

Sustainability Report 2019



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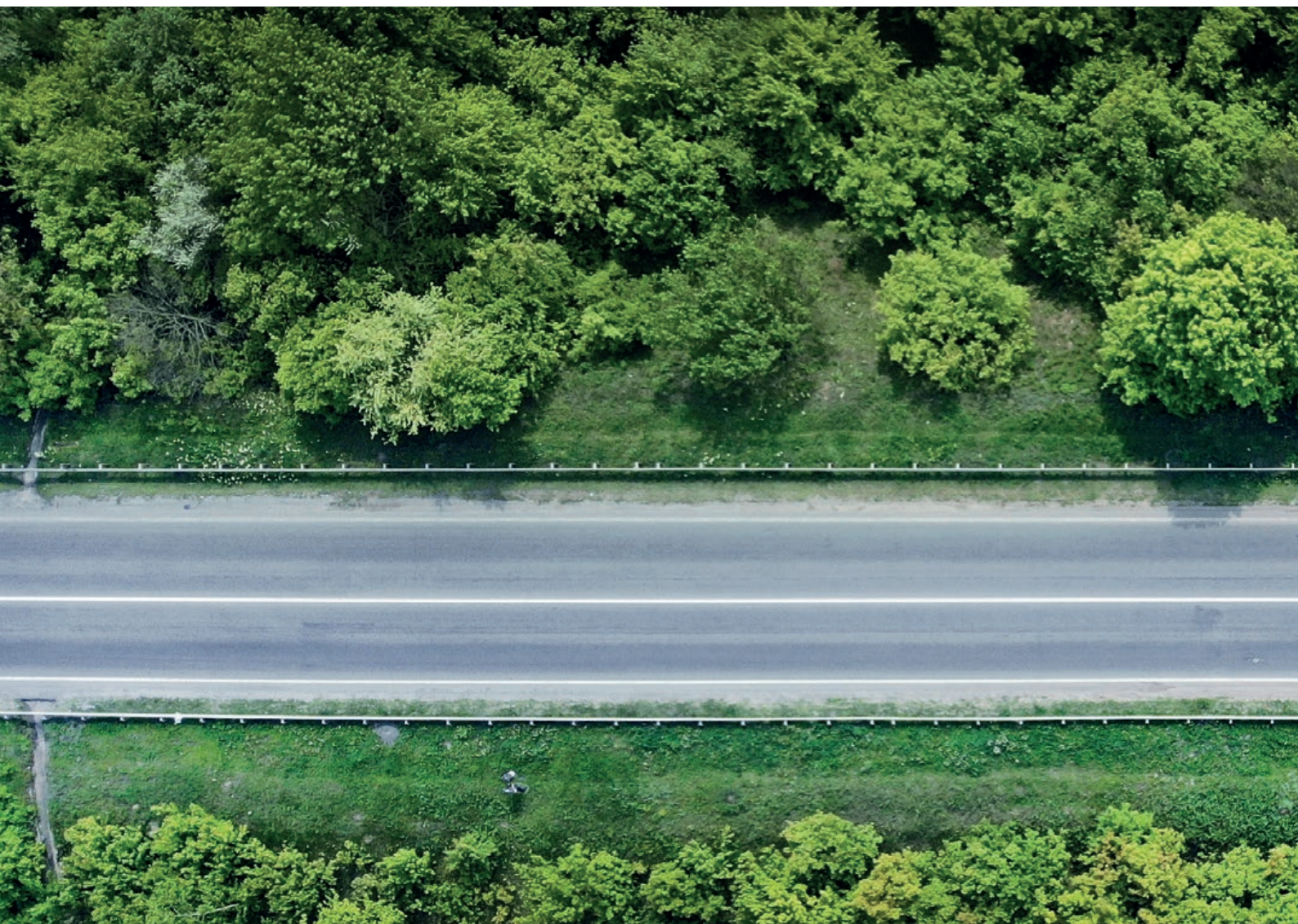
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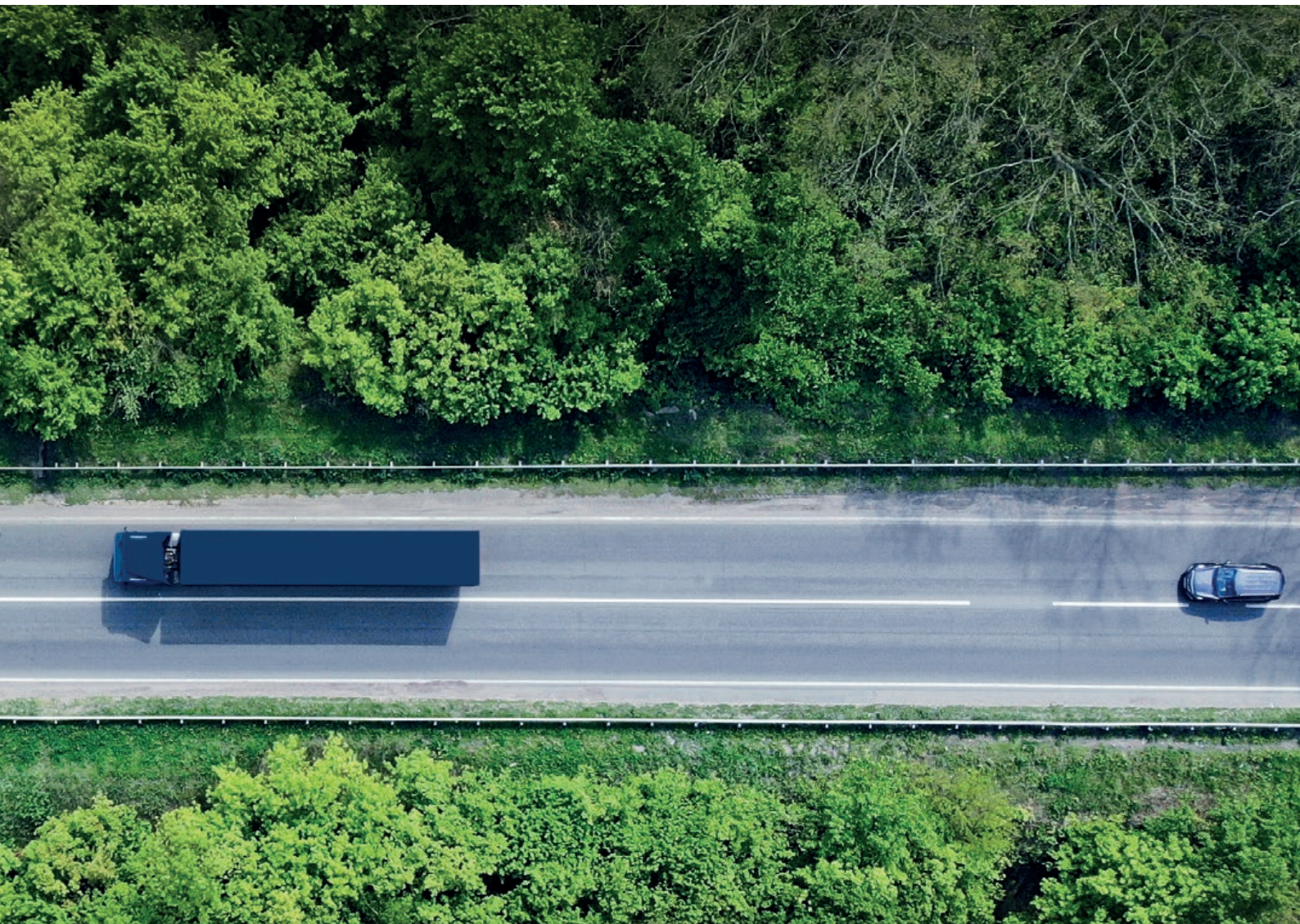
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Consumers drive the change, and companies make it happen. Thus, at Kuehne+Nagel, sustainability development is at the heart of our commitment.

Dear Reader,

Today more than ever, transformation is steered by consumer behaviour. This is a simple, but strong perception which we have fully taken on: Listening to customers and consumers has become the focus of our attention. This is why at Kuehne+Nagel, we have set ourselves the task to connect people and goods with innovative and sustainable logistics solutions.

Transformation as such has many aspects – just like sustainability. Both are “big words”, and they are closely linked to each other: Not only because they are evolutionary processes, but also due to the fact that they facilitate each other. Having started to implement digital processes and applications early on, today we are ready to take the big task of sustainability to a whole new level and make it a crucial part of our company's identity and culture. Using our digital ecosystem and building on our increasing expertise in artificial intelligence, we have been creating innovative solutions to drive sustainability for us and our customers.

More than a solution, but a comprehensive field of action with an immense impact on all we do, is our “Net Zero Carbon programme” which we launched in the second half of 2019. Taking on the role as an industry leader and pioneer in sustainable logistics, we are pushing decarbonisation in our company, for our customers and finally in favour of our global environment. I am proud to say, that today we can offer smart solutions to visualise, reduce and offset CO₂ emissions because already in the past we have started to think and act in an innovative manner.

Sustainability, however, is more than environmental protection. We consider ourselves a sustainable company – in every aspect – and this means above all, that everything we do is based on integrity towards customers, consumers and colleagues – as expressed in our enhanced Code of Conduct. We are convinced that this is the only way to be sustainable, today and tomorrow. Furthermore, for us, data and technology are key. When smartly applied, we can deliver new



solutions to contribute to the progress for our customers and for society. With digital platforms, such as SeaExplorer or eTrucknow, we are able to address customers' needs in a sustainable manner.

This Sustainability Report was written in the midst of a global emergency: the COVID-19 pandemic. More than ever, this situation demonstrates that we have to plan for the unforeseeable. Introducing a corporate wide business continuity plan and acting accordingly has proven to be a clear act of sustainability. We have been able to ensure that goods are flowing, for the well-being of our business partners, the consumers, and last but not least, our colleagues worldwide. I invite you to join Kuehne+Nagel on this sustainability journey; by reading this report and selecting us as your sustainable logistics partner of choice.

Dr. Detlef Trefzger
CEO

Sustainable business in 2019

About this Report GRI 102-10

This report covers Kuehne+Nagel's global operations including activities occurring at all of our facilities, owned and leased, over which we have operational control unless otherwise noted.

The scope of health and safety reporting includes facilities and operations over which Kuehne+Nagel has management control, including warehouses and offices.

This report addresses Kuehne+Nagel's sustainability activities and performance for the 2019 calendar year. During the reporting period, the Group acquired the business of: Rotra, Netherlands, Jöbstl, Austria, Worldwide Perishables, Canada and Sincero, China.

Throughout the report, some historic data and information have been included to provide context and to illustrate performance trends. The Global Reporting Initiative (GRI) Index at the end of this report makes reference to the GRI Core standards fulfilled by Kuehne+Nagel.

Kuehne+Nagel seeks external assurance of its direct greenhouse gas emissions (scope 1), indirect

greenhouse gas emissions (scope 2), energy consumption and production, waste generation and water consumption from our company-owned sites.

The external assurance, validation and certification were granted by Bureau Veritas. Environmental data presented in this report have changed from prior disclosures due to changes of business operations, including mergers and acquisitions that concluded during the reporting year.

Other Group reporting that may be of interest to readers is available on our website under Annual Report 2019 as follows:

- 2019 On Course
- Corporate Governance
- Remuneration Report
- Status Report
- Financial Report

Our sustainability approach

Our focus on the commitment to the Sustainability Development Goals (SDGs) and UN Global Compact is defined in the following areas:



Our sustainability approach

- Employees and their well-being in the working environment
- Development of our employees
- Integrity in business
- CO₂ neutral
- Relations with customers and suppliers

These areas are amant to our processes and services and we can make a change with improvements and influence of SDGs. The respective SDG references related to our activities can be found in the text herein as well as in the GRI / SDG Index.

Risk Assessment GRI 102-30

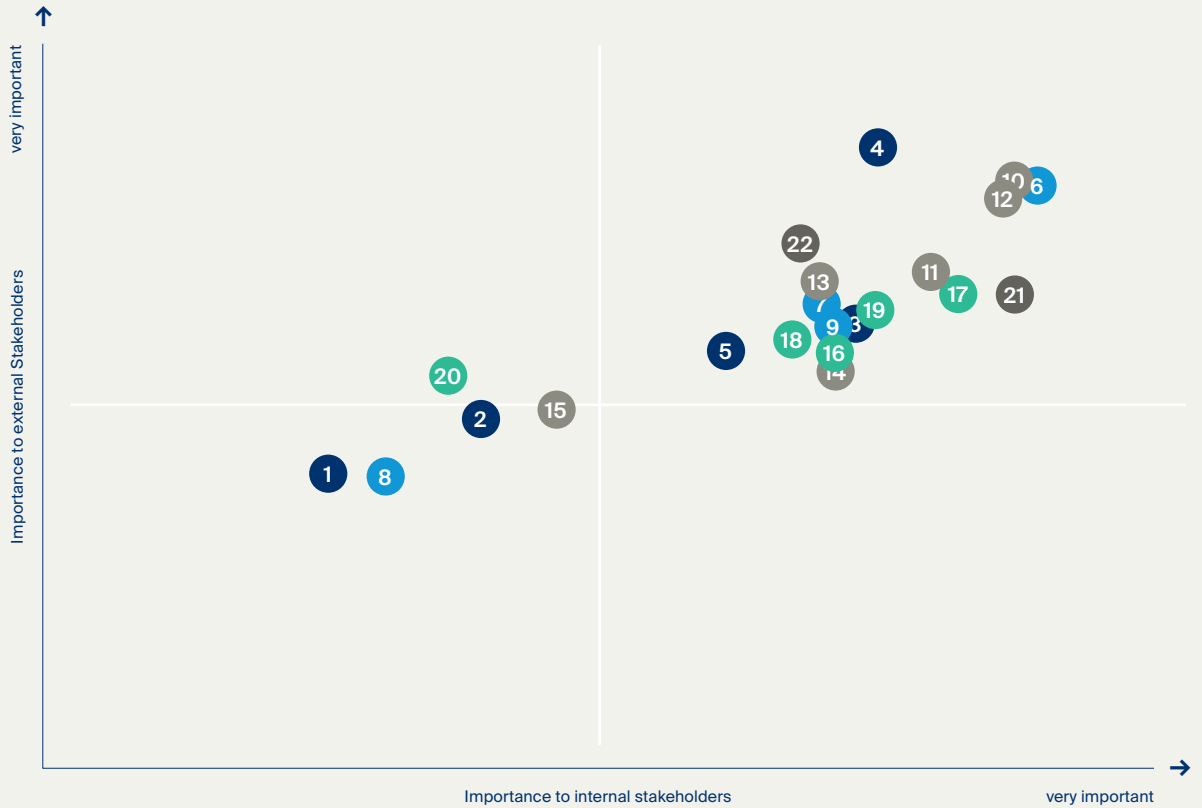
Achieving our strategic and operational objectives involves managing potential and actual risks. To identify, assess, prioritise, address, monitor and communicate these risks across the company's operations, Kuehne+Nagel leverages an integrated risk management system. This system helps us align risks and opportunities with our strategic objectives and thus protects the organisation from future uncertainties, while increasing the probability of success in achieving our corporate goals and improving decision-making across the organisation. It is also

an important element in driving a risk-aware culture across the organisation. More about Kuehne+Nagel's risk management can be found in Annual Report 2019, page 16 and page 100.

Sustainability Strategy GRI 102-14

Kuehne+Nagel's sustainability strategy is based on the Group's social and environmental responsibility. We are committed to implementing global standards and to keeping a high level of legal and ethical practices, giving back to local communities, ensuring the safety and health of our employees, and reducing the impact of our services on the environment. To stay sustainable, our business directly or indirectly influence all 17 SDGs. As we mentioned in our sustainability approach our focus is on ten SDGs. Kuehne+Nagel's strong commitment to SDG 13 with our initiative Net Zero Carbon can be found in the section Environment of this report. Also, in the section Making the difference, which is covered with employees topics, we contribute to SDGs 3, 4, 5.

→ For more details about the capital market sustainability ratings that are important for us, please see our 2018 Sustainability Report, page 6.



- | | | | |
|--|---|--|---|
| <p>Management</p> <ul style="list-style-type: none"> 1 Public policy engagement 2 Terrorism and political unrest 3 Business preparedness, resiliency and disaster response 4 Data privacy and security 5 Responsible communication | <p>Supply Chain</p> <ul style="list-style-type: none"> 6 Customer relations and satisfaction 7 Product and service innovation 8 Supplier diversity / engagement 9 Sustainable supply chain | <p>Employees</p> <ul style="list-style-type: none"> 10 Fair treatment of workers 11 Employee development 12 Occupational health and safety 13 Labor standards 14 Diversity and equal opportunities 15 Corporate citizenship | <p>Environment</p> <ul style="list-style-type: none"> 16 Waste management and recycling 17 Management of dangerous goods 18 Greenhouse gas emissions 19 Efficient use of resources 20 Biodiversity and ecosystems <p>Governance</p> <ul style="list-style-type: none"> 21 Ethics and governance 22 Transparency, disclosure, reporting |
|--|---|--|---|

Source: GRI, Kuehne + Nagel adopted

Materiality Matrix and Sustainability Goals and Progress GRI 103-1

Kuehne+Nagel materiality assessment is based on our dialogue with stakeholders and we reassess our material issues every 2 years. We identify critical economic, social and environmental issues and we decided to update the list of material issues in 2019. Addressed topics are the same as 2017, whereas the material issues were re-grouped.

Participating stakeholders were from: top and senior management of Kuehne+Nagel, customers, suppliers and NGOs. The online survey was sent to

370 stakeholders with a feedback of 37 per cent. The stakeholders' mindset is unchanged from the previous materiality assessment in 2017. The main four material aspects remain: customer relations and satisfaction, fair treatment of workers, occupational safety and health, data privacy and security are on the same level (very important) to Kuehne+Nagel internal and external stakeholders. GRI 102-47; GRI 103-1

The addressed material issues are reflected in this Sustainability Report.

	Material Issues	Definition and scope of terms	See pages
1	Public policy engagement	Stability of the company / open participation	Annual Report 2019
2	Terrorism and political unrest	Defined countries risks / preparedness / political and economic stability	Annual Report 2019
3	Business prepared, resiliency and disaster response	Business strategy / business continuity management / technology risks	7
4	Data privacy and security	Data security / privacy / trust	36
5	Responsible communication	Corporate culture / responsible marketing and advertising / benefits of products	37 -45
6	Customer relations and satisfaction	Sustainable services / satisfaction survey	45, 48
7	Product and service innovation	Digital transformation / automation	39, 42, 44, 47, 48, 50
8	Supplier diversity / engagement	Integrity Due Diligence target development	45
9	Sustainable supply chain	Supplier Code of Conduct	45, 46
10	Fair treatment of workers	Diversity / work-life balance / non-discrimination	21-23
11	Employee development	Training and skills management / recruiting / continuous learning and knowledge	24, 25, 27
12	Occupational safety and health	Work-life balance / safety and health of employees	49, 52, 53
13	Labour standards	Employee relations / human rights	24
14	Diversity and equal opportunities	Diversity awareness / non-discrimination	21, 26
15	Corporate citizenship	Legal, ethical and economic responsibilities	30
16	Waste management and recycling	Waste disposal	16
17	Management of dangerous goods	Consignment procedures / emergency response / compliance assurance	58, 59
18	Greenhouse gas emission	Environmental management system / impact on ecosystem	12, 13
19	Efficient use of resources	Sustainable production and consumption patterns	16, 17
20	Biodiversity and ecosystems	Maximising the efficient use of existing space / comply with regulations	18
21	Ethics and governance	Operational structure / governance framework / compliance with laws and regulations / anti-corruption /	30, 33
22	Transparency, disclosure, reporting	Financial results / share price / dividends / capital / stability of the company	Annual Report 2019

Awards

In 2019, Kuehne+Nagel won numerous awards as customers, associations, groups and surveys recognised outstanding achievements and innovations. An extract of these awards can be reflected as follows:

- Kuehne+Nagel was awarded “Top Employer” in eight European countries with UK, Spain, France and Italy amongst them. Important factors for these awards are talent management and development and employee working conditions.
- In Ireland, Kuehne+Nagel was recognised as a “Great Place to Work”
- In South Asia, Kuehne+Nagel was recognised as one of the “Best companies to Work for in Asia 2019”.
- In Germany, the Kuehne+Nagel apprentice programme outperformed more than 1,400 competitors and won the award “Best Azubi 2019” of the VerkehrsRundschau.
- In Germany, Kuehne+Nagel is amongst the most attractive logistics companies for apprentices according to Trendence.
- In the UK, Kuehne+Nagel received the “Innovation in Recruitment 2019” award for its behavior-based interview process for the graduate program.
- In the EMEA region, Kuehne+Nagel won the “Best Recruitment Implementation 2019” rewarding the improved candidate experience during recruitment.



Net Zero Carbon Programme

Management Approach GRI 103



Path to Climate Neutrality

On September 23rd 2019 Kuehne+Nagel released the Net Zero Carbon Programme as an integral part of our commitment to offer sustainable and innovative supply chain solutions – hand in hand with our suppliers and customers and in line with our purpose to deliver to the progress of people and organisations. The Net Zero Carbon programme marks an extension of the Group's decade-long efforts to address its environmental footprint. Since 2010, the Group has reduced its CO₂ site emissions by 27%, clearly overachieving its own targets outlined in this Sustainability Report. Going forward, Kuehne+Nagel's Net Zero Carbon programme is a core pillar of its environmental initiatives. At the heart of it is the path to CO₂ neutrality. As a pioneer in the industry, Kuehne+Nagel targets comprehensive CO₂ neutralisation, i.e. direct CO₂ emissions from Scope 1+2 that cannot be avoided will be fully compensated as of 2020. Further, Kuehne+Nagel targets CO₂ emission neutralisation (Scope 3 of GHG Protocol) by 2030. As a first step, all less-than-container load (LCL) shipments will be CO₂ neutral from 2020 onwards. GRI 103-2

Kuehne+Nagel, as a member of the Clean Cargo initiative, is in close interaction with all major sea carriers to discuss and collaborate on air quality and

ecological impacts with the carriers to further reduce the pollution emissions based on the International Maritime Organisation (IMO) and the Sustainability Accounting Standards Board (SASB).

Environmental Management System GRI 103-2

Kuehne+Nagel believes in the importance of using resources efficiently and preventing environmental pollution in order to pass on a sustainable and healthy planet to future generations. As a company, we have formulated the Kuehne+Nagel Environmental Management Policy based on the ISO 14001 Standard, which includes the following elements:

- Environmental Compliance Management
- Climate Change Management
- Energy Management
- Air Quality Management
- Waste Management
- Water Management
- Biodiversity Management
- Sustainable Packaging

Information and performance data on a majority of these programme elements are tracked and reported through corporate reporting systems such as the Global Facility Carbon Calculator (GFCC) and the Global Transport Carbon Calculator (GTCC). Kuehne+Nagel Quality, Safety, Health & Environmental (QSHE) reports published periodically include environmental performance data at the facility, business unit, and corporate levels, and performance is reviewed by the Executive Management. This enables Kuehne+Nagel to monitor and identify successes, risks, and opportunities for improvements and reductions worldwide.



Performance Review 2019

Kuehne+Nagel continued to improve its performance on environmental activities. 2019 performance is based on the global environmental data system GFCC. Annual sustainability targets support us to track progress.

We plan ahead, with objectives set for the period up to 2020, ensuring that we have clear medium to long-term goals.

Environmental targets for 2020:

- Fostering our Climate Neutral strategy with the Net Zero Carbon program
- Focusing on the defined nine UN SDG goals referring to environmental activities
- Increasing recycled waste ratio by 75% in all of our activities and strive for zero plastic usage
- Procuring and enforcing our global engagement for renewable/alternatives (e.g. company cars)

Climate Change

Greenhouse Gas (GHG) emission reductions have been a priority for a long time at Kuehne+Nagel. Although the science of global climate change is evolving, Kuehne+Nagel has taken voluntary, responsible action to reduce and control its carbon footprint. In addition to managing direct emissions from our operations, Kuehne+Nagel has a track record of improving energy efficiency at its facilities and offers a wide range of innovative products to support customers improve energy efficiency and reduce the company's carbon footprint. This includes setting corporate GHG emission reduction goals and policies, which complement the efforts of the company 2020 environmental strategy.



History of Climate Change

Reductions GRI 305-1; GRI 305-2

Kuehne+Nagel understands that the impacts and reduction efforts associated with GHG emissions require a long-term commitment as the effects of both cannot be realised in only one year. Therefore, implementing reduction initiatives has been a key priority for Kuehne+Nagel. The company's GHG Management Strategy includes a rigorous accounting system to generate an annual inventory of worldwide emissions. This process and the associated GHG emissions

reported from 2010 to 2019 were validated by an external third-party company. Since 2010, the global Kuehne+Nagel inventory has been developed, maintained and third party verified by Kuehne+Nagel's accredited party in accordance with the Greenhouse Gas Protocol, the ISO 14064-3 and the European Norm EN 16258. The table below shows the 2012 - 2019 results, 2010 and 2011 years were accrued in 2012 to improve data consistency. Site space counted on this section of the report follows the site definition of more than 15 employees and floor space of more than 800 m². ^(SDG 13)

Carbon emissions	Metric Unit	2019	2018	2017	2016	2015	2014	2013	2012
CO ₂ total ¹⁾	000' tons	201	209	202	208	204	201	215	229
CO ₂ per FTE	tons	2,689	2,813	2,907	3,134	3,394	3,584	3,808	4,287
CO ₂ per 100 m ²	tons	2,323	2,011	1,971	2,420	2,327	2,575	2,652	2,930
Energy									
Electricity total	million kWh	391	435	442	455	436	419	431	449
Electricity per FTE	kWh	5,205	5,463	6,114	6,816	7,291	7,456	7,634	8,405
Electricity per 100 m ²	kWh	4,496	4,231	4,146	5,298	5,036	5,357	5,317	5,746
Natural gas total	million kWh	201	213	188	191	189	188	221	229
Natural gas per FTE	kWh	2,676	2,681	2,712	2,875	3,159	3,344	3,917	4,296
Natural gas per 100 m ²	kWh	2,311	1,917	1,839	2,234	2,166	2,403	2,729	2,937
Waste recycled									
Waste total	000' tons	496	541	394	492	397	364	329	352
Waste recycled	000' tons	332	394	313	401	300	262	275	278
Waste recovered	000' tons	21	50	55	59	73	51	11	15
Waste landfill ²⁾	000' tons	142	96	26	31	22	51	43	59
Recycling rate	%	67	73	80	82	76	72	84	78
Water									
Water total	cubic meters	965,879	897,256	1,030,124	1,033,137	988,943	902,825	957,366	1,068,038
Water per 100 m ²	cubic meters	11,118	9,385	10,003	11,998	11,248	12,140	11,196	13,750
Water per FTE	cubic meters	12,870	11,256	14,790	15,439	16,244	16,118	16,963	20,029
Water recycled	cubic meters	29,360	27,654	31,865	30,994	46,480	31,598	23,838	35,245
Ratio recycled	%	3	3	3	3	5	4	2	3

1) Increase on CO₂ emissions, energy consumption and water consumption per 100 m² from 2018 to 2019 was caused by a decrease in cubic meters of occupied site space from one year to the other (9.1 million in 2018 vs. 8.8 million in 2019).

2) In 2019, less waste went to recycling and more to landfill

The total GHG inventory encompasses the company's diversity and complexity. The current inventory accounts for a total of approximately 700 sites* including warehouses, offices and distribution centres within Kuehne+Nagel's operational control. This includes both Scope 1 (direct) and Scope 2 (indirect) emissions as categorised by the GHG Protocol.

Based on the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard, Kuehne+Nagel has been working on developing a Scope 3 emissions inventory. While these emissions are estimated following industry standards for most Scope 3 upstream categories, Kuehne+Nagel remains focused on establishing sound science based emissions.

Scope 1 + 2	Metric Unit	2019 CO ₂	2018 CO ₂
KN offices, warehouses	million tons	0.201	0.209
Road Logistics (Trucks)	million tons	0.083	0.069
Company cars	million tons	0.027	0.036
Total Scope 1+2	million tons	0.311	0.314
Scope 3			
Air Logistics	million tons	9.3	9.9
Road Logistics	million tons	4.5	4.5
Sea Logistics	million tons	2.8	2.9
Business Travel	million tons	1.2	1.1
Employee Commuting	million tons	0.3	0.3
Total Scope 3	million tons	18.1	18.7
Total Company	million tons	18.4	19.0

Carbon Emissions Reduction Goals GRI 305-4

In the area of carbon dioxide (CO₂) emissions, Kuehne+Nagel has met the proposed reduction goals established in 2010, a global target that is part of our 2020 environmental strategy to reduce relative carbon emissions by 15 per cent per FTE and 15 per cent per 100 m² from 2010 – 2020.

In 2019, Kuehne+Nagel reduced its CO₂ emissions by 4 per cent per FTE but increased 16 per cent per 100 m². Reductions were accomplished by using effective emissions control technology. Kuehne+Nagel is currently working to establish carbon reduction goals until 2030 based on the Science Based Targets initiative. ^(SDG 13)



-4%
reduction of CO₂
per FTE in 2019

Carbon emissions (CO ₂)*	Metric Unit	2019	2018	Change in %
CO ₂ total	000' tons	201	209	-4
CO ₂ per FTE	tons	2,689	2,813	-4
CO ₂ per 100 m ²	tons	2,323	2,011	16

19 per cent per 100 m² increase was due to new facilities opened.

* CO₂ is for Scope 1 and 2 emissions (mainly fuel from owned trucks and electricity consumed in our premises).

** A site in Kuehne+Nagel is defined as all operated facilities with >15 employees and floor space > 800 m².



Energy Efficiency GRI 302-1

At Kuehne+Nagel, energy management is global, comprehensive, and extends beyond energy efficiency efforts in warehouses and buildings. It is a team effort guided by the global environmental policy. Energy management responsibilities are coordinated by the corporate energy team. The team involves personnel from Corporate Procurement, QSHE and Facility Management. Each department provides cross-functional contributions, ensuring that

- energy efficient technology is in use,
- opportunities are identified in the design process,
- renewable energy opportunities are realised and financed, and
- data is tracked routinely and consistently by facilities.

Evaluating Energy

Performance Progress GRI 305-2; GRI 305-5

Kuehne+Nagel collects and analyses data on energy consumption and energy efficiency project metrics to

- track progress toward corporate energy and carbon emissions goals,
- identify opportunities for improvement,
- benchmark against past performance, and
- identify best practices that can be applied across global operations.

All operating locations and other locations larger than 800 sqm report energy consumption and energy costs on the Global Facility Carbon Calculator monthly. Data is analysed quarterly at each facility, business and functional unit, and at the corporate level. Every six months, the data is reported to Kuehne+Nagel Management. Important energy reductions were achieved in 2019. ^(SDG 7)

Energy	Metric Unit	2019	2018	Change in %
Electricity total	million kWh	391	435	-10
Electricity per FTE	kWh	5,205	5,463	-5
Electricity per 100 m ²	kWh	4,496	4,231	6
Natural gas total	million kWh	201	213	-6
Natural gas per FTE	kWh	2,676	2,681	-
Natural gas per 100 m ²	kWh	2,237	1,917	17

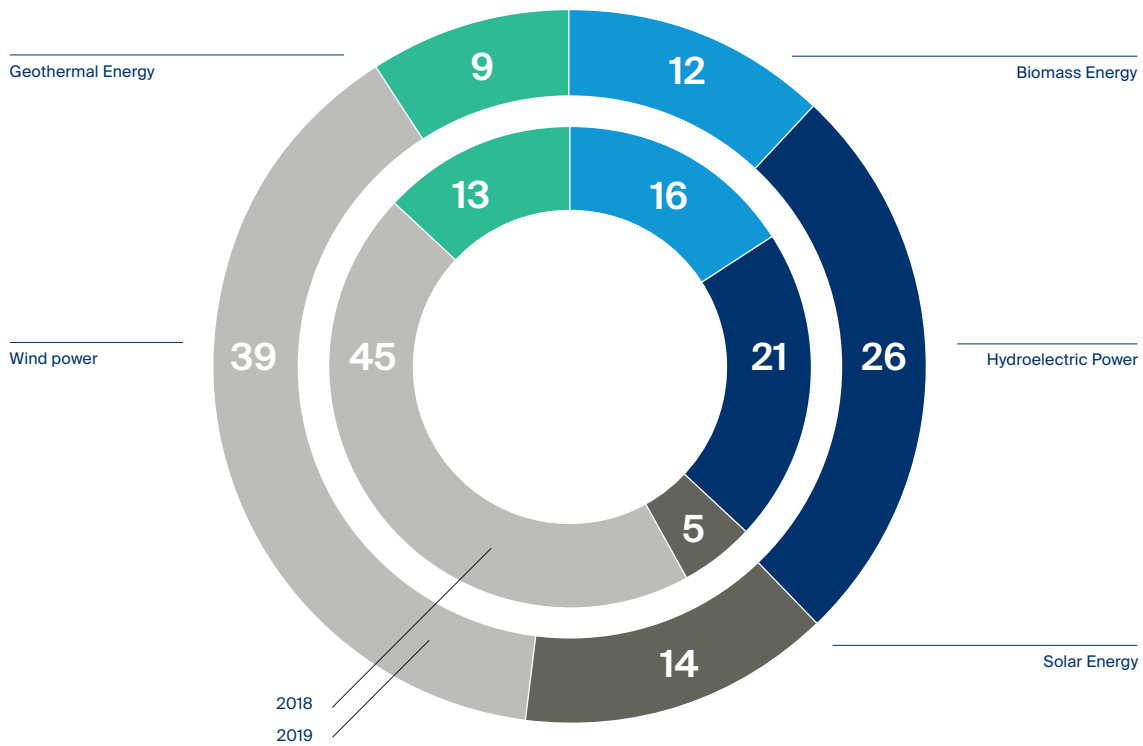
Investing in Renewable Energy

Kuehne+Nagel is investing and installing on-site renewable energy at its own operations and continues to expand and collaborate with external partnerships. In an attempt to be more precise, Kuehne+Nagel this year considers electricity consumption in the defi-

inition of renewable energy as per the GHG Protocol while excluding other energy sources such as Natural Gas and LPG. Therefore currently 18 per cent of the energy used in Kuehne+Nagel facilities is from renewable sources. The following examples highlight our sustained effort:



Average Renewable Energy Purchased globally ^(SDG 7)
in per cent





→ Kuehne+Nagel targets to increase total waste recycling to 75 per cent in 2020.

Waste and Recycling

Waste Management is an important component of Kuehne+Nagel's Environmental Programme. Kuehne+Nagel Waste Management Standards apply to all locations. In addition, they fulfil corporate expectations and provide the framework that is required to manage all types of waste from the time when it is produced until it is reused, recycled, treated or disposed of. This standard sets a baseline for several core waste programme elements and encourages waste minimisation and recycling whenever possible.

Recycling, Reuse, Treatment and Disposal GRI 306-2; GRI 306-3

All waste recycling, reuse, treatment, and disposal practices are required to comply with applicable regulations and the Kuehne+Nagel environmental policy, which also includes establishing profiles of waste streams, content identification, and labelling.

Ensuring Waste Compliance

The Kuehne+Nagel Waste Management Programme requires each location to assign an Environment Champion who is responsible for ensuring that personnel receive appropriate waste training. Corporate QSHE globally administers the waste training for the coordinators. Compliance with all Kuehne+Nagel facilities and other regulated waste requirements are evaluated by way of the internal quality audit tool.

Setting Waste Goals and Evaluating Progress

Kuehne+Nagel has been setting total waste reduction goals since 2010. Using 2010 as a base year, Kuehne+Nagel set a 2020 target to increase total waste recycling to 75 per cent. For example Kuehne+Nagel's total waste that was recycled in 2019 reached 67 per cent. Specific goal period achievements are highlighted below (numbers in 000' tons). Total waste is tracked and reported globally by disposal types: waste to landfill, waste recycled and waste recovered. ^(SDG 15)

Waste recycled	Metric Unit	2019	2018	Change in %
Waste total	000' tons	496	541	-8
Waste recycled	000' tons	332	394	-16
Waste recovered	000' tons	21	50	-58
Waste landfill	000' tons	142	96	48
Recycling rate	%	67	73	-8

Kuehne+Nagel started with public environmental reporting in 2012.

Water and Conservation GRI 303-1; GRI 303-2; GRI 303-4

Understanding Our Water Footprint

Reducing water consumption and improving water quality are important elements of Kuehne+Nagel's environmental programme. As a result, we continue to actively manage and work towards reducing our corporate water footprint. Kuehne+Nagel's water management provides a global framework including both general and specific elements for water management within the company. The standard requires Kuehne+Nagel operations to manage their water

resources by understanding water consumption, comply with regulatory requirements, reuse water where possible, and report water usage. Water resources include water intake, effluent water discharge, and rainwater. Most of the water used in Kuehne+Nagel is for domestic use such as cleaning, kitchens and bathrooms, as well as washing of vehicles. A mechanism to properly segregate water discharges is currently being developed and will be in place in next year's report.

Water	Metric Unit	2019	2018	Change in %
Water total	Cubic meters	965,879	897,256	8
Water per 100 m ²	Cubic meters	11,118	9,385	18
Water per FTE	Cubic meters	12,870	11,256	14
Water recycled	Cubic meters	29,360	27,654	6
Ratio recycled	%	3	3	-

Kuehne+Nagel started with public environmental reporting in 2012.

Setting Water Performance Goals and Evaluating Progress

All Kuehne+Nagel sites currently track and report water usage. Although Kuehne+Nagel does not have a quantitative goal, conservation efforts indicate an 8 per cent increase in water consumption globally in 2019. Water conservation efforts are achieved through recycling, reuse and improvements to our buildings

and operating processes. The majority of our water-intensive operations are located in the United States and Europe in areas that are not subject to water stress or water scarcity. However, they also contribute significantly to our conservation efforts. ^(SDG 6)



Biodiversity and Ecosystem

Enhancing and preserving biodiversity are important values in Kuehne+Nagel's effort to protect its physical environment. We have been working to preserve biodiversity both on our property and through our support and cooperation with local communities.

Biodiversity at Kuehne+Nagel

When developing property, the planning process begins with a thorough evaluation of local soils and geological conditions, ground water and hydrology characteristics, drainage, flora and fauna and items of archaeological or historical significance. The resulting design seeks to comply with all known local, state or federal regulations and to avoid or minimise negative impacts on natural resources.

We have focused on maximising the efficient use of existing space, and, wherever possible, on renovating

premises to meet our current and future business needs. This allows the company to grow while minimising its impacts on biodiversity and natural resources.

Progress Review Towards 2020

Our annual sustainability targets help us to track progress. We plan ahead, with objectives set for the period up to 2020, ensuring we have clear medium to long-term goals. Overall, Kuehne+Nagel has reached steady reductions in all targets. 27 per cent on CO₂ emissions per FTE and 21 per cent per 100m² since the implementation of the strategy in 2010. Fuel efficiency progressively improved to reach a 13 per cent increase, while consumption of renewable energy also increased 18 per cent in a period of 10 years. Regarding waste recycled, Kuehne+Nagel has already exceeded the proposed target with an outstanding progress of 77 per cent.

Environmental Issue	2020 Target	Ten Year Progress*
Site ¹ reduction of CO ₂ emissions	15% reduction CO ₂ per FTE; 15% reduction CO ₂ per 100 m ²	27% per FTE reduced 21% per 100 m ² reduced
Improve the fuel efficiency Kuehne+Nagel operated road transport	10% improvement in litres/km where applicable	13% improvement
Increase the % of electricity consumed that is sourced from renewable sources	10% of total electricity consumption by 2020	18% increased
Increase the % of freight moved by low-carbon transport modes	2% increase in freight volume moved per year by rail or inland water (where these modes are commonly available) from 2016 onwards	6% increase
Increase the % of all waste that is recycled	Increase % of all waste that is recycled by 5 per cent points per year to achieve 75% by 2020	77% achieved

* This report reflects yearly performance progress from 2012 until 2019 (aggregated).

¹ Sites are defined as all Kuehne+Nagel operated facilities with >15 employees and floor space >800 m².

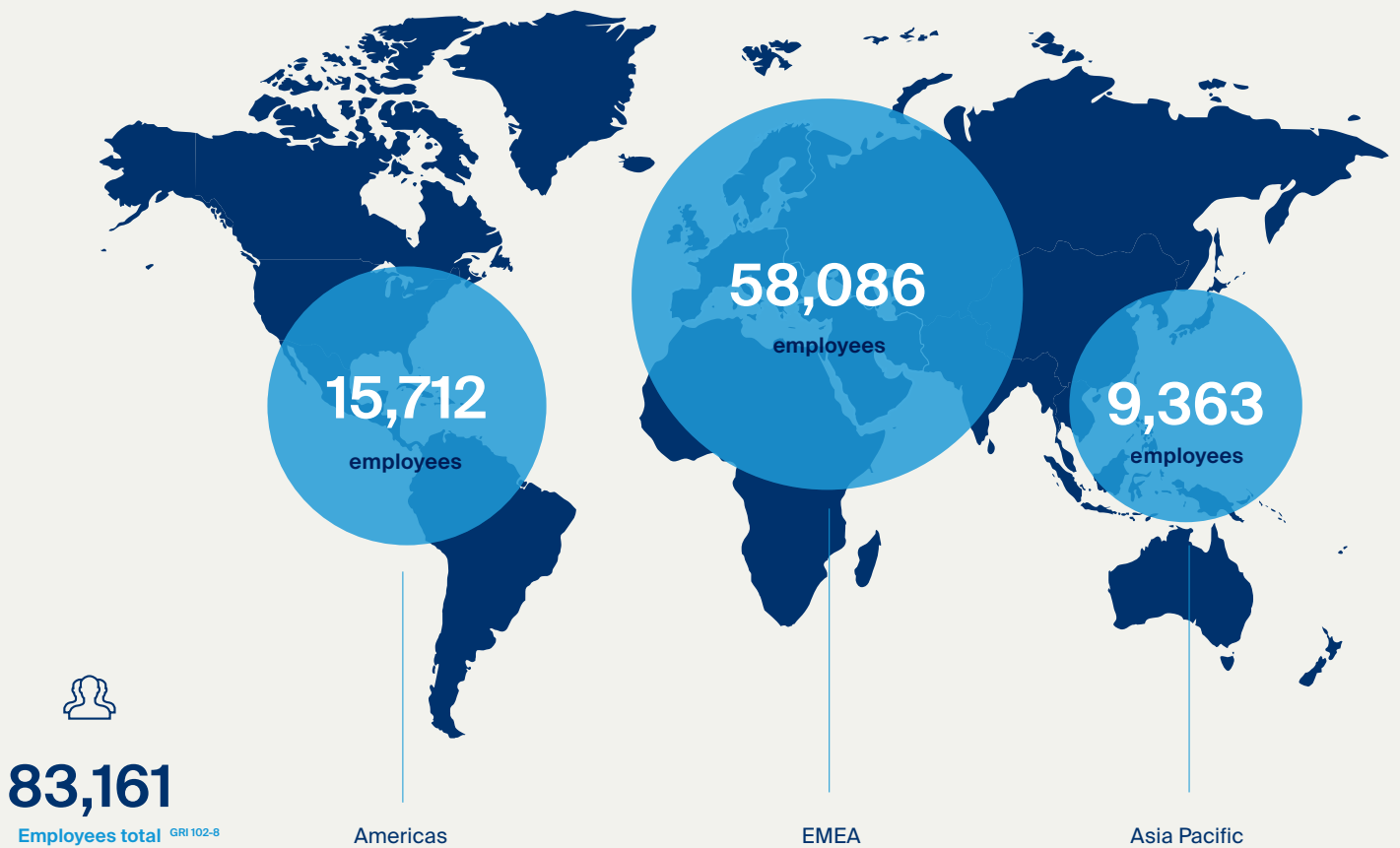
Outlook 2030

With the decision to become carbon neutral in 2030, we are currently reviewing set environmental targets that will also be aligned with the Corporate strategy to have a comprehensive cross mode impact. Projects have started to assess bio fuel options for road and sea transports, and the use of renewable energies in all activities worldwide, including solar, wind, hydro, etc. Details of above projects, outcome and impact to customers and supply chain will be outlined in the course of 2020.

Making the Difference



Number of employees per region



Management Approach

Sustainable development focuses on meeting the needs of people today without compromising the ability of future generations to drive future progress. Kuehne+Nagel understands its corporate role in developing powerful social conscience and green responsibility as a business imperative. The HR strategy reflects this company's principle and purpose by aligning its practices and policies with sustainability goals. In doing so, HR promotes and enables sustainable practices to increase employee awareness and commitments on the issues of sustainability.

Employee Awareness and Involvement

- Kuehne+Nagel's stand on sustainability and its goals on CO₂ emission are a mandatory part of the Company Induction program for all employees.
- Well aligned with the brand, HR has created an umbrella platform "Care for Communities" for all these initiatives. Within this platform, one of the most important initiative is #BlueforGreen: This platform consolidates more than 300 initiatives globally managed by our colleagues to reduce plastic in the workplace and drive numerous recycling activities.
- Kuehne+Nagel Talents have also been assigned on a project concerning reduction of CO₂ emission, sponsored by our Leadership Teams.

Raising diversity awareness GRI 405-1

Kuehne+Nagel believes that creating an environment that respects and aims for diversity and inclusion is and has to be the base for workplace sustainability. The diverse aspects of sustainability require involvement of different interest groups where creativity, ability to change perspectives and empathy are needed to achieve the desired multi-faceted solutions. For 2019, the focus of Kuehne+Nagel has been on gender diversity, initiated by the following actions:

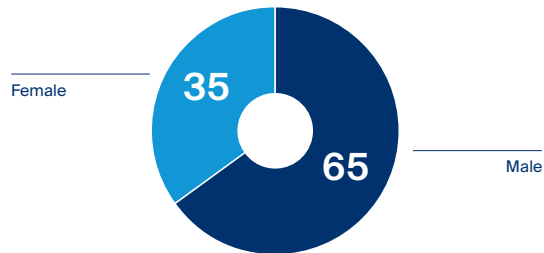
- Active participation of all Regions in celebrating International Women's Day.
- Launch of mentoring programmes for women leaders such as:
 - The Breaking the Glass Ceiling initiative in the Asia Pacific Region which provided female managers with the knowledge, experience and guidance of top management, while inviting the management into the challenges that female managers face in their careers through education and mentorship.
 - The Women's Leadership Series in North America began its fourth cohort of more than twenty future female leaders who will usher Kuehne+Nagel into the future. The first women-focused employee resource group (ERG) called Women in Logistics Leadership (WILL) began in Kuehne+Nagel's Jersey City office, with the intention to scale – beginning with the Atlanta and Miami branches.





- Kuehne+Nagel Germany introduced the KN+ mentoring programme to foster gender diversity in leadership. A group of 24 engaged women from all business and functional units began their journey in the six-month programme at the end of September 2019, with the goal to leave prepared for leadership positions in the near future.

Gender Ratio in per cent GRI 102-8



The overall Female – Male Ratio changed by 1% compared to last year and is for 2019 now at 35% - 65%. Kuehne+Nagel believes that diversity and inclusion happens on many levels, not only, but always including women. We strive for a diverse workforce where everyone feels they belong and where opportunity is equitable. This includes the management. The intensified efforts to achieve greater gender balance in leadership positions is starting to pay off although the starting point in the logistics industry was admittedly difficult. At present, 20% of global senior management positions are held by female colleagues. The total share of women at Kuehne+Nagel currently stands at 35% and over 50% in Asia alone.



Employee relations and human rights GRI 412-2; GRI 402

The Kuehne+Nagel Code of Conduct covers topics related to the rights of the employees, company property, company books, records and business continuity, all consistent with the Group's values and policies. It demonstrates its commitment to human rights and fair working conditions and presents Kuehne+Nagel as a company of integrity whose members apply clear values and principles in their business activities.

The Code of Conduct includes Kuehne+Nagel's position and policies for child labour, forced labour, human trafficking, freedom of association, slavery and torture. Kuehne+Nagel opposes violations or limitations of human rights and dignity of any kind.

Regional and national management continuously engage in constructive dialogues with their respective workers council counterparts to achieve mutually beneficial agreements that protect jobs and job designs but also maintain Kuehne+Nagel's competitiveness. Over 60% of all Kuehne+Nagel employees are covered by collective bargaining agreements. GRI 102-41

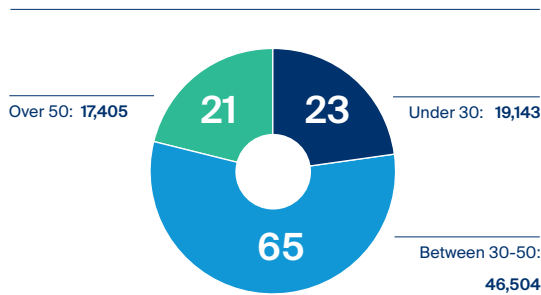
Employee development

Global, Regional, National Talent Programmes

Developing talent and empowering employees contribute towards employee attraction and retention, ensuring Kuehne+Nagel's longevity.

Kuehne+Nagel continuously develops new formats and methods to enrich the development programmes. The emphasis on the trainings for all levels of manager is put on the increased pressure towards permanent adaptation of the business model and organization as well as the utilization of digitalization to improve productivity and customer service. These needs have been embedded in a new global series of leadership programs adapted to the different levels, from team manager (program "Launch") to top manager (program "Rise and Transform"). These programs include self-directed preparation and learning, workshops with peer consulting groups, learning from external best practice and ongoing exchange with their superior line managers. The Kuehne+Nagel's

Age structure for employees in per cent



Global Talent Program aims to prepare high potential employees to progress into a senior management role. At Kuehne+Nagel similar programmes are also held on regional levels to focus more on the specific region instead of global roles.

The performance management process for all Kuehne+Nagel employees who work in offices is managed through our global human capital management software (HCMS). The process entails an annual

The South East Asia Talent (SEAT) Program is a two-year international talent program initiated / supported by various Kuehne+Nagel Offices across South East Asia. Founded upon the organisation's commitment towards continuous talent development, it aims to unleash employees' maximum potential through a series of learning + development programs specially designed to enhance self-management and leadership skills, financial and business acumen, project management skills, and customer excellence orientation. GRI 404-2



Launch Rise Transform





297,297

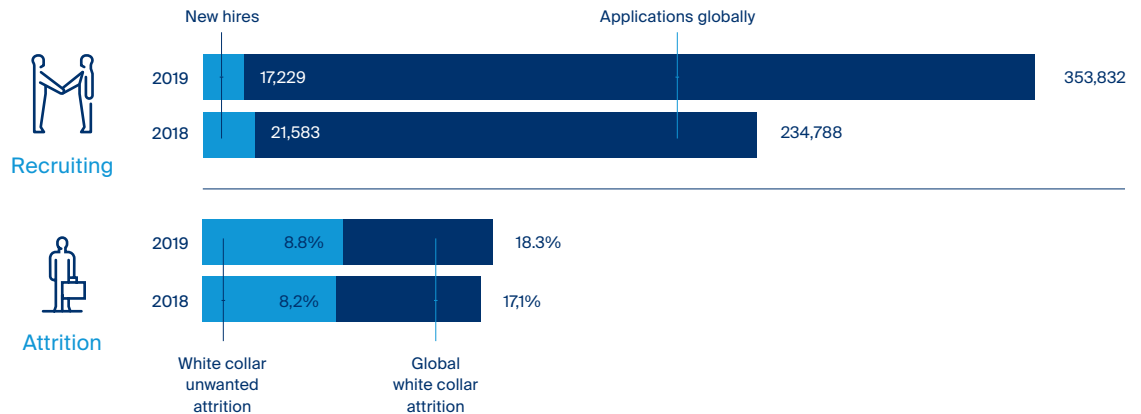
completed training sessions

target setting meeting between employee and their line manager and minimum one performance review conversation. Managers are encouraged to conduct additional feedback and review sessions throughout the year. Beyond the performance management process, HCMS supports line managers and employees also in defining and agreeing on development actions and career planning. For our colleagues working in warehouses, local management engages through a standardised target setting and performance review conversation.

Recruiting

The company's recruitment procedures are permanently optimised to ensure best-candidate experience and an unbiased treatment of all applications. Job advertisements avoid stereotyping or using wording that may discourage groups with a particular characteristic from applying. Kuehne+Nagel received 353,832 applications globally in 2019, increased by almost 50% compared to 234,788 in the prior year. In total, there were 17,229 new hires, compared to 21,583 hires in 2018. ^{GRI 401}

Recruiting and Attrition Structure ^{GRI 401-1}



Continuous learning and knowledge GRI 404-2

Kuehne+Nagel encourages continuous learning and knowledge sharing, and the company encourages flexibility and mobility.

In the company-wide effort to enable the employees' continuous growth and development, the online learning catalogue was further expanded. The myLearning system, launched in 2019, enables employees to engage with learning materials that are directly or indirectly relevant for their job performances in a self-directed, self-driven, and self-paced fashion.

For Kuehne+Nagel's employees, learning and ongoing development has become more important than ever – given the rapid changes we see in the society. Within one year, more than 2,807 courses and webinars were uploaded and made available. GRI 404-1

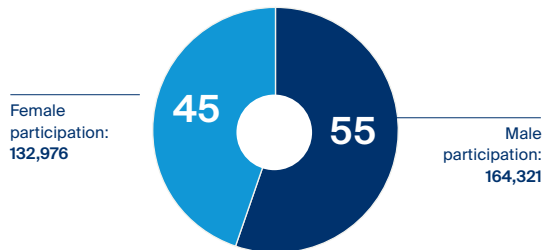
Training GRI 404-1

In 2019, 297,297 training sessions were completed, from which over 105,413 were live training programmes and nearly 191,884 conducted online. Live training increased from the year before by 46% (2018: 72,000). This reflects the company's aim to ensure the continuous upskilling of our colleagues.

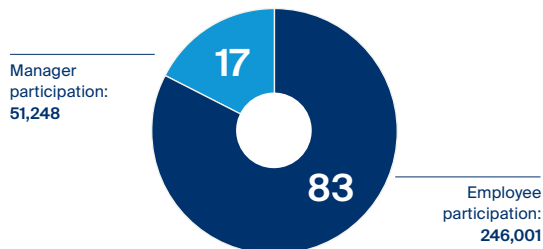
Most attended training sessions GRI 404-1



Training participation in per cent GRI 404-3



191,884
online trainings



105,413
live trainings increased
in 2019 from 72,000
(2018)

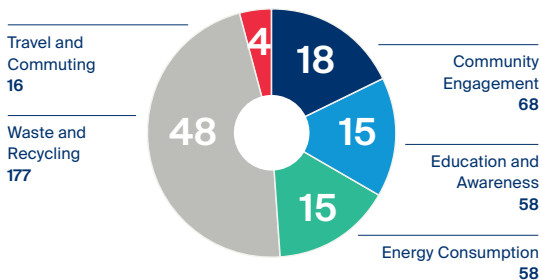
Community engagement



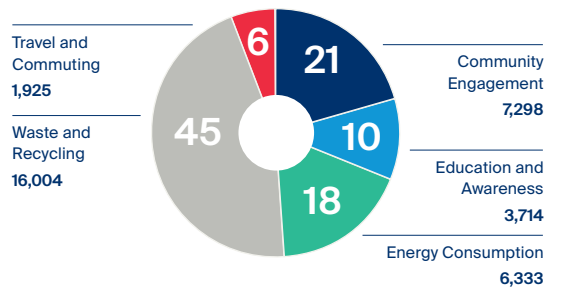
In 2019, 35,274 employees participated in volunteering environmental and community engagements.

Since 2016 we are tracking all community engagements of our organisation. With great pride we register an increasing commitment in activities and participation that can be summarised as follows: 2019: 377 initiatives, 2018: 220.

Initiatives worldwide in per cent



Participants worldwide in per cent





Managing Director with employees from Nairobi branch office

Community Engagement

- Reforestation – Tree planting
- Community donation campaign
- Environmental day
- Healthy breakfast throughout all branches
- Donation campaign – clothes
- Fresh fruits in all our offices every week
- Community cleanup

Education and Awareness

- Promote recycle- reduce -reuse
- Earth Day awareness campaign
- Garbage Classification training
- Educate local school children on road safety

Energy Consumption

- Replacing lighting for LED
- Paperless e-invoices and documents
- Occupancy sensors for lighting
- Temperature settings on thermostat and TRV controls
- Replaced fuel cars with electric cars to reduce fuel cost

Travel and Commuting

- Car share online platform
- Bus Week on site workshop with assistance from local bus operator
- The cycle to work
- Use videoconference technology

Waste and Recycling

- Office recycling campaign
- Beach clean up event
- Eliminate bins and implement recycling centers
- Replace disposable plastic cups with reusable plastic bottles
- No more printed booking form which received from shippers
- Clean parks
- Collect used batteries then send to authorised party for recycling
- Issue the e-Warehouse Cargo Receipt to factories



Integrity in Business

Ethics and Compliance Programme



Compliance Governance GRI 103, GRI 102-18

The Chairman of the Board of Directors has entrusted the Risk and Compliance Committee of the Kuehne+Nagel Group to support the Board of Directors and the Management Board for applying the standards of good corporate governance.

Designing the Ethics and Compliance Programme has been delegated to the Chief Compliance Officer, who with subject-matter expertise has been assigned independence and authority for implementing the Programme in all business areas and subsidiaries in cooperation and with support from the Kuehne+Nagel management as well as other qualified resources and functions.

The independence of the Chief Compliance Officer function has been established by reporting directly to the Chief Executive Officer. Complementary reporting lines exist to the Audit Committee Chairman of the Board of Directors and the Group General Counsel. The Chief Compliance Officer is supported by corporate, regional and local compliance representatives, and as needed involves other internal functions, such as Internal Audit, Legal or Human Resources, or external support.

Ethics and Compliance Programme

Complying with internal requirements, laws and regulation as well as with common standards and rules of professional conduct is vital to Kuehne+Nagel's business and marks a minimum expectation for Kuehne+Nagel employees.

Any comprehensive Ethics and Compliance Programme begins with the leaders. Thus, ethical leadership helps setting the right priorities and driving culture forward. Therefore, Kuehne+Nagel expects its leaders to constantly act as role models when integrating the culture of compliance into their area of responsibility.

Code of Conduct and Policy Framework GRI 102-16, GRI 409-1

Kuehne+Nagel's Code of Conduct determines the general principles of expected business conduct and behavioural requirements that Kuehne+Nagel employees must consistently and continuously apply in their business activities for establishing a solid cornerstone of integrity beyond legal regulations.

The Code of Conduct is complemented by internal policies and guidelines. These supplementary materials address specific compliance topics and provide guidance to every Kuehne+Nagel employee on standards and procedures that are specific to particular compliance risks, including Anti-Trust, Anti-Bribery, Conflict of Interest or Gift and Entertainment.

Every Kuehne+Nagel employee is encouraged to read, understand and apply the principles, and be fully aware of the meaning and significance of the Code of Conduct and its complementary guidelines. Kuehne+Nagel employees are also expected to propagate the principles of the Kuehne+Nagel Code of Conduct to everyone in their sphere of influence.

In January 2019, an enhanced version of the Kuehne+Nagel Code of Conduct was launched. For each of its 19 chapters, respected and fostered (as well as not tolerated) principles comprehensively clarify expectations. The Code of Conduct has been released in 43 languages. The English version is publicly available on our internet website www.kn-portal.com. By applying set standards, audits and reporting we comply with SDG 16, 17.



Ethics and Compliance Programme

Enabling Kuehne+Nagel Employees ^{GRI 205-2}

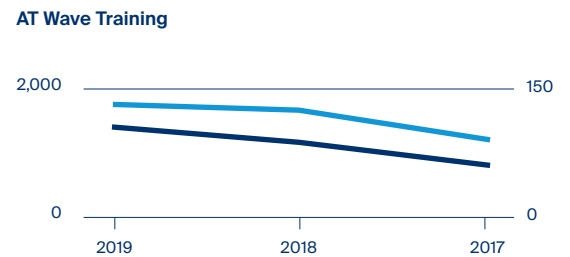
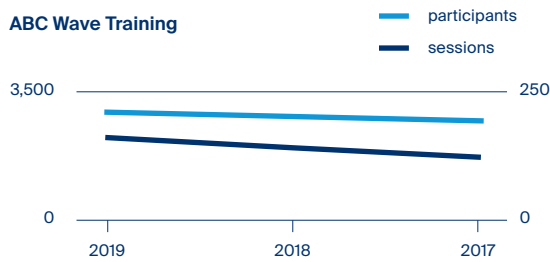
Code of Conduct Curriculum

Kuehne+Nagel expects its employees to always act in line with Kuehne+Nagel's business principles and are required to acknowledge the Kuehne+Nagel Code of Conduct when entering into an employment contract. ^(SDG 16.3)

Further, Kuehne+Nagel employees with personalised company email accounts are required to annually confirm having read and understood the Kuehne+Nagel Code of Conduct. This confirmation is available in eight different languages and can only be completed if the Code of Conduct document was opened and

reviewed in the Kuehne+Nagel intranet and if mandatory test questions have been answered correctly. Progress and completion is monitored at the corporate level for ensuring a continuous participation rate exceeding 95% for all Kuehne+Nagel employees and 99% for Kuehne+Nagel's top and senior managers. ^{GRI 102-16}

Further, employees are trained on the principles of the Code of Conduct following risk-based considerations. Kuehne+Nagel monitors the Code of Conduct training sessions to ensure minimum participation rates of at least 95% for all Kuehne+Nagel employees and 99% for Kuehne+Nagel top and senior managers.



The Code of Conduct induction training based upon the enhanced Code of Conduct has been re-released in 2019 and made available in more than eight languages and is delivered live by in-house presenters qualified through train-the-trainer. In addition, live team training solutions for blue collar employees have been established for ensuring full inclusion. Also the online training has been updated in 2019 as per the enhanced version of the Code of Conduct and made available in eight languages. Kuehne+Nagel employees with a personalised company email account have been invited and are mandatorily required to complete the course.

Participation rates as indicated are monitored at the corporate level and statistics thereof frequently circulated to respective HR leaders for following-up on progress when lower than expected. Accordingly, any improvement will be reflected in subsequent statistics.

The mandatory Code of Conduct curriculum is complemented with live Code of Conduct on-demand training delivered by employees from the Compliance organisation following risk-based consideration.

Anti-Bribery / -Corruption and Antitrust Curriculum
 Since 2014 and 2015 respectively, Kuehne+Nagel employees have been educated in annual waves of anti-bribery / -corruption (“ABC”) and antitrust (“AT”) training.

ABC training is delivered to target audiences, selected annually subject to risk-based criteria, including for example corporate, regional or country management teams and other functions such as Sales.

Overall, ABC training has been delivered to more than 3,100 employees in more than 170 sessions. ABC training in 2019 focused on training sensitive functions including global customer-facing teams and was mandatorily complemented by online training on ABC and conflicts of interest. ^(SDG 16.5)

Respectively, AT training has been delivered to more than 1,700 employees via more than 80 sessions.

On-Demand Curriculum

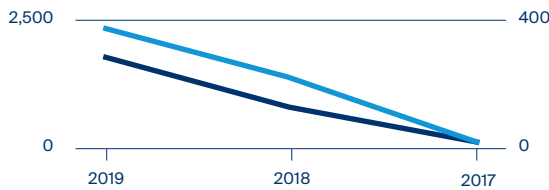
Additional on-demand compliance training is risk-based and delivered upon request or in response to when need was identified. The topics covered by such training extend across the full responsibility of the Compliance functions such as from Compliance updates to Integrity Due Diligence workshops.



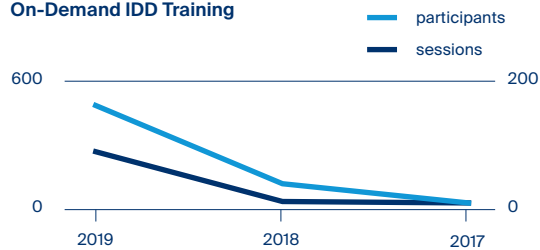
>3,100

employees participated in more than 170 ABC training sessions

On-Demand Compliance Training



On-Demand IDD Training



Further, on-demand training is offered as online and live training as well as via web conferences.

Since they were started in 2017, live on-demand Compliance updates have been delivered to almost 2,500 employees – in about 300 sessions.

On-demand Integrity Due Diligence (“IDD”) workshop / training has been delivered to almost 600 employees in almost 100 sessions since it was commenced in 2017.

The on-demand Online training is offered in modules for Anti-Money Laundering (“AML”), Conflicts of Interests (“Col”), and ABC.

Since launching in 2018, almost 100 employees have completed the AML course, the Col course was completed by almost 1,500 employees and the ABC course was completed by about 700 employees.

Internal Information and Communication

A communication and information platform with dedicated Compliance communities named “myKN” further enables the Kuehne+Nagel employees to be provided with tailored information or reaching out for advice. Such information can be proactively pushed or pulled on demand from the Kuehne+Nagel internal collaboration platform (myKN). ^(SDG 17.16)

Confidential Reporting and Allegation Management

Kuehne+Nagel employees are encouraged to raise concerns over potential violations of the Code of Conduct to persons of trust within Kuehne+Nagel or via the global Confidential Reporting Line (CRL) that has been implemented for employees in countries with Kuehne+Nagel facilities in 2013. This line allows for reports on potential violations in a safe, confident, and, if desired, anonymous manner. The CRL can be reached 24 hours a day, seven days a week and is operated by an external service provider enabling reporting in more than 100 native languages – either by phone, e-mail, a dedicated web-based reporting tool or a mobile app. ^(SDGs 16.3, 16.5)

The Kuehne+Nagel Independent Allegation Management Committee coordinates and monitors the handling and follow-up of reported allegations received through any channel. The Committee ensures consistent professional standards and procedures for enabling thorough independent investigations where needed. Subject matter experts are involved to ensure competent and adequate assessments, appropriate decision making, and related follow-up activities. For example, HR matters are usually clarified by the HR function with the principles of independence and unbiasedness mandatorily applied.



~1,500

employees trained in the live on-demand training in 2019



~2,150

employees trained in the online training programme launched in 2019



Incoming reports: Confidential Reporting Line and other channels

Other channels
Confidential Reporting Line



Incoming reports: anonymous and non-anonymous reports

Non-anonymous
Anonymous



~56%

5-year average of anonymous incoming reports



~66%

5-year average of incoming reports received through Confidential Reporting Line



~66%

5-year average of incoming reports are mainly HR-related

Complaints or allegations made in good faith will not expose the submitter to retaliation. However, knowingly providing false or misleading information may result in consequences.

The CRL has remained to be the primary source of raised concerns at a growing level over the past years reaching 69% in 2019. Reports received through other channels include paper letters, emails, and phone calls raised with persons of trust or other publicly known Kuehne+Nagel addresses.

The split of anonymous versus non-anonymous reports has slightly varied over the past year with a share of anonymous reports of 61% in 2019. While encouraging our employees to report upon observed concerns, we respect anonymous reports and investigate only in the direction of issues and not into identifying anonymous reporters; thus, ensuring adequate prevention of retaliation.

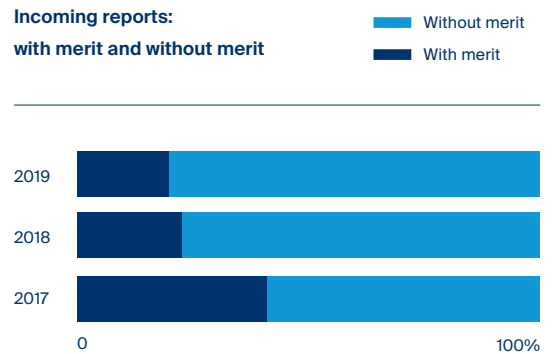
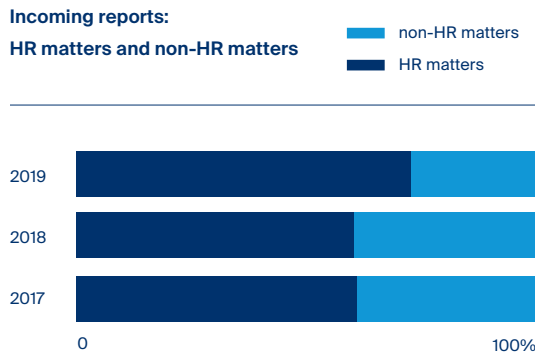
Kuehne+Nagel categorises incoming reports into either HR matters, whenever the primary scope of concern appears to result from behaviours or leadership, or non-HR matters, whenever the group's monetary assets were affected. With 71% in 2019, the majority of raised concerns remains to be in the field of HR matters.


In 2019, 320 cases (2018: 230) were reported to the attention of the Independent Allegation Management Committee resulting in 3.8 cases per 1,000 employees (2018: 2.8). ^{GRI 205-3}

Cases assessed with material impact on the Kuehne+Nagel group will be reported upon in the annual audit reports and media releases respectively. ^(SDGs 16.6, 16.7)

→ Compliance ensures stability driven by people and processes. We are ready.






~37%
 5-year average of cases
 with merit

Following independent investigation whenever needed, substantiated allegations are remediated accordingly including measures such as process and control improvements or disciplinary sanctions up to termination for deterrence and preventing reoccurrence. The number of allegations found with merit has decreased over the past years to 28% in 2019.

Information Security and Data Protection

Information Security

Through the expansion of information technology systems in all business and functional units, the dependence of secure data processing on information technology increases. Kuehne+Nagel classifies the security of information technology for all scopes as one of its core business goals. Therefore, comprehensive information security management establishes requirements and rules for all areas of information technology and enables secure data processing in all operational fields.

In 2019, Kuehne+Nagel achieved the ISO 27001 certification in Germany. In that context an Information Security Management System (ISMS) was introduced to the group with a global reach. The management commitment and continuous improvement, which is embedded in the ISMS, will ensure a strategic approach to tackle information security risks. This also means that other countries will be enabled to link into the existing ISO 27001 certification by a dedicated certification scope.

Data Protection

Compliance with data protection and privacy laws is an integral part of our company’s way of conducting business in a trustworthy manner. According to Kuehne+Nagel’s Code of Conduct, all employees, directors and staff have the responsibility to comply with applicable data protection and privacy laws while safeguarding the rights of people and enabling effective business operations around the world.

In 2019 relevant progress was made to further improve awareness on data protection in our company. Lessons were learned from data breaches and security gaps closed. In this context, the Kuehne+Nagel data breach management procedure has proven to be solid and reliable.

At Kuehne+Nagel, we respect the privacy of all individuals that have entrusted us with their personal data. The management of customer consent was lifted to a higher level of proficiency and triggered enhancement of new and efficient ways of customer acquisition. It remains simultaneously both a challenge and a goal to foster establishment of high standards of information security and data protection on a global scale. This being said, Kuehne+Nagel understands and uses these challenges as opportunities for continuous improvement of our business processes.

Stakeholder Engagement and Dialogue

GRI 102-12; GRI 102-13; GRI 102-40



Kuehne+Nagel has an intensive relationship with its stakeholders and how their business impacts on their respective growth and also how our impact on them. Since 2016, Kuehne+Nagel has established a sustainability programme to support communication with stakeholders and to improve its processes in all areas of business. The company encourages its stakeholders to address the issues. This helps Kuehne+Nagel to analyse, process and work on improvement, step by step.

Industry partners

Global industry initiatives are of great importance for Kuehne+Nagel. They provide a sound platform to exchange ideas and best practices based on a dynamic dialogue. Some of the global institutions and initiatives that Kuehne+Nagel have projects with are:

- [Clean Cargo \(CC\)](#)
- [International Federation of Freight Forwarders Associations \(FIATA\)](#)
- [European Association for Forwarding, Transport, Logistics and Customs Services \(CLECAT\)](#)
- [Global Logistic Emission Council \(GLEC\)](#)
- [International Air Transport Association \(IATA\)](#)

Ocean Conservancy

Kuehne+Nagel supports Ocean Conservancy in advocating for the protection of special marine habitats, restoring sustainable fisheries, and reducing the human impact on ocean ecosystems.

Development and Climate Alliance

As a member, Kuehne+Nagel pursues the initiative's focus on achieving climate-neutrality, contributing to the 2030 agenda and towards international climate actions, including in developing countries.

Global Maritime Forum

Kuehne+Nagel participates in the forum's commitment to shaping the future of global seaborne trade to increase sustainable long-term economic development and human well-being.

→ *For more details about our industry partners, please see our 2018 Sustainability Report, page 14.*

Relationship with shareholders GRI 102-42; GRI 102-43

Kuehne+Nagel provides detailed financial performance figures on a quarterly basis to its investors and the public. At the Annual General Meeting (AGM), the company's shareholders vote on issues of mutual interest according to statutory requirements.

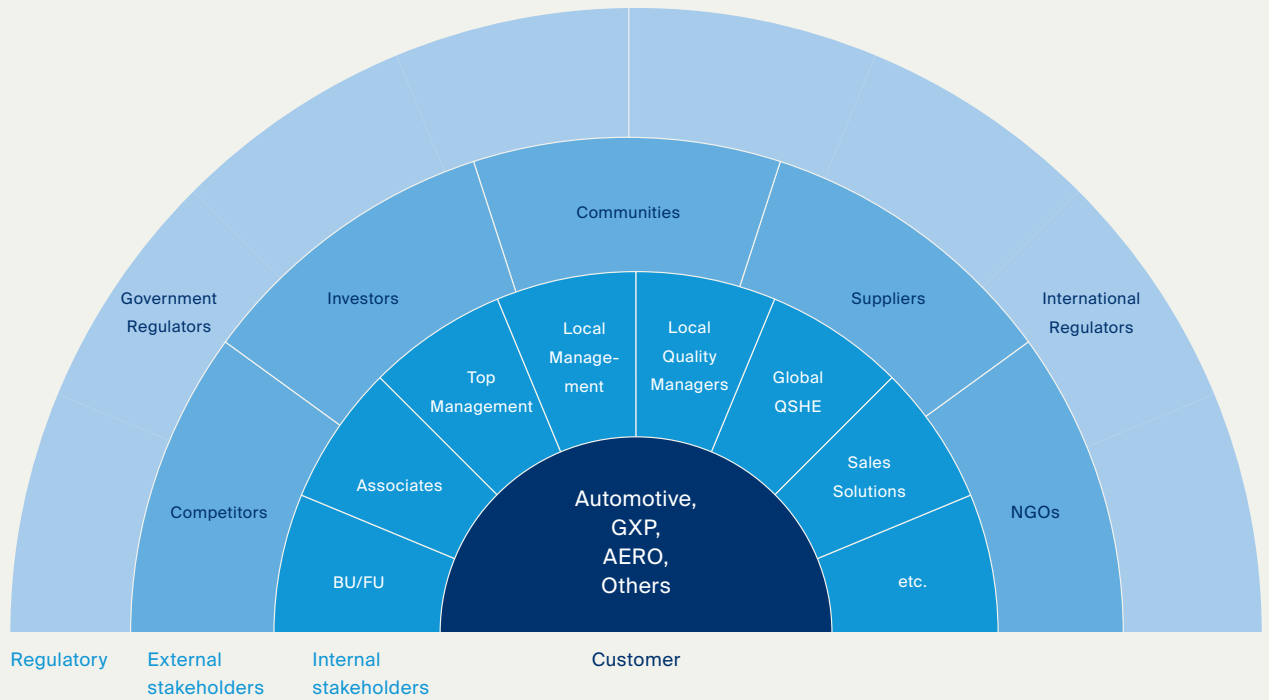
In 2019, our management team dedicated 30 days to investor engagement through participation in numerous investor events including both roadshows and investor conferences.

Communication with employees

Kuehne+Nagel holds town hall meetings on a global level on quarterly basis where Management keeps employees up to date on important company information; employees have an opportunity to ask questions and to give their feedback.

Communication with customers and suppliers

Kuehne+Nagel's annual customer survey helps to identify potential improvements in service quality and to give customers the opportunity to share their opinion. Hearing the voice of the customer is an op-



Internal and External Stakeholders GRI 102-42

portunity to gain insight to the customer’s experiences, challenges and perceptions. Thus, it facilitates regular discussions and provides opportunities for Kuehne+Nagel to listen, learn and improve. Further information can be found in this report in the customers and suppliers sections.

The company has established a communication channel with its suppliers throughout the Supplier’s Code of Conduct. It aims for a broader assessment of the suppliers’ impact on the environment and society through their labour practices and safety and health standards.

Governments

Kuehne+Nagel is actively engaged in the dissemination of regulations through various industry organisations eliminating redundancy and increasing efficiency.

Industry

Interaction with the logistics industry primarily happens through industrial sector working groups. Kuehne+Nagel participates in such groups, which represent the logistics sector, legitimate interests, and also consider ways in which the industry could perform in an increasingly sustainable manner.

→ For more details about the dialogue with stakeholders, please see our 2018 Sustainability Report, page 16.



Customers



Management Approach

Our customers' needs are quite clear. They want a service provider that they can feel connected to, who is consistent and who acts with integrity.

Since the announcement of the Net Zero Carbon programme in September 2019, Kuehne+Nagel has received a lot of positive feedback from its customers who want to join the company on its path to climate neutrality. Kuehne+Nagel is proud to offer this sustainable solution in collaboration with its suppliers and customers to deliver progress to society.

In times of climate change and decreasing resources, everything must be done to ensure that products are transported as sustainably as possible.

Focus on sea service and customers satisfaction GRI 102-2

With KN Pledge, Kuehne+Nagel's customers take an active role in offsetting environmental impacts of their full container transportation, as the company offsets their carbon footprint on their behalf via contributions to the development of four nature-based projects in Indonesia, Kenya and Peru – from deforestation to protection of biodiversity and sustainable development of local communities.

KN Pledge is a full container service solution including Guaranteed Lead Time for all delivery combinations, 100% Money Back Guarantee, Extended Cargo Liability, Instant Pricing and Carbon Neutrality.



From January 1, 2020 onwards, all seagoing vessels will have to reduce sulphur oxides by 85%. In response to the prospect of IMO 2020, the company constantly supported our customers with answers to their most frequently asked questions about the implementation of the new regulation. In 2019, the company gave its assessment of the consequences of the regulation, provided several external and social communication materials, a FAQ for the webpage as well as an external webinar for customers. ^(SDG 17)

In 2019, Kuehne+Nagel introduced a new customer solution called Sea Explorer, the company's digital platform for sea liner services, which gives customers the confidence that each vessel carrying their goods will comply with the IMO 2020 regulation and, most importantly, how they will do so. ^(SDG 12)

Carriers have three options to reduce sulphur oxide emissions by 85% as of January 2020: using cleaner and more expensive Very Low Sulphur Fuel (VLSF), switching to Liquefied Natural Gas (LNG) vessels or installing so-called scrubbers. By the use of icons for the means of IMO 2020 compliance in combination with the information of CO₂ emissions, Sea Explorer facilitates full transparency of the sustainability of the services. ^(SDG 13, 17) Please read more on <https://sea-explorer.com/>

CO₂ emissions on invoices, CO₂ reporting for customers

Already in 2019, Kuehne+Nagel prepared certified CO₂ reports for more than 900 customers.

- Global Transport Carbon Calculator
- Pre- and On-Carriage data from EcoTransIT
- Main carriage data Sea Logistics from Clean Cargo Working Group
- Main carriage data Air Logistics and Road Logistics from EcoTransIT
- Sea Explorer CO₂ Emission Ratings

The Global Transport Carbon Calculator (GTCC): Kuehne+Nagel's own tool, designed to calculate CO₂ (based on accepted / verified / standardised data basis – best currently available and approved data – and calculation methods) triggered by forwarding activities. Following activities are within the scope of the calculator:

- Sea Transportation
- Air Transportation
- Road Transportation

The tools capabilities can be summarised:

- Customer data readily available in KN Login
- Calculation and reporting integrated into the already existing dashboard structure
- Scalable reports per trade lane / region / country / mode of transport and carrier

Zero 20' Containers

The Kuehne+Nagel International Supply Chain Initiative (ISC) team developed a number of Supply Chain Value Road Map (SCVR) Initiatives to improve the customer's supply chain. ^(SDG 12, 7, 17, 7) The measures provide our customers with the following benefits:

- Cost reduction / Reduction of capital costs
- Leaner inventory
- Increase in buying leverage
- Greater visibility
- Reduction of time to market
- Risk mitigation
- Improvement of service level
- Competitive advantage

What is Zero 20'?

The Zero 20' initiative aims at reducing the use of 20-foot containers in international supply chain. By only using 40-foot containers (or light loaded 40-foot containers) or consolidating 20-foot containers into larger equipment types in the origin consolidation point / hub, customers significantly reduce their end to end supply chain costs and the environmental impact of the shipment.



Kuehne+Nagel has successfully introduced this initiative for customers with destinations in North America, Europe, Middle East, South America, Australia and New Zealand.

Focus on air service and valuable customer feedback GRI 102-2

Over the course of 2019, KN PharmaChain has focused on promoting re-usable packaging to its global customer base in order to meet joint sustainability goals. Instead of using one-time packaging solutions and thus creating an increase in landfill, sustainable solutions can be re-used and often, with respect to temperature management, have superior performance. (SDG 12.7, 13)

Packaging changes are not easily done by companies and it has taken significant time to make the sustainability turn for Kuehne+Nagel and its customers. The complexities of return logistics need to be addressed prior to the start of shipments and it has to be ensured that the right solutions are available when needed.

Similar to re-usable packaging, KN PharmaChain has focused in 2019 on multiple-use temperature sensors. Kuehne+Nagel has carried out extensive testing of re-usable sensors that will provide not only an increase in service quality due to parameters measured, but will also allow for a more sustainable use of these particular devices. This is an ongoing project, which KN PharmaChain will also follow in 2020. (SDG 17.7)



Case study

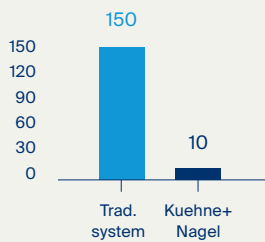
Kuehne+Nagel thinks ahead to reduce its CO₂ Footprint – a new refrigeration warehouse in Auckland

The new facility had to be able to maintain a high level of efficiency while handling a wide range of our customers' perishable goods from fresh produce to sensitive pharmaceutical products with the added requirement of frozen goods. To meet these key requirements, the decision was made to install a refrigeration system that used natural refrigerants due to zero rating for ozone depletion and negligible global warming potential (GWP).



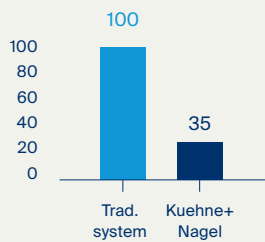
Kuehne+Nagel's strong focus on environmental responsibility along with meeting best practices has driven the successful outcome of this project.

**Global Warming Potential (GWP)
in CO₂ tons**



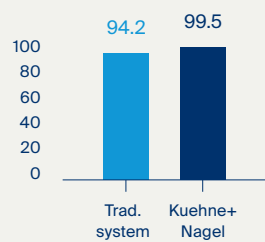
Our refrigeration system used natural refrigerants due to zero rating for ozone depletion and negligible global warming potential (GWP). A centralised ammonia (GWP=0) refrigeration system was chosen with a secondary glycol-water brine circuit delivering the cooling requirements to the medium and high temperature areas within the facility.

**Energy Efficiency
in per cent**



To achieve a full natural refrigerant solution a sub-critical CO₂ cascade system was used for the low temperature freezers. Along with satisfying the natural refrigerant criteria the CO₂ subcritical configuration offers very high efficiencies in low temperature operations. Fan motors and main pumps were all selected with high efficiencies and variable speed control to minimise energy usage.

**Temperature accuracy over 100 days
in per cent**



A programmable logic control system was developed to achieve close control of all system and room operating parameters. A full supervisory control and data acquisition system was incorporated into the control system to gather, analyse and report on the system's real time data. The extensive use of LED lighting and insulated rapid roller doors throughout the facility.



Focus on Road Logistics service, features and benefits for customers GRI 102-2

eTrucknow is a suite of road logistics solutions built on our experience to meet business needs. With eTrucknow Road Logistics Private Cloud Solution, companies can effectively manage their large fleet of truck vendors and improve on their supply chain efficiency. Companies can also choose to take an integrated approach through our combined solution of eTrucknow’s Qualified Fleet of Truckers and road logistics private cloud technology.

A standalone Quick Quote & Book Platform, with enhanced job matching capabilities, companies can get an instant and competitive quote based on their shipment needs. Additionally, eTrucknow Quick Quote & Book platform matches carriers’ empty hauls with jobs to unlock potential revenue via the digital marketplace. (SDG 12)

Launched in 2019 with around 9,000 shipments, it is our intention to strongly upscale this promising service for the Asia Pacific market in 2020 with 250,000 shipments with possible extension to other regions.

One stop solution for E2E visibility by connecting



Grow margins

Utilise the reporting insights to optimise your fleet operations. Improve supplier coordination and have a positive impact on your bottom line profitability.



Boost productivity

No more paperwork and manual work. You can manage all your shipment documents all in one place, at any time.



Make insight-led decisions

With full visibility on your shipments, you always know what is coming next and be able to make faster decisions.



Stay in control

With event time stamps and alert notifications, your planning team gets informed with no surprises.



Scale your business

Empower your team to automate their work, so that they can focus on your company’s core business.



One central platform

With our intelligent and innovative dashboard, you have a bird’s eye view of all your shipments.

Customer experience gathering 2019

We gather our customer experience data based on a culture and discipline of response, review and continuous improvement.

Throughout 2019, Kuehne+Nagel has conducted a set of aligned customer feedback initiatives across all regions and countries. The purpose of gathering this feedback was to identify where

- customers think about the performance
- customers have concerns
- identify important focus areas

Some statistics across our initiatives:

- More than 100,000 customers have been asked
- More than 80 countries have been considered
- And initiatives were available in more than 30 languages

Following the analysis of customers' feedback, we reached out to numerous contacts to understand their feedback better and to solve requests that came over the feedback channel. By the end of 2019, Kuehne+Nagel has drafted action plans in order to improve the experience both customers and employees have with Kuehne+Nagel.

At the forefront are actions towards what we want to achieve: Kuehne+Nagel wants to become the best place to work for and become the best company to do business with. GRI 417

Our Focus 2020 GRI 102-43, GRI 102-44

2020 will see additional calls to Kuehne+Nagel's customers to learn about their service experience. In addition, the company continues gathering written customer feedback through multiple channels. By doing so, Kuehne+Nagel's aim is to reflect and establish how we can build on what we do best and what things we ought to improve.

Suppliers



Management Approach GRI 102-9

Kuehne+Nagel works closely with its partners, suppliers and transport carriers to reduce impacts from shipments as well as to jointly drive sustainability improvements in critical parts of customers' supply chains.

As a global company, standardised processes are in place to manage the suppliers. This is done with the help of the Supplier Management System (SMT). SMT is a web-based application of suppliers across Kuehne+Nagel's business units covering operational, legal and compliance criteria.

SMT supports in identifying the most suitable suppliers and business partners on the basis of individual customer requirements, helping to optimise customers' supply chains.

On all levels, responsible Kuehne+Nagel personnel monitor and evaluate performance of suppliers. The evaluation process is conducted by questionnaires which contain relevant criteria for suppliers selection and evaluation. In 2019, Kuehne+Nagel started to evaluate the suppliers internally, by performing annual risk assessments and evaluated 104 suppliers through physical audits. (SDG 17)

CO₂ focus with our suppliers

In our efforts to reduce the CO₂ footprint we have close interactions with our corporate partners in sea and air freight. Together with the carriers we are seeking alternative routings, new combustion technologies and joint pollution reduction programmes. See herein our activities described on page 15, Net Zero Carbon programme.



58,000
registered suppliers



In the past year, we focused on renewable and alternative energies for our own and 3rd party truck fleets. One project concentrated on bio-fuel for long-haul trucking. After a thorough assessment, we came to the conclusion that bio-fuel might be an alternative energy for the future. Due to cost and network limitations, this is not yet perceived as an efficient option for current practice. Further, project groups are defined to elaborate on new technologies and procurement.

Enabling Third Parties for Kuehne+Nagel

A significant number of Kuehne+Nagel's business transactions and activities are performed by business partners, including suppliers or subcontractors that work with us or on our behalf. To protect Kuehne+Nagel from harm caused by such third parties, the business partners and subcontractors are expected to operate within the limits of Group's Ethics and Compliance standards. At a minimum, they are required to sign the Kuehne+Nagel Supplier Code of Conduct. (SDGs 8 and 17)

Kuehne+Nagel has published a one-pager "doing business with integrity – jointly against corruption", used for communication with third parties. Kuehne+Nagel regularly assesses the integrity of

existing or potential business partners by following procedures that address compliance risks or other concerns related to the involvement of third parties. A key emphasis of Integrity Due Diligence (IDD) procedures is focusing on interactions with government officials such as customs clearance when subcontracted to third parties. The total number of business partners evaluated through IDD is increasing following continued growth of the business as well as extensive application of IDD as a risk-based safeguard. At the same time, the total number of annual renewals is developing proportionally, following the requirement to comprehensively update an IDD decision every three years supplemented by annual confirmations thereof.

If there are significant findings from the research, we are required to establish a mitigated and improved environment by introducing reasonable safeguards, or else consider rejecting collaboration to prevent harm from our own business environment including customers. Procedures over suspending third parties have been strengthened in 2019 and are frequently reported upon and closely monitored.

→ *For more details about Supplier Code of Conduct and Evaluation process, please see our 2018 Sustainability Report, page 21 and 22.* GRI 308, GRI 414

Facility Management

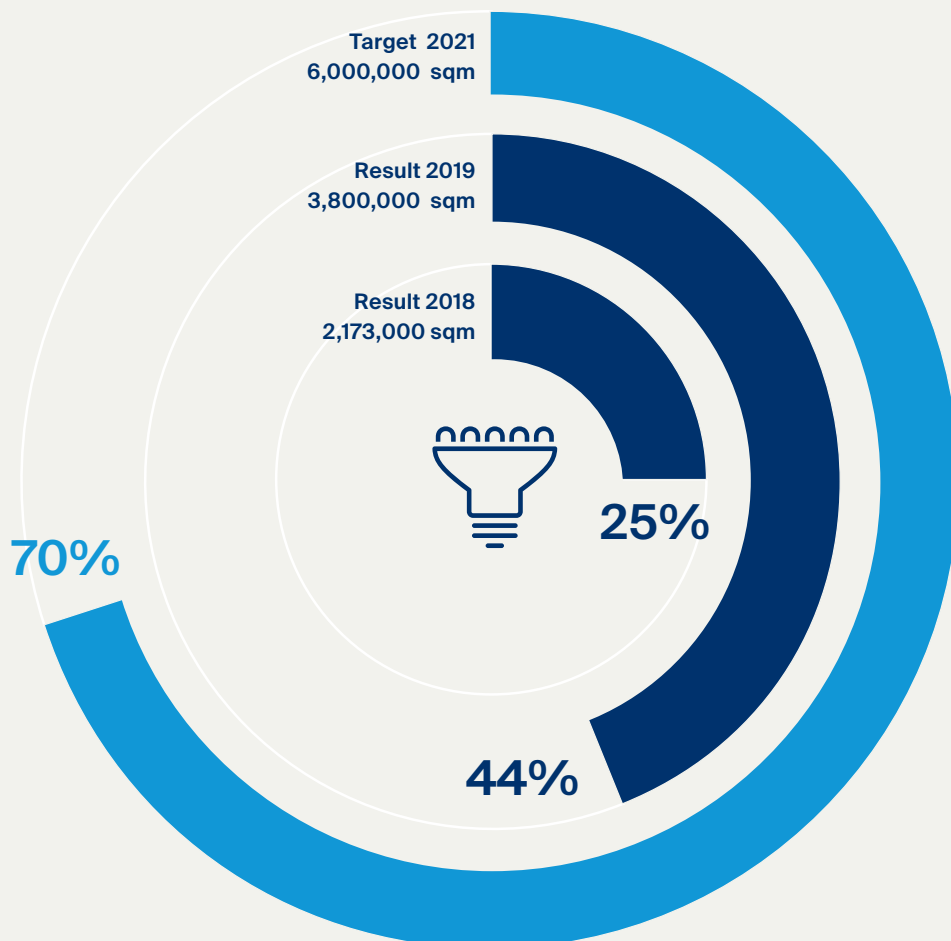


Kuehne+Nagel continues to implement the LED roadmap in its facilities, including warehouses and offices. The main focus is to upgrade the existing lighting systems in our facilities.

Implementing the LED roadmap requires different approaches, depending on whether the facilities are owned or leased (majority). The company has taken the initiative to implement LED lighting by devising a specific roll-out process in each country.

The target for 2019 was 3,000,000 sqm of LED. 44% of our global surface (warehouses and offices) have LED lighting installed, which equals 3,800,000 sqm of LED that was implemented worldwide in 2019. The target for 2021 is set in the Net Zero Carbon programme and is 6,000,000 sqm, which is approximately 70% of our global surface. In total, Kuehne+Nagel operates and manages 8,600,000 sqm. (SDGs 7, 9, 12, 6, 12, 7)

Implementing the LED Roadmap (SDGs 7, 9, 12)





Photovoltaics (PV) Installations

In October 2019, Kuehne+Nagel United Arab Emirates signed a solar power lease agreement with Total Solar Middle East LLC. The installation of 7,861 photovoltaic solar panels will have a maximum capacity of 3,034 KWp and will generate a guaranteed 80% of our electricity requirements at the Dubai Logistics City Facility (42,000 sqm). Installation of panels will start in January 2020. Expected savings after 20 years is CHF 4.63 million. (SDGs 7, 9, 12, 6, 12, 7)

Technology – half way through Kuehne+Nagel's digital journey GRI 102-2

Implementations in Kuehne+Nagel's warehouses: (SDGs 8, 8, 9, 12, 17)

- Picking enhancement for more than 150 sites
- New and cutting edge technologies for more than 110 sites
- Innovative Project Management Platform (ProjEX system)
- Kuehne+Nagel's Productivity Management System (GRIP system) helps operations and management teams to monitor, manage and track productivity at various levels. The application is used to optimise and balance resource to ensure maximum productivity is gained.
- Digital engineering
- SwiftLOG – e-commerce global platform
- Innovation Centre
- Digital Business Intelligence

Quality Services



Quality first GRI 417, GRI 416

Sustainability begins with Quality

Today, Kuehne+Nagel offers a wide range of diversified customer services and solutions, from aerospace, automotive to oil & gas, forest products and wine, spirits & drinks and many more. All these industries have one thing in common – meeting their needs requires profound knowledge, skills and training to comply with customer and regulatory requirements.

To meet these daily demands, Kuehne+Nagel has built up an integrated management system encompassing all requirements and ensuring a smooth supply chain on its journey from the manufacturer to the buyer. A number of standards, initiatives and multilateral cross-border agreements enable this on a day-to-day basis.

All Kuehne+Nagel branches are compliant to the applicable parts of the integrated management system; and the majority of branches are also audited and certified externally. In 2019, Kuehne+Nagel managed 1,626 certificates covering the operations in over 1,250 branches. The main standards applied were ISO 9001 management systems in 734 certified branches and ISO 14001 environmental management systems in 508 certified branches. The Occupational Health & Safety systems ISO 45001 (former OHSAS 18001) were applied in 384 certified branches. Another 15 special management and certification standards prove the relevance of transparent processes and auditable documentation which are e.g. SQAS Chemical industry, EN9100 Aerospace, ISO 13485 Medical

devices, ISO 22301 Business continuity management, ISO27001 Information Security to name some of the most relevant certifications. ^(SDG 17)

An important element in the past year was the certification for ISO 27001 Information Security which was significant in two aspects; as a governmental requirement to ensure and document our defined processes being adequate and compliant to national IT standards, and customer requirements to warrant and safeguard entrusted commercial data (more about ISO 27001 can be read in section Information Security and Data protection, page 36) .

In parallel with the information security advancement, our efforts also focused on upgrading current business continuity management in all our branches worldwide to ensure optimal response time in case of an emergency that requires special attention, clear leadership and communication.

The result of a stable framework can be underlined by the 437 customer and 121 authority audits executed in 2019, with no critical findings. 104 supplier audits have been conducted globally on a risk based assessment level. The majority of the supplier audits were conducted with reference to pharma, food and aerospace business. ^(SDG 12 and 17)

Confidence and control

Through regular internal audits, day-to-day business conduct is being verified by structured review and assessments of processes and risks to avoid damage or loss to business. These audits vary from branch size, business volume, complexity and products handled to ensure customer satisfaction. In the past year, 770 site audits were conducted in 87 countries.

Through our non-conformity reporting tool, 13,019 reports (2018: 13,400) were triggered to improve the current processes with the aim to reduce waste,

redundancies and cost of obsolescence. ^(SDGs 9)

The two main categories in focus were pharma & healthcare and operational procedures.

Values for customers

Based on the group's strategy, Kuehne+Nagel offers tailor-made customer solutions for industries like pharma & healthcare, perishables, aerospace and others. These customer solutions are called KN PharmaChain, etc. to ensure that dedicated and standardised procedures, regulatory requirements and documentation is established and employees are trained and qualified to manage in case of recalls or contamination of products may have occurred and market withdrawal is required. ^(SDG 4, 9, 17)

During 2019 no such incident was recorded.

Occupational Health and Safety ^{G 403-1, G 403-2, G 403-4, G 405-5, G 403-7}

The HSE-app was introduced in 2018 to support easy and fast reporting of unsafe acts and unsafe conditions in several countries.

At the end of 2019, 41 countries were using the app and 1,274 employees have been registered onto the app.

Due to its easy usability, the HSE-app has resulted in a significant increase in reported unsafe situations. As none of these situations had led to an incident, learning from these situations reduces the likelihood of incidents happening. This is reflected in the HSE-performance – which reflects a steady decrease in employees getting injured at work, providing a safe and secure working environment. ^(SDG 8)

The HSE-app will be extended with a dashboard and incident investigation module in 2020 and made ready for full roll-out within the company.



Case study



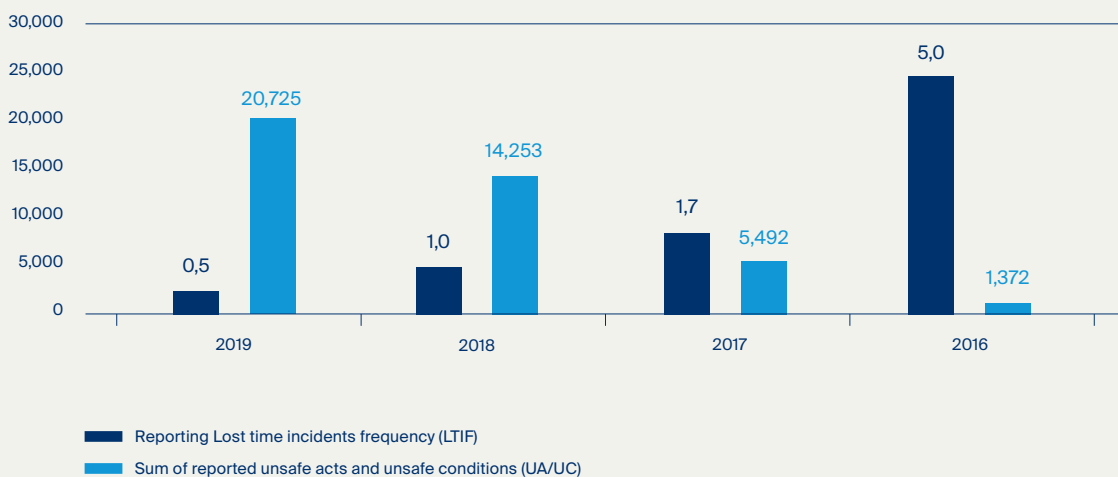
Our HSE-app shows a significant decrease in incidents. Kuehne+Nagel Brazil is benefiting from reporting of unsafe acts and unsafe conditions and learning from it.

Taking action: Every Injury is one too many. Every (Lost Time) Incident causes harm, costs money (as work will have to be taken over) and will have an impact on (smooth) operations. To prevent incidents, the focus is on unsafe situations that have not yet led to any harm. Kuehne+Nagel Brazil uses the online reporting tool, HSE-app, to report, learn and take preventative actions. This increased focus on leading indicators resulted in a dramatic improvement of the Brazil safety performance (LTIF).



Lost Time Incidents Frequency (LTIF) of the last four years in relation to the reported number of unsafe acts and unsafe conditions (UAUC)

User reports per Year in Brazil





Raising awareness among the staff for NO HARM training

In Kuehne+Nagel's continuous effort to get to the level of NO HARM, more employees were trained in recognising hazards in the workplace and what to do to if an unsafe situation is seen. This STOP Work Authority Program (SWAP) is extended to not only Kuehne+Nagel employees in warehouses, but also some of its suppliers, and third-party employees. Some countries started NO HARM training for their office employees already. ^(SDGs 3D, 4.7)

To recognise positive observations of a job well done or excellent workplace situation, the HSE-app has been extended with a "Positive Observation" button. This has already resulted in 277 reported positive observations in 2019.

In the reporting period the Lost Time Incident Frequency decreased less than the Total Reportable Case Frequency, but both continue on a downward trend.

Despite the aim to prevent any harm in 2019, Kuehne+Nagel contracted suppliers incurred fatal accidents.

Kuehne+Nagel Group	2019	2018	2017
Number of fatalities (FAT)	1		2
Lost time injury frequency (LTIF) ¹	13.22	13.73 ³	15.93
Total reportable case frequency (TRCF) ²	17.66	19.55 ³	19.30
Lost workday cases (LWC)	2,434	2,368 ³	2,429
Lost workday (LWD)	41,733	40,568 ³	47,954 ³
Unsafe act / Unsafe condition	43,522	22,727	7,833

¹ LTIF - The number of LTI's per 1,000,000 working hours

² TRCF - The number of TRC's per 1,000,000 working hours

³ Discrepancy to 2018 numbers (in previous report) due to rectification after reporting

In June 2019, in Indonesia, a chartered truck was hit by a bus coming from the other side of the dual carriage way. The co-driver was fatally injured. In the same month, in South Africa a third party employee (on third party premises) was fatally injured during offloading activities, which were under Kuehne+Nagel control.

The month after, in France, a third party employee was fatally injured whilst doing maintenance work on an FLT consignment in our premises. August was the last month in 2019 with a fatality. In Germany, a STUTE employee was fatally injured whilst maneuvering a steel coil into a cutting machine.

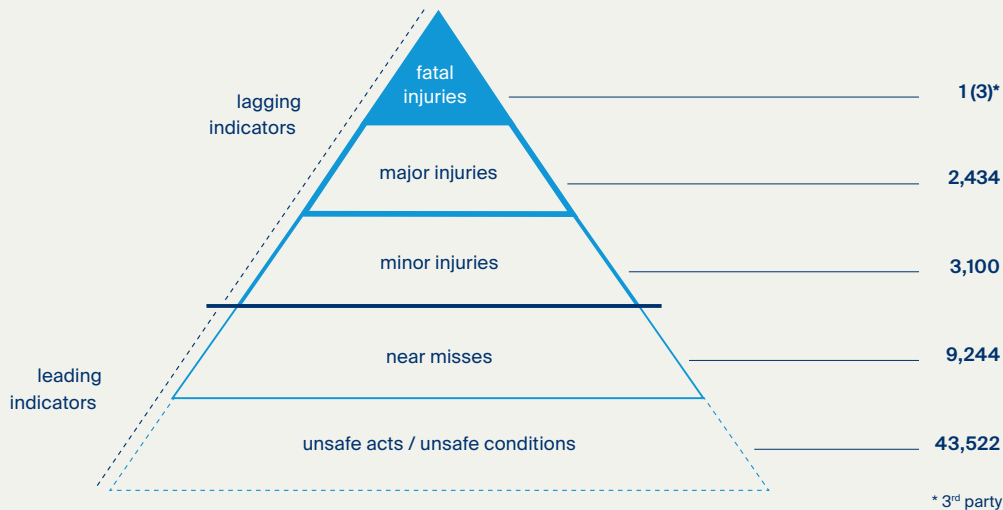
Corporate, regional and national management is informed of every single fatality, Kuehne+Nagel employees or 3rd party. Respective investigations are triggered and collaboration with authorities conduc-

ted to ensure lessons learnt are communicated and trained, with underlying causes corrected. We deeply regret these incidents and send our heartfelt condolences to the families.

In 2019, Kuehne+Nagel continued with the “Get Home Safe” campaign by training employees (more than 1,000 trained in defensive driving). A campaign was introduced in the Asia Pacific region, where the focus is on wearing seat belts. ^(SDGs 3.6, 4.7)

Kuehne+Nagel Italy organised a training in 2019, which included an awareness session on the theory of defensive driving, followed by a practical phase where each driver had the opportunity to perform safety tests on the road. The courses were held in October and November in 2019, with seven sessions, 64 participants and 512 hours of training counted. This project will continue in 2020.

Safety Pyramid





92 warehouses around the world with 1,000 days without an accident in 2019 ^(SDG 8.8)

North America

USA

→ MD - Baltimore
→ OH - Cleveland
→ OH - Columbus
→ MI - Detroit
→ NC - Durham
→ SC - Greenville
→ TX - Houston
→ VA - Washington
Dulles
→ IN - Indianapolis
→ IND - Ind - Apria
→ CA - Los Angeles

→ TX - Laredo
→ KS - Lenexa - Apria
→ TN - Memphis
→ MA - Mansfield
→ CA - Ontario
→ IL - Des Plaines
→ FL - Orlando
→ IN - Plainfield
→ IN - Plainfield
→ CA - San Francisco
→ PR - San Juan
→ UT - Salt Lake

→ MO - Saint Louis
→ GA - Apria - Suwanee
→ CA - Torrance
→ AZ - Tucson
→ TX - McAllen
→ OH - Urbana
→ CA - San Diego
Mexico
→ Tijuana
→ Leon
Canada
→ Milcreek

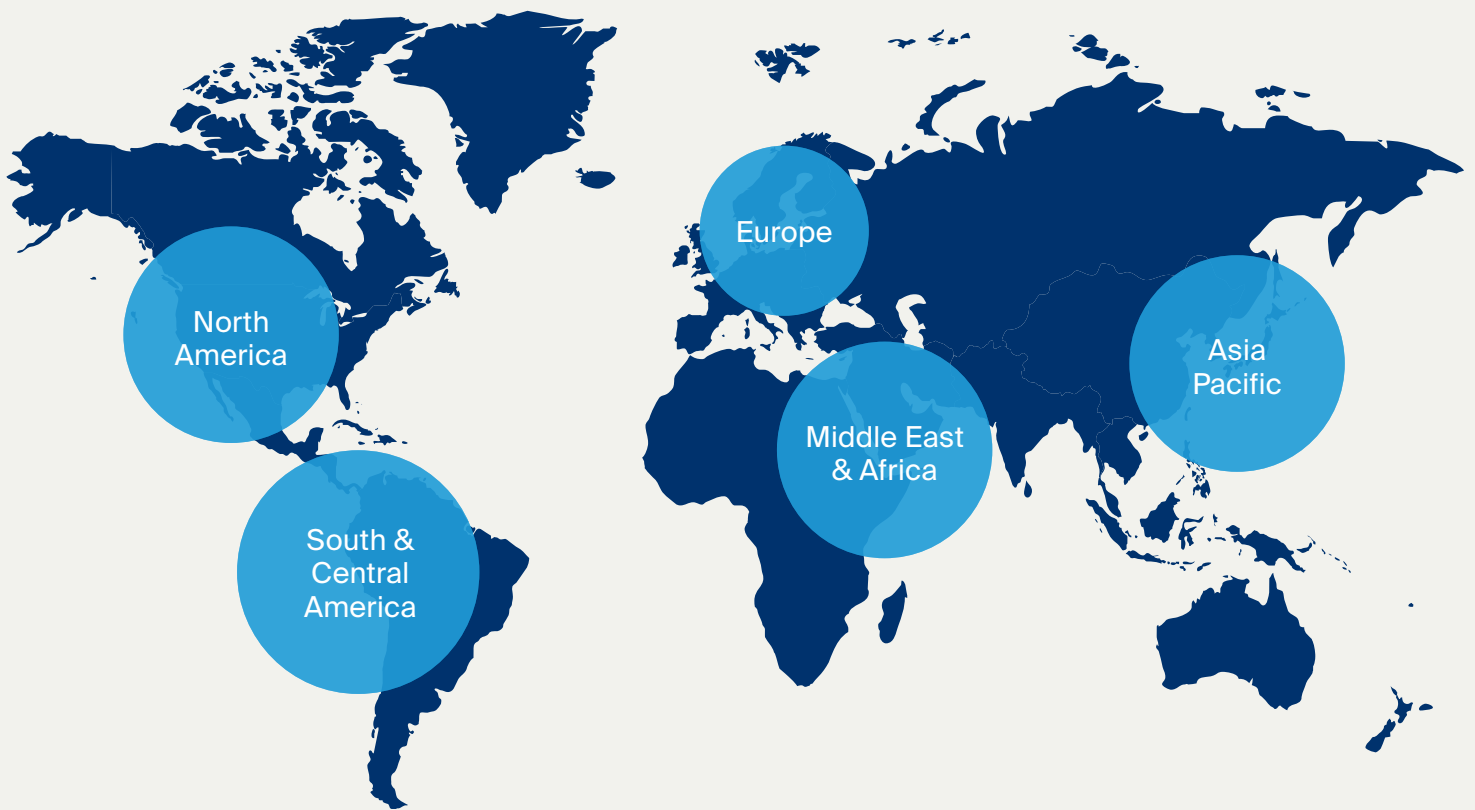
South America

Brazil

→ Guarulhos
→ Canoas
→ Embu das Artes
→ Indaiatuba

Colombia

→ Natura



Middle East & Africa

- Jordan**
- Zarqa
- United Arab Emirates**
- Dubai

Europe

- Austria**
- Vienna
- Salzburg
- Bulgaria**
- Sofia
- Switzerland**
- Gottmadingen
- Spain**
- Alicante
- Ireland**
- Shannon
- Macedonia**
- Skopje
- Norway**
- Stavanger
- Bergen
- Romania**
- Timisoara
- Cluj
- Bacau

- Russia**
- Moscow (Kuzyaevo)
- Moscow (DME)
- Olgino
- Yuzhno-Sakhalinsk
- Ukraine**
- ITG Kiev
- Chaiky I
- Chaiky II
- Brovary
- Gostomel (Hostomel)
- KHU

Asia Pacific

- China**
- East China:*
- Shanghai
- Ningbo
- North China:*
- Tianjin
- Beijing
- Dalian
- South China:*
- Hong Kong
- Shenzhen
- Korea**
- Incheon
- Australia**
- Altona North
- Chullora
- India**
- Bilaspur
- Jammu
- Srinagar
- Pondicherry
- Chennai
- Japan**
- Narita
- Ichikawa
- Rinku

- Malaysia**
- Kuala Lumpur
- Thailand**
- Rayong
- Chonburi
- Samutprakan
- Vietnam**
- Binh Duong
- Bien Hoa
- Thu Dau Mot
- Da Nang
- Phu Chuan
- Hai Phong



14,089

white & blue collar
employees trained in
security awareness

Security moment GRI 418-1

Kuehne+Nagel has developed and implemented a web-based incident reporting application in 2018. Following the company's strict zero tolerance security policy, any security incident or attempted security incident will be subject to reporting, irrespective of the loss value encountered. In the course of achieving certification to ISO 27001 Information Security Management, Kuehne+Nagel expanded the scope of the web-based incident reporting application to include theft of any IT devices, with the subsequent workflow informing Kuehne+Nagel's cyber security desk in real time. (SDG 9)

Crime trends see an increasing sophistication in organised crime, enabling attacks on highly secured vehicles transporting valuable loads. As a consequence, in 2019, Kuehne+Nagel recorded an increase

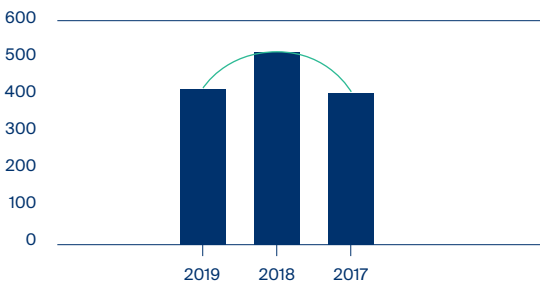
in commercial loss values for the first time despite decreasing incident numbers (-19%).

Kuehne+Nagel developed an internal certification standard for customers with enhanced security requirements. This certification standard is built on the provision of Security Management System for Supply Chain (ISO 28001). The current network consists of 55 certified locations across all Kuehne+Nagel regions. Over the years, Kuehne+Nagel stabilised the number of security / theft incidents to a stable level. With that statement, it was also recognised that organised crime is focusing on carrying out single major impact incidents, with increasing commercial loss values. To fight the likelihood of recurrence, Kuehne+Nagel closely monitors changes in threat levels and emerging modus operandi with authorities and customers to implement suitable countermeasures.



In Mexico, armed hijackings of trucks have been successfully reduced by almost 50 per cent.

Number of Incidents



One example is the Implementation of enhanced security installations on subcontractor truck fleets in Mexico that allowed for 44% of attempted armed hijacking cases to be repelled, thus safeguarding from violence and theft.

Highlights for 2019

- Number of incidents declined by 19% compared to 2018; commercial loss value increased by 27%. This was caused by one single security incident.
- Kuehne+Nagel participated in designing a new certification standard for safe and secure parking places in Europe in collaboration with the European Commission.
- Kuehne+Nagel Thailand and Bolivia certified for AEO. Totaling 39 AEO certified countries.
- Strong collaboration with law enforcement agencies led to dismantlement of a network involved in trafficking of illicit substances and subsequent arrest of involved perpetrators.



4,408

employees having received
an internal Dangerous Goods
training listed in my learning
(Road/Sea/Air)

Dangerous goods GRI 403

In 2019, Kuehne+Nagel has continued to strengthen its network of dangerous goods specialists under the motto: “No Dangerous goods transport, without prior review by a qualified expert”.

Currently, the company already has over 2,800 qualified dangerous goods safety advisors in place for all modes of transport, and more than 7,000 employees have received dangerous goods function-specific or awareness training.

The measures adopted for the continuous improvement of the dangerous goods management within Kuehne+Nagel are, however, not limited to transport activities. Equally important are the safe handling and storage of hazardous substances articles, often subject to complex national and local legislation. GRI 417

For this purpose, a subject matter expert has been designated for each country in which Kuehne+Nagel carries out logistics activities who, with the assistance of local dangerous goods safety advisers, will ensure that all legal and safety requirements are met.

Thanks to the global Incident Reporting Tool implemented in 2018, each incident involving dangerous goods is immediately known and corrective measures, lessons learned and security alerts can be quickly broadcasted through a very active dangerous goods community within the company's intranet.

Despite the large amount of freight carried by Kuehne+Nagel in 2019, only four relevant incidents involving dangerous goods were reported. Thanks to the correct application of the existing spillage procedures, none of them caused any personal injury. However, in three of the cases, the release of chemical substances into the adjacent environment could not be avoided, requiring limited subsequent cleaning and decontamination measures. GRI 306-3

After an exhaustive investigation, the spillage procedures were updated to improve the protection measures for drains and sewage systems and to contain large leakages more efficiently.



118

employees having received
other Dangerous Goods
internal training not listed in
my learning (Road/Sea/Air)

Dangerous Goods Incidents 2019 GRI 306-3

Location	Country	Date	Description	Est. spill costs in TCHF	Spill volume	Damage to	
						Environment	Persons
Ilsfeld	DE	2 Apr.	Spill from IBC container to the river*	n/a	1'000 litres	Yes	No
Dallas	US	12 Jul.	Spill from the container to separate water retention pond	50	1'000 litres	Yes	No
Hauneck	DE	29 Sep.	Damage of plastic bags with toxic solids	n/a	2 bags	No	No
Derbyshire	UK	13 Oct.	Theft incident of diesel causing spill	100	by authority	Yes	No

* No hazmat but condensed alcohol-based solution

While there is a rising eco-consciousness in society, in many parts of the world it is still required to support awareness on the importance of sustainable development, which includes proper recycling and disposal of hazardous waste.

To contribute to this goal, Kuehne+Nagel has launched in 2019 the “hazardous waste awareness campaign”. This pilot experience carried out in a selected group of countries, aims to educate KN employees and collaborators to correctly identify, separate and

recycle or dispose hazardous waste generated at the company’s own premises and, where possible, promote greener alternatives. The materials collected include everyday hazardous articles, such as cleaning products, aerosols, paint, or batteries. (SDGs 12, 13)

With this project, Kuehne+Nagel is seriously committed to contributing to raising environmentally friendly behaviors in societies where currently this is not yet the norm.



3,019

employees having received external Dangerous Goods training (Road/Sea/Air)

GRI Index

This 2019 Sustainability Report is GRI referenced. In this table you will find references to specific sections in all 2019 Kuehne+Nagel reports, with the corresponding links and also the connection with

UN Sustainable Development Goals (SDG's). This report has not been externally assured. However, we are committed to continuously improving our sustainability reporting.

General Standard Disclosures

GRI	SDG Goals	Description	Reference	Page
General Disclosure				
GRI 102-1		Name of the organisation	Consolidated Financial Statements 2019 Report, Notes to the Consolidated Financial Statements	49
GRI 102-2		Activities, brands, products, and services	Services	
GRI 102-3		Location of organisation's headquarters	Corporate Governance Report	32
GRI 102-4		Countries where the organisation operates	Locations	
GRI 102-5		Nature of ownership and legal form	Annual Report 2019, Corporate Governance	18
GRI 102-6		Markets served	Locations Services	
GRI 102-7		Scale of the reporting organisation by number of employees, operations, net sales, total capitalisation by debt and equity, and quantity of services provided	Consolidated Financial Statements Report 2019 Status Report 2019	12
GRI 102-8	Goal 5, 8, 10	Information on employees and other workers	Sustainability Report 2019, Making the Difference	20
GRI 102-9	Goals 8, 9, 13, 17	Supply chain	Sustainability Report 2019, Suppliers Sustainability Report 2018, Evaluation process	21 – 22
GRI 102-10		Significant changes to the organisation and its supply chain	Consolidated Financial Statements Report 2019 Status Report 2019 Sustainability Report 2019, About this Report	51 6
GRI 102-11		Precautionary approach	Annual Report 2019	94
GRI 102-12	Goals 8, 9, 16, 17	External initiatives	Sustainability Report 2019, Stakeholder Engagement and Dialogue	37
GRI 102-13	Goals 8, 16, 17	Membership of associations	Sustainability Report 2019, Stakeholder Engagement and Dialogue	37

GRI	SDG Goals	Description	Reference	Page
Strategy				
GRI 102-14		CEO's Statement	Sustainability Report 2019, Welcome Message	4
Ethics and Integrity				
GRI 102-16	Goals 16,17	Company's values, principles, standards of behaviour	Sustainability Report 2019, Code of Conduct and Policy Framework, Code of Conduct	30
Governance				
GRI 102-18		Governance structure	Corporate Governance Report	13
GRI 102-30		Effectiveness of risk management processes	Sustainability Report 2019, Risk Assessment	7
Stakeholder Engagement				
GRI 102-40	Goals 8 16, 17	Stakeholder groups	Sustainability Report 2019, Stakeholder Engagement and Dialogue	37
GRI 102-41	Goals 3, 8	Percentage of employees covered by collective bargaining agreements	Sustainability Report 2019, Employee relations and human rights	24
GRI 102-42	Goals 8, 16, 17	Identification of stakeholders	Sustainability Report 2019, Stakeholder Engagement and Dialogue	37
GRI 102-43	Goal 5, 8, 10	Approach to stakeholder engagement	Sustainability Report 2019, Stakeholder Engagement and Dialogue	37
GRI 102-44	Goals 8, 9, 13, 17	Key topics and concerns raised through stakeholder engagement	Sustainability Report 2019, Stakeholder Engagement and Dialogue	37
GRI 102-45		Process for defining report content	Annual Report 2019, Listed Companies of the Group	103
GRI 102-46		Process for defining report content	The process for defining the report content was done in three stages. The first one was an internal assessment of the information available along with the corresponding sources. The second phase was the preparation of the data platform and collection of data. The last phase was the elaboration of the report, followed by a diligent internal review and approval process.	
GRI 102-47	Goals 3, 5, 7, 8, 9, 12, 13, 17	Material aspects identified	Sustainability Report 2019, Stakeholder Engagement and Dialogue Sustainability Report 2019, Materiality Matrix and Sustainability Goals and Progress Sustainability Report 2019, Ethics and Compliance Programme	37 8 30
GRI 102-48		Effect of any restatements of information provided in previous reports	No restatements.	

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GRI	SDG Goals	Description	Reference	Page
Stakeholder Engagement				
GRI 102-49		Changes from previous reports in the scope and aspect boundaries	There are no changes.	
Report Profile				
GRI 102-50		Reporting period	The information provided is for the reporting period January 1, to December 31, 2019	
GRI 102-51		Date of most recent previous report	May 20, 2019	
GRI 102-52		Reporting cycle	Annually reported.	
GRI 102-53		Contacts	Juerg Meier (juerg.meier@kuehne-nagel.com), Edgar Uribe (edgar.uribe@kuehne-nagel.com), Danica Dimitrijevic (danica.dimitrijevic@kuehne-nagel.com) Kuehne+Nagel Management AG Dorfstrasse 50, PO Box 67 CH-58834 Schindellegi	
GRI 102-54		Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option	
GRI 102-55		GRI Content Index	This report is GRI 2018 referenced	
GRI 102-56		External Assurance Policy	There has been no external assurance for this report.	

Specific Standard Disclosures

GRI	SDG Goals	Description	Reference	Page
Economic				
Management Approach				
GRI 103-1		Explanation of the material topic and its Boundary	Sustainability Report 2019, Materiality Matrix and Sustainability Goals and Progress No further information available.	8
GRI 103-2		The management approach and Its components	Sustainability Report 2019, Ethics and Compliance Programme Sustainability Report 2019, Making the Difference Sustainability Report 2019, Net Zero Carbon Programme Sustainability Report 2019, Occupational Health and Safety Sustainability Report 2019, Quality first Sustainability Report 2019, Security moment Sustainability Report 2019, Dangerous Goods Sustainability Report 2019, Suppliers, Code of Conduct	30 20 10 49 48 56 58 45

GRI	SDG Goals	Description	Reference	Page
Management Approach				
GRI 103-3		Evaluation of the management approach	Sustainability Report 2019, Ethics and Compliance Programme Sustainability Report 2019, Making the Difference Sustainability Report 2019, Net Zero Carbon Programme Sustainability Report 2019, Occupational Health and Safety Sustainability Report 2019, Quality first Sustainability Report 2019, Security moment Sustainability Report 2019, Dangerous Goods Sustainability Report 2019, Suppliers Code of Conduct	
Economic Performance				
GRI 201-1		Direct economic value generated and distributed	Consolidated Financial Statements 2019 Report Remuneration Report 2019	35
Anti-Corruption				
GRI 205-1		Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	Kuehne+Nagel does not publicly release this information. Code of Conduct	
GRI 205-2	Goals 4, 17	Communication and Training on anti-corruption policies and procedures	Sustainability Report 2019, Ethics and Compliance Programme Code of Conduct	
GRI 205-3	Goal 16	Confirmed incidents of corruption and action taken	Sustainability Report 2019, Confidential Reporting and Allegation Management	
Anti-competitive Behaviour				
GRI 206-1	Goals 16, 17	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes	Annual Report 2019, 36 Provisions note 1 Code of Conduct	93
Environmental				
Energy				
GRI 302-1	Goals 7, 12	Energy consumption within the organisation	Sustainability Report 2019, Net Zero Carbon Programme Code of Conduct	
GRI 302-3	Goals 7, 12	Energy intensity	Sustainability Report 2019, Net Zero Carbon Programme Code of Conduct	
GRI 302-5		Reductions in energy requirements of products and services	This information is not publicly available. Code of Conduct	
Water				
GRI 303-1	Goals 6, 12, 15	Interaction with water as a shared resource	Sustainability Report 2019, Net Zero Carbon Programme Code of Conduct	
GRI 303-2	Goals 6, 12	Management of water discharge – related impacts	Sustainability Report 2019, Net Zero Carbon Programme Code of Conduct	
GRI 303-4	Goals 6, 12	Water discharge	Sustainability Report 2019, Net Zero Carbon Programme Code of Conduct	

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GRI	SDG Goals	Description	Reference	Page
Emission				
GRI 305-1	Goals 3, 12, 13, 15	Direct Greenhouse Gas (GHG) Emissions (Scope 1)	Sustainability Report 2019, Net Zero Carbon Programme Code of Conduct	10
GRI 305-2	Goals 3, 12, 13, 15	Energy Indirect Greenhouse Gas (GHG) Emissions (Scope 2)	Sustainability Report 2019, Net Zero Carbon Programme Code of Conduct	10
GRI 305-4	Goals 3, 12, 13, 15	Greenhouse Gas (GHG) Emissions Intensity	Sustainability Report 2019, Net Zero Carbon Programme Code of Conduct	10
Effluents and Waste				
GRI 306-2	Goals 12, 13, 15	Total Weight of Waste by Type and Disposal Method	Sustainability Report 2019, Net Zero Carbon Programme Code of Conduct	10
GRI 306-3		Total number and volume of significant spills	Sustainability Report 2019, Dangerous Goods Code of Conduct	58
Compliance				
GRI 307-1		Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Kuehne+Nagel does not identify fines or any other form of sanction regarding non-compliance with environmental laws and environmental regulations during 2019.	
Occupational Safety and Health				
GRI 403-1	Goals 3, 9	Occupational health and safety management system	Sustainability Report 2019, Occupational Health and Safety Code of Conduct	49
GRI 403-2	Goals 3, 9	Type of Injury and Rates of Injury, Occupational Diseases, Lost Days, and Absenteeism, and Total Number of Work-Related Fatalities, by Region and by Gender	Sustainability Report 2019, Occupational Health and Safety Code of Conduct	49
GRI 403-4	Goal 3	Worker participation, consultation, and communication on occupational health and safety	Sustainability Report 2019, Occupational Health and Safety Code of Conduct	49
GRI 403-5	Goal 3	Worker training on occupational health and safety	Sustainability Report 2019, Occupational Health and Safety Code of Conduct	52
GRI 403-7	Goals 3, 9	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Sustainability Report 2019, Occupational Health and Safety Code of Conduct	49

GRI	SDG Goals	Description	Reference	Page
Training and Education				
GRI 404-1	Goals 3, 4, 8	Average hours of training per year per employee by gender, and by employee category	Sustainability Report 2019, Making the Difference Code of Conduct	27
GRI 404-2	Goals 3, 4, 8, 17	Programs for upgrading employee skills and transition assistance programs	Sustainability Report 2019, Making the Difference Code of Conduct	24
Diversity and Equal Opportunity				
GRI 405-1	Goals 3, 5, 10	Composition of Governance Bodies and Breakdown of Employees	Corporate Governance 2019 Report Code of Conduct	17
Child Labour				
GRI 408-1	Goals 3, 8, 17	Operations and suppliers identified as having significant risk for incidents of child labour	Code of Conduct, Supplier Code of Conduct	
Forced or Compulsory Labour				
GRI 409-1	Goals 3, 8, 17	Operations and suppliers identified as having significant risk for forced or compulsory labour	Code of Conduct, Supplier Code of Conduct	
Supplier Human Rights Assessment				
GRI 414-1	Goals 3, 8, 17	Percentage of New Suppliers Screened Using Human Rights Criteria	Code of Conduct, Supplier Code of Conduct	
Public Policy				
GRI 415-1		Total value of political contributions by country and recipient/beneficiary	Code of Conduct, Supplier Code of Conduct	
Customer Privacy				
GRI 418-1	Goals 16, 17	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Kuehne+Nagel has not received any complaints about data breaches, leaks or any other data losses for 2019. Code of Conduct	
Compliance				
GRI 419-1	Goals 16, 17	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with law and regulations	For 2019 no public relevant legal cases are to be reported In case significant sanctions occur the information is released in Kuehne+Nagel's media statements. Annual Report 2019	

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Alignment of Kuehne+Nagel's material issues and GRI

Very important issues to stakeholders, according to Kuehne & Nagel's materiality analysis	Related GRI Disclosure Topic	Reported in Kuehne+Nagel Sustainability Report 2019	Page
Management			
Data Privacy and Security	418-1: Customer Privacy	Code of Conduct	36
		Information Security and Data Protection	56
		Security moment	37
Responsible Communication	417: Marketing and Labeling	Customer experience gathering 2019	45
		Quality first	48
		Dangerous Goods	58
	102-43: Approach to stakeholder engagement	Stakeholder Engagement and Dialogue	37 – 38
Supply Chain			
Customer Relations and Satisfaction	102-43 & 102-44: Customer Satisfaction	Customers	39
		Customer experience gathering 2019	45
		Supplier Code of Conduct	
Customer Privacy	418-1: Customer Privacy	Information Security and Data Protection	36
		Security moment	56
Product and Service Innovation	102-2: Product and Services	Customers	39
		Facility Management	47
	201-2: Direct economic value generated and distributed	Consolidated Financial Statements 2019 Report	37
Sustainable Supply Chain	416: Customer Health and Safety	Quality Services	48 – 59
		Code of Conduct	
	102-9: Supply Chain	Suppliers	45
		Code of Conduct	
	308: Supplier Environment Assessment	Sustainability Report 2018, Evaluation process	21 – 22
		Code of Conduct	
	414: Supplier Social Assessment	Sustainability Report 2018, Evaluation process	21 – 22
		Code of Conduct	
Supplier diversity / engagement	102-9: Supply Chain	Suppliers	45
		Code of Conduct	
Employees			
Fair Treatment of Workers	102-8: Information on Employees	Making the Difference	20
		Code of Conduct	

Very important issues to stakeholders, according to Kuehne & Nagel's materiality analysis	Related GRI Disclosure Topic	Reported in Kuehne+Nagel Sustainability Report 2019	Page
Employees			
	102-41: Collective Barg. Agreement	Employee relations and human rights Code of Conduct	24
	202: Entry Level Wage	Kuehne+Nagel does not publicly release information Code of Conduct	
	401: Employment	Recruiting Code of Conduct	26
	404: Training and Education	Continuous learning and knowledge Training Code of Conduct	27
	409-1: Forced or Compulsory Labour	Code of Conduct	9
Employee Development	404-1	Continuous learning and knowledge	27
	404-2	Employee Development	24
	404-3	Training	27
	: Training and Education	Code of Conduct	
Occupational Health and Safety	403: Occupational Health and Safety	Occupational Health and Safety Code of Conduct	49
Labour Standards	402: Labour relations	Employee Relations and Human Rights Code of Conduct	24
Diversity and equal opportunities	405-1: Diversity and Equal Opportunities	Raising diversity awareness Code of Conduct	21
Environment			
Management of Dangerous Goods	403: Occupational Health and Safety	Dangerous Goods Code of Conduct	58
Efficient Use of Resources	103-2: Management Approach	Environmental Management System	10
Governance			
Ethics and Governance	102-18: Governance structure	Compliance Governance Code of Conduct Ethics and Compliance Programme	30 8 8
Transparency, Disclosure, Reporting	419-1: Socioeconomic Compliance	Occupational Health and Safety In case significant sanctions occur the information is released in Kuehne+Nagel's media statements Code of Conduct	49

Imprint:

Kuehne+Nagel International AG

Kuehne + Nagel House

P.O. Box 67

CH-8834 Schindellegi

+41 (0) 44 786 95 11

www.kuehne-nagel.com

KUEHNE+NAGEL 