

# Remuneration Report 2020

Kuehne+Nagel's performance-oriented remuneration system aims to create long-term incentives for its employees in order to ensure sustainable success of the Company and add value for its shareholders.

**This remuneration report describes the principles and components of the remuneration of Kuehne+Nagel's Board of Directors and Management Board and contains information about the amount of remuneration paid to and accrued for.**

## Introduction

This remuneration report complies with the Ordinance against Excessive Compensation in Listed Stock Companies (Ordinance), the Swiss Code of Best Practice for Corporate Governance and the Swiss Code of Obligations, as well as with the relevant rules in the SIX Swiss Exchange Ltd.'s Directive on Information Relating to Corporate Governance.

At the Annual General Meeting (AGM) on May 5, 2020, as in the previous year, the shareholders of Kuehne + Nagel International AG (Company) individually elected the members of the Board of Directors, the Chairman, the members of the Compensation Committee as well as the independent proxy. The AGM furthermore approved each of the total aggregate remuneration amounts, for the members of the Board of Directors for the period until the next ordinary AGM, and for the members of the Management Board for the fiscal year 2021.

As per the Articles of Association, the AGM votes annually and with prospectively binding effect on the approval of the remuneration of the Board of Directors and the Management Board, respectively. In addition, the Remuneration Report is being presented to shareholders at the AGM for a consultative vote.

The Articles of Association of Kuehne + Nagel International AG are available at the following link: <https://home.kuehne-nagel.com/company/corporate-governance>.

## Remuneration principles

To maintain Kuehne+Nagel's position as one of the world's leading logistics providers and to ensure the Group's sustained success, it is critical to attract and retain best-in-class executives. The Group

is committed to a remuneration model that reflects changes in the level of management compensation to be in line with corresponding changes in compensation of the Group.

The remuneration policy of the Group aims to ensure the generation of sustainable earnings and shareholder value for the Group and consists of the following key principles:

- Balance between short-term and long-term incentive components
- Pay for performance
- Align management's interests with those of the shareholders

#### Determination of remuneration

The Nomination and 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 staffing 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 remuneration 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 according to these guidelines 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 of the Board of Directors.

#### Remuneration components

##### Board of Directors

The Chairman and the members of the Board of Directors receive a fixed compensation as well as a compensation for their participation in committees in cash. These fixed amounts of compensation are defined in a discretionary way, in line with market conditions.

##### Management Board

The members of the Management Board receive a fixed salary, a variable remuneration component, and are eligible to participate in the Company's share-based compensation plan. The actual ratios of the remuneration components are disclosed in the Management Board remuneration table.

Component type	Fixed component	Variable remuneration component (short-term incentive)	Share-based compensation plans (medium to long-term incentive)
<b>Description</b>	Fixed salary (cash) based on scope, complexity and market value of the role as well as skills and performance of the individual Board Member	Individually defined percentage of the Group's adjusted net earnings (adjusted for additional goodwill amortisation and digressive bonus eligibility) based on scope, complexity and market value of the role as well as skills and performance of the individual Board Member	Share Matching Plan (described) with a three years vesting and service period. The Group matches the shares invested by the employee at market rate.
Component	Instrument	Purpose	Drivers
<b>Fixed salary</b>	Monthly (cash) payments	Payment for the functional role	Range and complexity of tasks, market value, skills and profile of the individual
<b>Variable remuneration component</b>	Annual bonus payment (cash)	Payment for year-over-year performance	<ul style="list-style-type: none"> <li>■ Financial performance of the Group</li> <li>■ individually defined percentage based on the individual performance and market value of the role</li> </ul>
<b>Share-based compensation plans</b>	Share matching plan, with a three years vesting and service period	Participation in the medium/long-term performance of the Group	Medium/long-term financial performance of the Group
<b>Other benefits</b>	Pension and insurances, other benefits	Risk protection and coverage of business related expenses	Legislation and market practice

#### Fixed salary

The fixed salary is paid in cash on a monthly basis and determined based on the function, qualification, responsibilities and performance of the individual member of the Management Board as well as the external market value of the role.

#### Variable remuneration component

The variable part of remuneration is calculated based on an individually defined percentage of the adjusted Group's net earnings (adjusted for additional goodwill amortisation and digressive bonus eligibility).

The variable part of remuneration is paid in cash in the month of May of the following year after the approval of the Consolidated Financial Statements by the Annual General Meeting.

#### Share-based compensation plans

Management Board members are eligible to participate in the Group's share-based compensation plans.

The goal of these plans is to focus on long-term value creation for the Company, alignment of Management Board's interests to those of shareholders as well as retention of members of the Management Board.

Effective July 25, 2018, the Company introduced a Share Matching Plan (SMP) that replaced the SMP implemented in 2016. This long-term incentive plan allows selected employees of the Group to invest at a specified date previously acquired shares of the Company into the plan. These shares are blocked for three years whereby voting rights and rights to receive dividends remain intact with the holder of the shares. For each invested share, the Company will match 0.8 additional shares upon completion of a three-year vesting period and service condition during the same period.

The fair value of shares matched under the SMP is recognised as a personnel expense with a corresponding increase in equity. The fair value of matched shares is equal to the market price at grant date reduced by the present value of the expected dividends during the vesting period and recognised as personnel expense over the relevant vesting periods. The amount expensed is adjusted to reflect actual and expected levels of vesting.

The SMP 2016 was discontinued as of June 30, 2018. It allowed selected employees of the Group to invest at a specified date previously acquired shares of the Company into the plan. These shares were blocked for three years whereby voting rights and rights to receive dividends remained intact with the holder of the shares. For each invested share, the Company matched additional shares upon completion of a three-year vesting period and service condition during the same period. The level of the share match (share match ratio) was defined based on the average growth rate of the Group's net profit after tax achieved over the three financial years in the vesting period. The fair value of shares matched under the SMP was recognised as a personnel expense with a corresponding increase in equity. The fair value of matched shares was equal to the market price at grant date reduced by the present value of the expected dividends during the vesting period and recognised as personnel expense over the relevant vesting periods. The amount expensed was adjusted to reflect actual and expected levels of vesting. This plan had shares eligible for a matching until June 30, 2020.

#### Other benefits

The members of the Management Board participate in an employee pension fund that covers the fixed salary with age-related contribution rates equally shared by the employee and the employer.

Each member of the Management Board is entitled to a car allowance. Out-of-pocket expenses are reimbursed at actual costs incurred.

The members of the Management Board have employment contracts with notice periods of a maximum of one year.

### Board of Directors remuneration

The total maximum amount of remuneration for the members of the Board of Directors approved by the Annual General Meeting

on May 5, 2020, for the period ending at the 2021 Annual General Meeting, amounted to CHF 5.0 million.

The total actual remuneration accrued for and paid to the members of the Board of Directors for their tenure 2020 amounted to CHF 4.5 million (2019: CHF 4.3 million).

The following tables show details of the remuneration of the members of the Board of Directors for 2020 and 2019:

## 2020

Remuneration to the members of the Board of Directors in CHF thousand	Compensation for Board of Directors	Compensation for Committees	Social insurance	Total
Klaus-Michael Kuehne (Honorary Chairman)	750	10	39	799
Dr. Joerg Wolle (Chairman)	2,000	-	116	2,116
Karl Gernandt (Vice Chairman)	550	25	34	609
Dominik Buergy <sup>1</sup>	117	10	9	136
Dr. Renato Fassbind	180	15	11	206
David Kamenetzky	180	-	11	191
Dr. Thomas Staehelin <sup>2</sup>	63	5	3	71
Hauke Stars	180	10	12	202
Dr. Martin C. Wittig	180	15	12	207
<b>Total</b>	<b>4,200</b>	<b>90</b>	<b>247</b>	<b>4,537</b>

<sup>1</sup> Member of the Board of Directors as of May 5, 2020.  
<sup>2</sup> Retired from the Board of Directors as of May 5, 2020.

## 2019

Remuneration to the members of the Board of Directors in CHF thousand	Compensation for Board of Directors	Compensation for Committees	Social insurance	Total
Klaus-Michael Kuehne (Honorary Chairman)	750	10	38	798
Dr. Joerg Wolle (Chairman)	1,718	–	98	1,816
Karl Gernandt (Vice Chairman)	550	25	33	608
Dr. Renato Fassbind	180	15	12	207
Juergen Fitschen <sup>1</sup>	64	–	2	66
David Kamenetzky <sup>2</sup>	117	–	7	124
Hans Lerch <sup>1</sup>	64	2	3	69
Dr. Thomas Staehelin	180	15	9	204
Hauke Stars	180	7	11	198
Dr. Martin C. Wittig	180	15	12	207
<b>Total</b>	<b>3,983</b>	<b>89</b>	<b>225</b>	<b>4,297</b>

<sup>1</sup> Retired from the Board of Directors as of May 7, 2019.

<sup>2</sup> Member of the Board of Directors as of May 7, 2019.

### Management Board remuneration

The total maximum amount of remuneration for the members of the Management Board approved by the Annual General Meeting on May 5, 2020, for the fiscal year 2020, amounted to CHF 20.0 million.

The total actual remuneration accrued for and paid to the Chief Executive Officer and to the members of the Management Board in the financial year 2020 amounted to CHF 19.1 million (2019: CHF 17.8 million).

The following tables show details of the remuneration for the Chief Executive Officer and the other members of the Management Board for 2020 and 2019:

2020		In per cent of total remuneration	Variable part of remuneration	In per cent of total remuneration	Social Insurance	Pension <sup>1</sup>	Share Plan	In per cent of total remuneration	Others <sup>2</sup>	Total
In CHF thousand	Salary									
Dr. Detlef Trefzger, Chief Executive Officer	1,040	26.5	2,120	54.0	208	135	391	10.0	32	3,926
Members of the Management Board	4,642	30.6	7,175	47.2	596	656	1,961	12.9	162	15,192
<b>Total</b>	<b>5,682</b>	<b>29.7</b>	<b>9,295</b>	<b>48.6</b>	<b>804</b>	<b>791</b>	<b>2,352</b>	<b>12.3</b>	<b>194</b>	<b>19,118</b>

2019		In per cent of total remuneration	Variable part of remuneration	In per cent of total remuneration	Social Insurance	Pension <sup>1</sup>	Share Plan	In per cent of total remuneration	Others <sup>2</sup>	Total
In CHF thousand	Salary									
Dr. Detlef Trefzger, Chief Executive Officer	1,040	28.3	1,989	54.1	191	123	302	8.2	32	3,677
Members of the Management Board	4,593	32.4	6,805	48.0	545	615	1,443	10.2	162	14,163
<b>Total</b>	<b>5,633</b>	<b>31.6</b>	<b>8,794</b>	<b>49.3</b>	<b>736</b>	<b>738</b>	<b>1,745</b>	<b>9.8</b>	<b>194</b>	<b>17,840</b>

<sup>1</sup> Including risk premium and savings contributions.

<sup>2</sup> Others include a car allowance.

## Other remuneration

### Remuneration for former members of the Board of Directors or Management Board and related parties

During the reporting years 2020 and 2019 no remuneration was paid to or accrued for former members of the Board of Directors and the Management Board in connection with their previous activities in the Company. Furthermore, no payments which are not at arm's length were made during 2020 and 2019 to former members of the Board of Directors, Management Board and to individuals who are closely related to them.

### Loans and credits granted

In the reporting years 2020 and 2019, neither Kuehne + Nagel International AG nor one of its subsidiaries provided any guarantees, loans, advances, credit facilities or similar either to former or current members of the Board of Directors or Management Board or to related parties nor are there any receivables of any kind outstanding.

## Report of the statutory auditor on the Remuneration Report to the General Meeting of Kuehne + Nagel International AG, Schindellegi (Feusisberg), Switzerland

We have audited the remuneration report of Kuehne + Nagel International AG on the pages 33 to 39 for the year ended December 31, 2020.



### Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.



### Auditor's responsibility

Our responsibility is to express an opinion on the remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's

judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



### Opinion

In our opinion, the remuneration report for the year ended December 31, 2020 of Kuehne + Nagel International AG complies with Swiss law and articles 14–16 of the Ordinance.

Ernst & Young Ltd

Christian Schibler  
Licensed audit expert  
(Auditor in charge)

Andreas Traxler  
Licensed audit expert

Zurich, March 2, 2021

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