Nomination and Compensation Committee has the following responsibilities:

- definition and validation of the remuneration policy and concepts;
- definition of the principles of remuneration for the members of the Board of Directors and the Management Board;
- nomination of competent staff of the Management Board;
- yearly review of the individual performance of members of the Management Board;
- approval of terms and conditions of employment of the members of the Management Board;
- determination and approval of pension schemes;
- approval of mandates outside the Kuehne + Nagel Group by members of the Management Board;
- determination of the variable and fixed remuneration components of the Management Board;
- approval of share-based compensation plans for the Management Board and other selected employees;
- preparation of the remuneration report.

The Nomination and Compensation Committee develops guidelines and criteria for the selection of candidates and reviews new candidates to ensure competent staffing of the Management Board.

The Chairman of the Nomination and Compensation Committee informs the Board of Directors about all issues discussed, in particular, about all topics that need approval by the Board of Directors.

#### ***Board and committees: Membership, attendance, number and duration of meetings***

Board and committees	Board of Directors	Audit Committee	Chairman's Committee	Nomination and Compensation Committee
Number of meetings in 2018	4	5	7	3
Approximate duration of each meeting	12 hours	4 hours	4 hours	3 hours
Klaus-Michael Kuehne	4	-	7	3
Dr. Joerg Wolle	4	-	7	-
Karl Gernandt	4	5	7	3
Dr. Renato Fassbind	4	5	-	-
Juergen Fitschen	4	-	-	-
Hans Lerch	4	-	-	3
Dr. Thomas Staehelin	4	5	-	-
Hauke Stars	4	-	-	-
Dr. Martin C. Wittig	4	5	-	-

#### **Rules of competence between the Board of Directors and the Management Board**

The Board of Directors executes the non-transferable and inalienable duties of the ultimate management of the Group. As far as the non-transferable and inalienable duties of the Board of Directors are not

concerned, the Chairman of the Board of Directors overlooks the responsibilities of the assigned members of the Management Board of the Kuehne + Nagel Group. As per the Organisational Rules the responsibilities and competences relating to the operational management are transferred to the

Management Board. The Management Board is responsible for the development, execution, and supervision of the day-to-day operations of the Group and the Group companies to the extent they are not incumbent on the Annual General Meeting, the Statutory Auditor, the Board of Directors, or the Chairman of the Board of Directors by applicable law, by the Articles of Association, or by the Organisational Rules. The Organisational Rules define which businesses can be approved by the Management Board and which ones require the approval of the Chairman of the Board of Directors or the Board of Directors pursuant to approval requirements based on the extent and nature of the respective business.

#### **Information and control system of the Management Board**

The Management Board informs the Board of Directors on a regular and timely basis about the course of business primarily by means of a comprehensive financial Management Information System (MIS) report which provides monthly worldwide consolidated results by segment and country including comparative actual, budgeted and prior-year figures as well as consolidated Balance Sheet and Cash Flow analysis.

The CEO and the CFO are generally invited to meetings of the Board of Directors, the Audit Committee as well as to the meetings of the Chairman's Committee. Members of the Management Board can take part in Nomination and Compensation Committee meetings by invitation.

#### **Risk Management**

Risk management is a fundamental element of the Group's business practice at all levels and covers different types of risks. At Group level, risk management is an integral part of the business planning and controlling processes. Material risks are monitored and regularly discussed with the Audit Committee or the Risk and Compliance Committee, the

latter of which is consisting of the CEO and the CFO, the Chief Compliance Officer, the Corporate Head of Internal Audit and the Group General Counsel. The risk management system within the Group covers both financial and operational risks.

Risk management is part of the Internal Control System (ICS). Preventive and risk-reducing measures to control risks are proactively taken on different levels and are a fundamental part of the management responsibility. The finance and accounting department conducts, in collaboration with regional management and the Management Board, a risk assessment at least once a year. Details on risk management, including identified risks, are provided in the Status Report on pages 9 to 10.

#### **Compliance**

Integrity as key element of business behaviour creates trust amongst business partners. Therewith the Group is able to carry the responsibility as a reliable and successful business partner. The Chairman of the Board of Directors and the CEO issued an updated release of the KN Ethics & Compliance Programme in December 2018. This KN Ethics & Compliance Programme includes clear and consistent guidance for policies and procedures, providing guidance for legal, regulatory, and other compliance requirements, as well as global communication and training initiatives. Ongoing compliance live and computer-based trainings resume to form key elements to ensure that members of all levels of the Group are and remain adequately knowledgeable and skilled to apply the KN Ethics & Compliance Programme in their day-to-day work. This includes top-down KN Code of Conduct live trainings as well as comprehensive live anti-bribery, anti-corruption, and anti-trust training initiatives. The Group encourages employees to raise concerns of potential violations of the KN Code of Conduct, amongst other channels, to a global 24/7 Confidential Reporting Line enabling reports in a safe, confident and, if desired, anonymous manner.

The Kuehne + Nagel Group applies a risk-based Integrity Due Diligence (IDD) process for evaluating business partners.

#### Internal Audit

The Internal Audit function reports directly to the Chairman of the Board of Directors about ongoing activities and audit reports and acts under the supervision of the Audit Committee. Kuehne + Nagel's Internal Audit is an independent, objective assurance and consulting activity that assists the Management to exercise their responsibilities efficiently by assessing the adequacy and effectiveness of internal controls.

#### MANAGEMENT BOARD

On the closing date, the biographical particulars of the Management Board members are as follows:

##### Dr. Detlef Trefzger, German, 1962

Dr. Detlef Trefzger studied at Muenster and Kingston upon Hull and attained a degree in Business Management by Vienna University of Business and Economics. In 1989 he started his career as a Project Manager, Industrial & Building Systems Group at Siemens AG, Erlangen, Germany.

In 1994 he joined Roland Berger & Partner, Munich, Germany, as a Principal in the Competence Center Transportation & Logistics. From 1999 to 2003 he worked as a Member of the Board and CFO of the region South East Europe at Schenker & Co AG, Vienna, Austria. From 2004 to October 2012

Dr. Detlef Trefzger was a Member of the Executive Board of Schenker AG, Essen, Germany, and responsible for Global Contract Logistics/Supply Chain Management. In addition, he was Executive Vice President Global Air Freight and Global Ocean Freight in 2012.

Positions within the Kuehne + Nagel Group:

2013–2015 \_\_\_\_\_ Executive Vice President  
Contract Logistics of the Group  
2016 \_\_\_\_\_ Executive Vice President  
Airfreight of the Group  
2013–today \_\_\_\_\_ Chief Executive Officer (CEO) of  
the Group  
Chief Executive and Chairman  
of the Management Board of  
Kuehne + Nagel International AG

##### Markus Blanka-Graff, Austrian, 1967

Graduated as Master in Economics from Vienna University of Business and Economics.

Positions within the Kuehne + Nagel Group:

1996–2006 \_\_\_\_\_ Various Management positions  
in Finance  
2006–2009 \_\_\_\_\_ Regional CFO North West Europe  
2009–2014 \_\_\_\_\_ Director of Corporate Finance &  
Investor Relations  
2014–today \_\_\_\_\_ Chief Financial Officer (CFO) of  
the Group

##### Lothar Harings, German, 1960

Lawyer (assessor iur.). Various national and international management positions with Siemens, amongst others, Vice President Human Resources Siemens AG for Enterprise & International HR ICN from 1998 to 2002. Member of the Management Board of T-Mobile International. Responsible for Global Human Resources with T-Mobile AG and Deutsche Telekom from 2002 until March 2009. Other significant activities: Member of the Executive Board of WHU Foundation, Vallendar; Chairman of the CHRO Circle Swiss and National Trustee of the German Committee of AIESEC registered association, Bonn.

Positions within the Kuehne + Nagel Group:

2009–today \_\_\_\_\_ Chief Human Resources Officer (CHRO) of the Group

2010–today \_\_\_\_\_ Corporate Secretary

#### **Martin Kolbe**, German, 1961

Graduated computer scientist. Positions in IT management including CIO with Deutsche Post World Net (DPWN) from 2002 to 2005, responsible for DHL Europe and DHL Germany as well as member of the Supervisory Board in several DPWN-associated companies.

Position within the Kuehne + Nagel Group:

2005–today \_\_\_\_\_ Chief Information Officer (CIO) of the Group

#### **Stefan Paul**, German, 1969

After completing an apprenticeship as a freight forwarder he started his career with Kuehne + Nagel in 1990 where he held various positions in Sales and Operations. In 1997 he joined Deutsche Post DHL, Germany, as General Manager for Key Accounts and Industry Sectors, and worked in various management positions until he became CEO of DHL Freight, Germany, in February 2010. In February 2013 Stefan Paul joined Kuehne + Nagel as a Member of the Management Board, responsible for the Business Unit Overland.

Positions within the Kuehne + Nagel Group:

1990–1997 \_\_\_\_\_ Various management positions in Sales and Operations

2013–today \_\_\_\_\_ Executive Vice President Overland of the Group

#### **Yngve Ruud**, Norwegian, 1964

Graduated from the Norwegian School of Management.

Positions within the Kuehne + Nagel Group:

1990–1996 \_\_\_\_\_ Operational and Finance Manager Kuehne + Nagel Norway

1997–2011 \_\_\_\_\_ Managing Director of Kuehne + Nagel Norway

2011–2013 \_\_\_\_\_ Regional Manager North West Europe

2013–2016 \_\_\_\_\_ Regional Manager Western Europe

2016–today \_\_\_\_\_ Executive Vice President Airfreight of the Group

#### **Horst Joachim (Otto) Schacht**, German, 1959

Graduated as a shipping agent. From 1978 to 1997 he held various positions globally with Hapag-Lloyd, including three years in the United States as Trade Manager Far East-Europe.

Positions within the Kuehne + Nagel Group:

1997–1999 \_\_\_\_\_ Member of the Management Board of Kuehne + Nagel Germany, responsible for Seafreight

1999–2011 \_\_\_\_\_ Senior Vice President Global Seafreight

2011–today \_\_\_\_\_ Executive Vice President Seafreight of the Group

#### **Gianfranco Sgro**, Italian, 1967

Graduated as Electronic Engineer from Turin Polytechnic University. Gianfranco Sgro started his career in 1992 as a Project Manager at TNT Express. From 1995 to 2006 he held various national and international positions with TNT Logistics (Operational Director in Brazil, President and Managing Director South America, President and Managing Director Italy). From 2006 until 2012 he was nominated Regional President South Europe, Middle East and Africa with CEVA. From 2012 to 2014 he worked as South America Chief Operating Officer with Pirelli. In February 2015 Gianfranco Sgro joined Kuehne + Nagel as a Member of the Management Board, responsible for the Business Unit Contract Logistics.

Position within the Kuehne + Nagel Group:

2015–today \_\_\_\_\_ Executive Vice President Contract Logistics of the Group

The Articles of Association (AoA) of Kuehne + Nagel International AG limit the number of mandates that members of the Management Board may hold outside the Kuehne + Nagel Group. Article 21 of the AoA limits the maximum number of permitted mandates of members of the Management Board to five board memberships, whereof no more than one may be held in a stock-listed company. Each mandate requires the approval of the Board of Directors. Mandates in companies, which are controlled by Kuehne + Nagel or which control Kuehne + Nagel, are not subject to this limitation. In addition, members of the Management Board may hold no more than 25 mandates at Kuehne + Nagel's request, and no more than 25 mandates in associations, charitable organisations, foundations, trusts, and employee welfare foundations.

#### **Compensation, shareholdings and loans**

All details regarding compensation, shareholdings and loans are set forth in the separate Remuneration Report on pages 29 to 35 and in the Consolidated Financial Statements, note 48, on page 100 and listed furthermore in note 12 to the Financial Statements of Kuehne + Nagel International AG on pages 125 to 126.

## **SHAREHOLDERS' PARTICIPATION**

#### **Restrictions and delegation of voting rights**

Each share has one vote. All shares have equal voting rights, and no preferential rights or similar entitlements exist.

For resolutions concerning the discharge of the members of the Board of Directors, persons who currently take part in the company's management in any manner do not have a voting right.

Registered shares may only be represented by persons who are entered in the share register as shareholders or beneficiaries who have a written power of attorney. Individual companies, partnerships or legal entities may arrange to be represented by legal representatives or representatives pursuant to the Articles of Association or by other authorised representatives, married persons by their spouse, minors and persons in guardianship by their legal representative, even if their representatives are not shareholders. Each shareholder may also arrange to be represented by the elected independent proxy.

#### **Statutory quorums**

In general, the legal rules on quorums and terms apply. The following shall require a resolution to be passed by the General Meeting by at least two thirds of the voting rights represented and by a majority of the nominal value of the shares represented:

- the introduction of voting shares;
- the introduction or removal of actual restrictions on the transferability of registered shares;
- the restriction or cancellation of subscription rights;
- the conversion of registered shares into bearer shares or of bearer shares into registered shares;
- the dismissal of more than one quarter of the members of the Board of Directors.

#### **Calling of an Annual General Meeting**

The calling of an Annual General Meeting is defined by law. The agenda contains any item submitted by the Board of Directors. In particular, this includes information for the appointment of new members to the Board of Directors or the Compensation Committee and, in the event of changes to an Article of Association, the announcement of the new wording.

**Agenda of the Annual General Meeting**

Shareholders owning shares with a total nominal value of at least CHF 1 million can request that items be added to the agenda up to 45 days prior to the date fixed for the Annual General Meeting by submitting details of their proposals in writing.

**Registration of shareholders into the share registers**

Registered shares can only be represented at the Annual General Meetings by either shareholders or beneficiary owners whose personal particulars and size of shareholdings have been entered in the KNI share register. Such shareholders and/or beneficiary owners who are not in a position to attend the Annual General Meeting are entitled to nominate a representative by written proxy.

The share register remains closed for any movements during six calendar days preceding and including the date of the Annual General Meeting.

**CHANGES OF CONTROL AND DEFENCE MEASURES****Duty to make an offer**

There are no opting-out or opting-in rules provided for in the Articles of Association.

**Clauses on changes of control**

No member of either the Board of Directors or the Management Board or other senior management staff has clauses on change of control in their

employment contracts.

**STATUTORY AUDITORS****Duration of the mandate and term of office of the lead auditor**

Ernst & Young Ltd (EY), Zurich, as Kuehne + Nagel's auditor started in 2013. The auditor in charge is Christian Krämer. The re-election for the financial year 2018 was confirmed at the Annual General Meeting held on May 8, 2018, and with the letter of acceptance signed on October 25, 2018.

The rotation sequence of the auditor in charge is seven years and thus corresponds with the legal rule.

**Audit fees**

According to the Group's financial records the fees charged for auditing services for the year 2018 amounted to CHF 3.7 million (2017: CHF 3.7 million).

**Additional fees**

In addition to the fees mentioned above, the statutory auditors are asked on a very restrictive basis to provide certain consulting services beyond the annual audit mandate. In 2018 an amount of CHF 0.4 million (2017: CHF 0.3 million) was incurred mainly related to tax consultancy mandates.

**Supervisory and controlling instruments towards the statutory auditors**

The work performed by the external statutory auditors is supervised, controlled, and duly monitored by the Board of Directors' Audit Committee. The statutory auditors report regularly to the

Audit Committee.

In 2018 the auditor in charge attended three Audit Committee meetings in person.

In 2018 the auditor in charge also attended one meeting of the Board of Directors. The main criteria for the selection of the external audit company are its worldwide network, its reputation, and pricing.

### INFORMATION POLICY

The Kuehne + Nagel Group strives for ensuring a comprehensive and consistent information policy. The ambition is to provide analysts, investors and other stakeholders with high levels of transparency that meet best practice standards accepted worldwide.

To this end, Kuehne + Nagel uses print media and, in particular, its website where up-to-date information is available. This information contains an overall presentation of the Group, detailed financial data as well as information on environmental and safety matters, which are the main elements of the corporate sustainability efforts. The Group aims for an integral approach to economic, ecologic and social responsibility. Furthermore, Kuehne + Nagel provides up-to-date information on significant, business-related occurrences and organisational changes, and updates all general information regarding the Company on a continuous basis. All press releases are posted on the website when

released and can be viewed and downloaded under the following link: <https://newsroom.kuehne-nagel.com/media-releases/>

The Annual Report covering the past financial year is available for download under [http://www.kn-portal.com/about\\_us/investor\\_relations/annual\\_reports](http://www.kn-portal.com/about_us/investor_relations/annual_reports)

Kuehne + Nagel publishes its quarterly financial data on the website ([http://www.kn-portal.com/about\\_us/investor\\_relations/financial\\_results\\_presentations](http://www.kn-portal.com/about_us/investor_relations/financial_results_presentations)). Prior to the first quarterly results being released the financial calendar is published announcing the dates of the upcoming quarterly reports as well as of the Annual General Meeting ([http://www.kn-portal.com/about\\_us/investor\\_relations/financial\\_calendar](http://www.kn-portal.com/about_us/investor_relations/financial_calendar)).

The contact address for Investor Relations is:

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Investor Relations  
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In addition, the most updated and detailed information on the Group, its service offering and contact details are available under <http://www.kuehne-nagel.com>.

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