

2020 Edition

Sustainability Report



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Welcome message



Dear readers,

When we look back on the year 2020, sustainability might not be the first thought that comes to our minds. The global pandemic has challenged economies, society, and each and every one of us unlike anything we have experienced before. Despite this, I am convinced that the past year has made the importance of creating and incorporating a culture of sustainability even clearer.

A crisis of this magnitude requires politics, the economy and society, to rethink the structures they live by, to adapt them and ultimately to make them so agile that future crisis situations can be better responded to or even be avoided. And that is precisely what sustainable action is in its truest sense: the responsible, forward-looking use of our resources and knowhow.

In economics, this aspect is often called resilience. In logistics specifically, it refers to designing and managing global supply chains that adapt to volatility of demand or markets in general – a topic which has been on the agenda of logistics experts long before the world was hit by the coronavirus.

For us at Kuehne+Nagel, resilience is an important part of creating economic sustainability for employees, customers and business partners. In 2020, this approach has proven successful in many ways: With a robust IT infrastructure enabling global web-based interactions and solid contingency management we were able to provide safe workplaces and remote working options while at all times maintaining our customer promise and safeguarding the wellbeing of our workforce. Agile processes and well-established networks

“The global pandemic has shaken up the world – but above all it has emphasised the urgency for sustainable behaviour and actions.”

have given us the flexibility to deliver goods whenever and wherever needed.

At the same time, our focus on sustainability was unwavering. Committed to the Science-Based Target initiative and as part of our Net Zero Carbon programme we became fully carbon neutral for our own emissions in 2020, one of the first in our industry. We were also the first logistics provider to offer an integrated CO2 neutral LCL solution for all shipments in our global LCL network.

In line with our global renewable energy strategy we continuously reduce our CO2 footprint in our offices and warehouses while exploring the use of alternative energies for sea, air and road logistics together with manufacturers, suppliers and customers. Expanding our sustainable solutions offering in all areas of our service offering is part of our ambitious target of carbon neutrality for our suppliers and customers by 2030.

When it comes to social sustainability, it is our primary goal to create a sustainable and resilient organisation for the future. With our Global Diversity and Inclusion policy, set into action with our Balance and Belonging programme, we underline the organisation's commitment to build a culture where everyone feels they belong and has equitable opportunities.

Kuehne+Nagel is fully committed to the UN Global Compact and the UN Sustainable Development Goals underlining the ten principles of Human Rights, Labour, Environment and Anti-Corruption. This Sustainability Report (Communication on Progress, COP) outlines the integration of our actions in our business strategy, operations and behaviours. This information is publicly available.

Sustainability is the foundation to everything we do as an organisation. During the year 2020, for all its challenges, we were able to prove that. We take comfort in the achievements made and look to create more value for all our stakeholders.

As Kuehne+Nagel, we recognise our place in the world, but we are aware we do not act alone. We are part of a global ecosystem. We do our part and encourage our peers, partners and stakeholders to do the same. Therefore, sustainability is both a collaborative endeavour and a task for each of us individually.

Join in, and together, let us create a sustainable future for all of us.

Dr. Detlef Trefzger
CEO

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.

Also acknowledged in this report are Kuehne+Nagel's sustainability activities and performances for the calendar year 2020 (see page 52 and ff.). For more details please visit our Annual Report 2020, page 11.

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.

In this report, for the first time, Kuehne+Nagel will include reporting on UN Global Compact (UNGC) 10 principles. Our Sustainability Report is our annual Communication on Progress report (COP) to the UN Global Compact, and it incorporates information on our sustainability

activities according to the UN Global Compact Active Level criteria.

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.

In 2020, Kuehne+Nagel has decided to work with a new certification body. The external assurance, validation and certification were granted by Det Norske Veritas (DNV). 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 2020 as follows:

- 2020 Building Bridges
- Corporate Governance
- Remuneration Report
- Status Report
- Financial Report

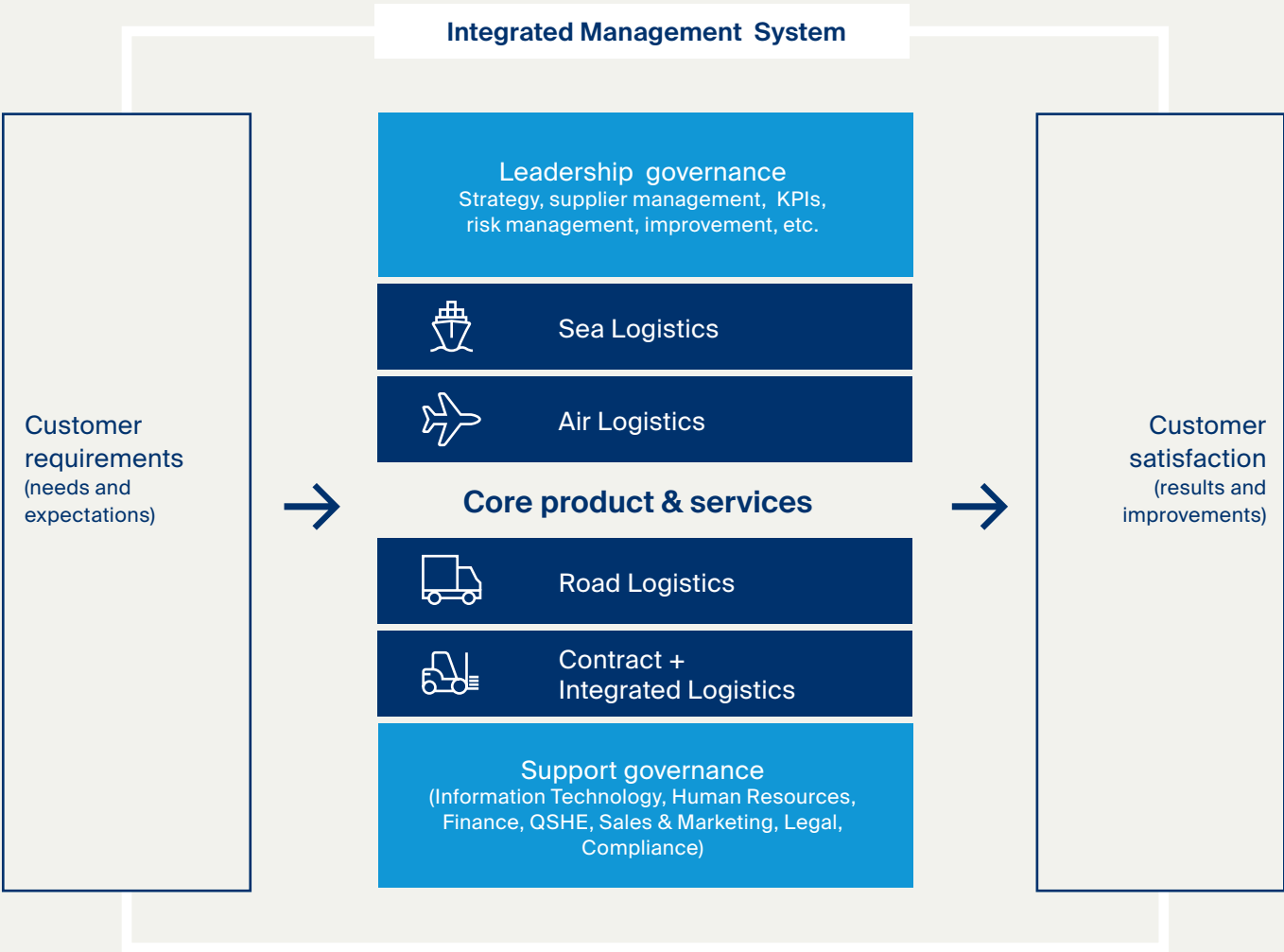
Driving a sustainable business

Our business

Kuehne+Nagel Group strives on a daily basis to connect people and goods through innovative and sustainable business solutions. Through the integrated management approach we are adding value to our external and internal customers; contributing to their success in

managing business risks and increasing efficiency. The diagram below presents the Kuehne+Nagel Business Unit and Functional Unit Process map, supported by Kuehne+Nagel's integrated management system.

Integrated management system



Embracing sustainability GRI 102-14

Kuehne+Nagel's sustainability programme embraces the elements of environmental, social and governance topics. These can be summarised with the following commitments:

- Implement global standards and frameworks,
- Keep the highest levels of ethics and compliance practices,
- Give back to local communities,
- Ensure the health and safety of our employees,

- Minimise the impact of our services on the environment.

Kuehne+Nagel commits to the 14 Sustainable Development Goals (SDGs) mentioned in the below graph. Out of scope are the SDG 1 (no poverty), 2 (zero hunger) and 14 (life below water). Of particular interest might be our commitment to the SDG 13 (climate action) in the section “Driving our Net Zero Carbon Programme”. You can also find details on employee topics

(SDGs 3, 4, 5) in the “Measuring sustainability progress” section.

The ambition to meet the goals of the SDG's paired with the responsible business practices defined in this report are governed by the organisation's structure, monitored by the Board of Directors and implemented and executed by the Management Board, outlined in the corporate governance model.

Sustainability programme



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

Mitigating risks GRI 102-30

Achieving our strategic and operational objectives involves managing potential and actual risks. The Kuehne+Nagel integrated risk management system addresses these risks across the companies operations. This system helps us align these risks and opportunities with our strategic objectives and therefore protect the organisation from future uncertainties. This is in addition to 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 the Annual Report 2020, page 16.

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

Ensuring compliance GRI 103

Compliance Governance and Management System GRI 103, GRI 102-18

As one of the world's leading logistics providers, our business activity is based on high ethical and legal standards. By considering integrity a key element in our business behaviour, we are able to foster a

sense of trust with our stakeholders, and meet our responsibility of being a reliable and successful business partner. Kuehne+Nagel's Ethics & Compliance Programme is designed to ensure that we comply with both legal and regulatory requirements as well as with our internal standards in addition to other rules of professional conduct.

Our Ethics & Compliance programme is an integrated element in our business environment, that provides guidance to all Kuehne+Nagel employees and our business partners throughout the entire Group, independent of function, geography or business area.

Our Ethics & Compliance Programme supports us to protect Kuehne+Nagel from negative consequences such as sanctions or reputational damages.

Compliance measures are continuously developed and implemented under consideration of the principles: prevent, detect and act.

The programme and its implementation throughout the organisation is monitored on an ongoing basis. This will ensure that design, implementation and related processes are aligned with Kuehne+Nagel's operations in all regions and industries.

A number of compliance related key performance indicators have been established to monitor the implementation progress across the entire Kuehne+Nagel Group, and to identify any remediation needs or required amendments to the programme in order to continuously improve its effectiveness and application. It is also identified as a very important and high material topic in the materiality matrix in this report.

Due to the Covid-19 pandemic, the year 2020 was different to prior years. While the world was forced to adjust the ways it interacted with each other, we grew stronger and more agile in everything we did, and were clear that we wanted to remain ethical. For example, in times when physical meetings were no longer viable and potentially even unsafe, we saw opportunity in online interactions. Integrity is at the heart of our business and ensures we convey confidence and security to our customers and partners.

Governance supports progress GRI 205-2

The Kuehne+Nagel Code of Conduct determines the minimum general and ethical principles that our employees must apply consistently and continuously in all their business activities. As a result, Kuehne+Nagel can show that it is a reliable business partner around the world that will protect its business partners, stakeholders and the Group from adverse effects as a result of its operations.

Every Kuehne+Nagel employee is required to read, understand and comply with 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 required to promote these the principles to everyone in their sphere of influence.

Internal policies and guidelines complement the Code of Conduct to address specific topics and provide guidance to our employees on standards and procedures that are specific to particular risk fields such as antitrust, anti-bribery and anti-corruption, conflict of interest, or gifts and entertainment.

Code of Conduct participation rates

In per cent	2020	2019	Change in per cent
Live training	91	86	6
Live training top and senior managers	98	93	5
Online training	94	74	27
Annual confirmation	98	93	5

For years, we have been running a dedicated Code of Conduct training programme to ensure that all employees know what is expected from them. It is built as a combination of live and online trainings and forms the first layer of our mandatory Compliance curriculum.

Progress and completion is monitored at corporate level to ensure a continuous participation rate exceeding 95 per cent across all employees and 99 per cent of top and senior managers. Respective monitoring is performed by the Human Resources function for following up on progress, where it is lower than expected. Furthermore, employees with personal company email accounts are required to annually confirm that they have read and understood the Kuehne+Nagel Code of Conduct.

The completion rate of the Code of Conduct Live Training increased by 6 per cent by year-end 2020 compared with 2019. Similarly, the completion rate of top and senior managers increased by 5 per cent. The completion rate of the Code of Conduct Online Training has reached a level of 94 per cent and is based upon a new and updated online training that was launched in October 2019 and thus had not been fully rolled out at year-end 2019. The com-

pletion rate of the Annual Confirmation has reached 98 per cent at year-end 2020. Reminder and escalation procedures are in place for ensuring the key performance indicators were met as well as following up on non-compliance at individual level.

SIX (SVVK) requirements

In alignment with the newly defined SIX/SVVK requirements, Kuehne+Nagel is regularly reviewing its portfolio with regard to business critical activities that may jeopardise the aspects of good business practices, the ESG as well as the CSR relevant topics.

A critical threshold can be considered with more than 5 per cent of revenue, that is not reached by any activity.

Critical business activity

In per cent	of revenue
Alcohol	1.8
Defence/weapons	1.3
Tobacco	0.9
Adultery entertainment, coal, firearms, gambling, GMO, nuclear energy, oil sands	-

Creating ethics and compliance awareness

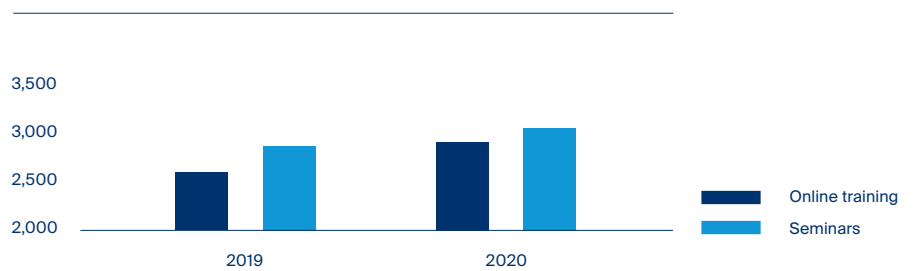
On-demand Compliance trainings complement the corporate-driven mandatory baseline Code of Conduct training as well as dedicated anti-corruption and antitrust education. This third layer of our Compliance curriculum allows for greater flexibility in topics and extended functional and geographic reach across the Group. Despite the title, such training is risk-based and delivered upon request; in response to a need being identified or specific issues; or accessed on a voluntary basis (eg as individual self-education).

To ensure we are continuously applying ethical principles, our employees must complete mandatory training on the Code of Conduct, anti-bribery, anti-corruption and antitrust. To further equip our employees, a variety of additional on-demand training can be done, covering specific situations which may not have been covered in the other training. Through such training, employees are taught about situations they may encounter in the course of their day-to-day business activity. On-demand training can be delivered in various ways, including live sessions and online training.

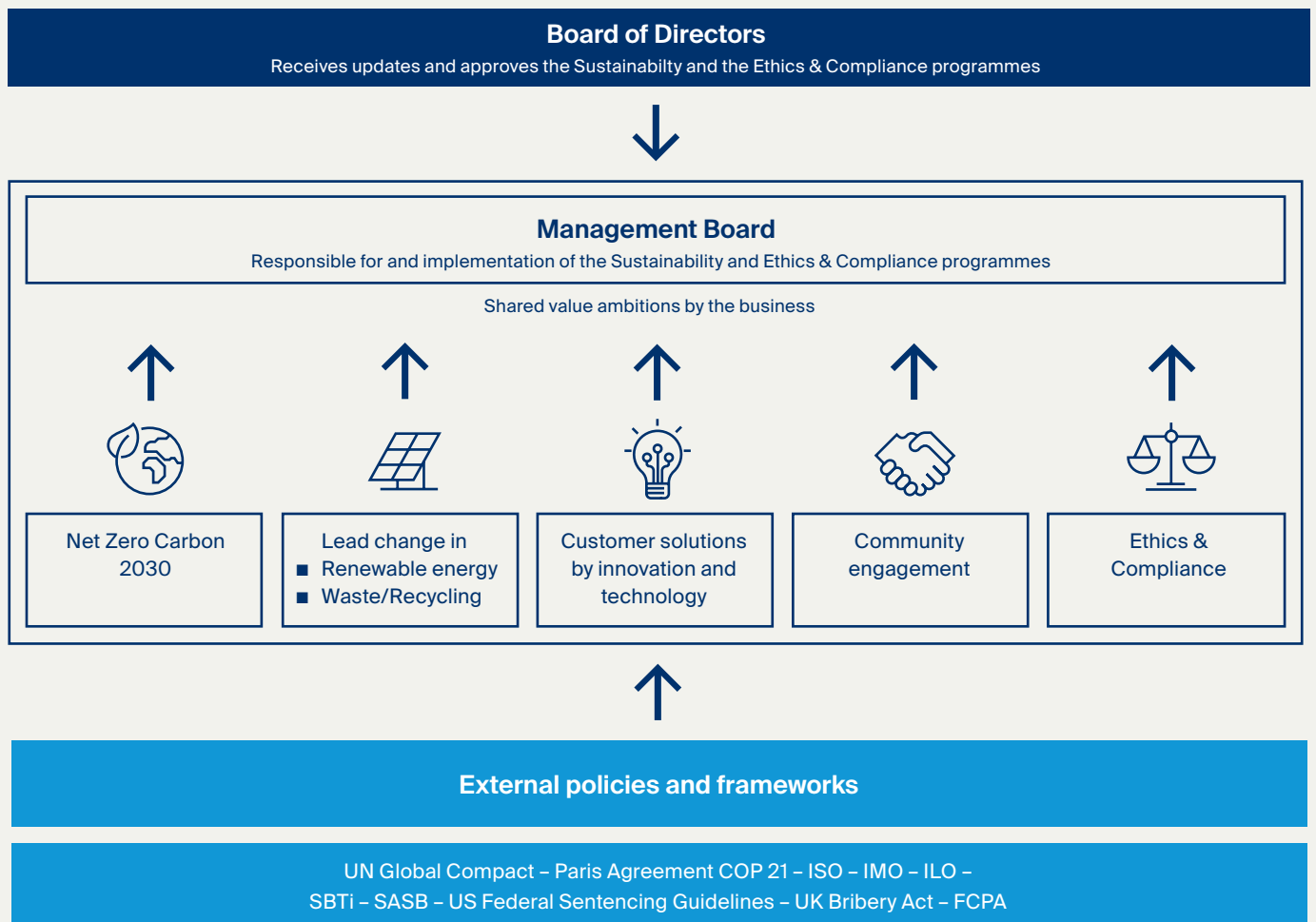
We are constantly monitoring our employees' training needs and requests for effectively allocating meaningful training resources. To achieve the best training experience, we have introduced a broad portfolio of training types, including but not limited to online trainings, and live or web training sessions delivered by qualified personnel. All participation in training is recorded into our learning management system and allow our employees to constantly develop their training records.

On-demand training compliance was delivered mainly through computer-based online training which is provided through our Learning Management system and through live and online training. For effectively mitigating adverse training effects from the pandemic, we explored new ways of delivering training.

Compliance on-demand training



Corporate Governance model



Fostering sustainability in the industry

Sustainability is much more than simply environmental protection. One of our core ambitions in the Net Zero Carbon programme is to focus on the best solutions for reducing the carbon footprint, to lead the change to renewable energy and to contribute with our community to positively impact the global climate.

See the consolidated performance data overview on page 52 to 53.



Driving our Net Zero Carbon programme

Kuehne+Nagel released the Net Zero Carbon programme as the core pillar of its sustainability strategy. At the heart of it is the path to CO₂ neutrality by 2030. 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 have been fully compensated in 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 in 2020 were made CO₂ neutral, new contracts with energy suppliers to increase renewable energy procurement and a biofuel concept for Sea Logistics operations is in place. ^{GRI 103-2}

The Net Zero Carbon programme sets the tone for the Group's next decade will be focused on addressing its environmental footprint as defined by our Net Zero programme. After its first year of intense peer collaboration, the Group has reduced its CO₂ emissions by 27 per cent from Scope 1, 2 and 3, clearly overachieving its own targets outlined in this Sustainability Report.

Kuehne+Nagel, as a member of Clean Cargo, the Sustainable Airfreight Alliance and the Global Logistics Emissions Council

initiatives, is in working closely with all major sea, air and road 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), the International Air Transport Association (IATA) and the Sustainability Accounting Standards Board (SASB) guidelines or standards.

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 2020, a global target that is part of our 2030 environmental strategy to reduce absolute carbon emissions by 5 per cent per FTE and 5 per cent per 100 m² from 2010 – 2020.

In 2020, Kuehne+Nagel reduced its CO₂ emissions by 22 per cent per FTE and also by 24 per cent per 100 m². Our total absolute emissions were reduced by 18 per cent, partly affected by the Covid-19 pandemic. Reductions were accomplished by using effective emissions control technology. The business units are currently in the process how to establish carbon reduction goals until 2030 based on the Science Based Targets initiative (SBTi). ^(SDG 13)

Performance review 2020

Kuehne+Nagel continued to improve its performance on environmental activities. 2020 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 2030, ensuring that we have clear medium to long term goals.

Environmental targets for 2030:

- 100 per cent of energy used will come from renewable sources,
- Zero waste to be sent to landfill,
- Reduce water consumption by 10 per cent,
- Use innovation & new technologies as enablers of sustainability efficiency,
- Achieve net zero carbon emissions across business and geographies.

The overall topic of greenhouse gas emissions is identified as very important on the materiality matrix, influencing stakeholder assessments and decisions. See also the materiality matrix in this report on page 28.

* Scope 1 – Direct emissions (owned controlled sources)

Scope 2 – Indirect emissions (generated/purchases power, steam, HVAC)

Scope 3 – All other indirect emissions in company's value chain

Climate change reduction GRI 305-1; GRI 305-2

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 to 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 2030 environmental reduction plans.

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 in 2020 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 in section Performance data shows the 2020 results. (SDG 13)

The total GHG inventory encompasses the company's diversity and complexity. The current inventory accounts for a total of approximately 800 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 now has a verified process to account and report Scope 3 emissions inventory. These emissions are calculated following industry standards and validated against the Science Based Targets initiative.

Net Zero Carbon programme by 2030

We enable our customers to achieve their environmental targets by using our sustainable and innovative supply chain solutions that both reduce and offset the carbon footprint of shipments. Our solutions range from carbon-free transportation to environmentally sustainable biofuels.

Kuehne+Nagel is actively addressing a reduction of CO₂ in logistics worldwide. With its Net Zero Carbon programme, Kuehne+Nagel provides environmentally friendly and sustainable supply chain solutions, enabling like-minded customers to fully neutralise the CO₂ emissions of their supply chains. To support these efforts and beyond, Kuehne+Nagel provides customers with solutions for complete CO₂ neutralisation of their supply chain including sustainable service offerings for

Full-Container-Load and part-load shipments, transparent carbon emissions reports, CO₂ route planning and offsetting of remaining emissions via certified carbon credits from investments in nature-based projects.

Innovation/alternative technology to reduce CO₂ emissions in Sea Logistics

First step

Seaexplorer, the online solution for sea freight developed by Kuehne+Nagel, offers customers complete transparency for the first time about the CO₂ emissions of each individual container ship, regardless of the shipping company. By selecting environmentally friendly services, customers can reduce their CO₂ emissions, while also considering other parameters like transit times and reliability. The platform makes it possible to calculate up to 50 per cent CO₂ reduction – thanks to much more detailed calculations compared to the common international standard calculations. These are based only on standard values, which, for example, do not distinguish between types of propulsion and ship sizes.

We also offer an emissions calculator for seafreight on the public webpage (Global Seafreight Carbon Calculator). Using a verified, neutral calculation method (developed by the Clean Cargo Working Group – the leading industry body), the emissions of ship transports including pre- and on-carriage data are calculated based on data from the industry association "Eco Transit". The actual emission values for sea freight are determined by AIS data and technical



ship specifications or by data received directly from the carriers. This calculator allows customers to calculate and optimise their CO₂ emissions per container and for their entire ocean freight supply chain.

The development of a global carbon calculator that includes all transport modes, started in 2020, will be finished in 2021. This enables a cross-business units calculation and comparison of CO₂ emissions for different routes or transport modes. It will provide customers with standardised CO₂ emission calculations across transport modes on transport offers and invoices and also via our online applications with a

direct booking option. This calculator will replace the current Global Seafreight Carbon Calculator (GSCC) which only covers sea logistics.

Second step

We currently offer two completely climate-neutral seafreight solutions – KN Less Container Load (LCL) and KN Pledge. Biofuel is an effective way to reduce CO₂ emissions in the seafreight industry instantly. Our Biofuel concept allows customers to avoid CO₂ emissions from the entire supply chain. Our customers will get a written Proof of Sustainability about the volume of Biofuel which has been purcha-

sed and actually used on a respective vessel. The entire process is being monitored and audited by an independent third-party company on frequent basis. A fully traceable 100 per cent carbon free shipment is possible on the pure port-to-port transportation (Tank to Wheel). A 90 per cent carbon free shipment is possible even considering the production and product-transportation moves of Biofuel, the so-called Well to Wheel view. Kuehne+Nagel's Biofuel concept is based on the 2nd generation of biofuel, also called "Used Cooking Oil Methyl Ester" (UCOME). UCOME doesn't require farmland and it doesn't interfere with food cultivation.

Third step

Our robust carbon offsetting programme allows carbon conscious customers to fully offset their CO₂ emissions. Carbon offsetting is a recognised mechanism that allows companies and individuals to counterbalance CO₂ emissions of a shipment that cannot be avoided through

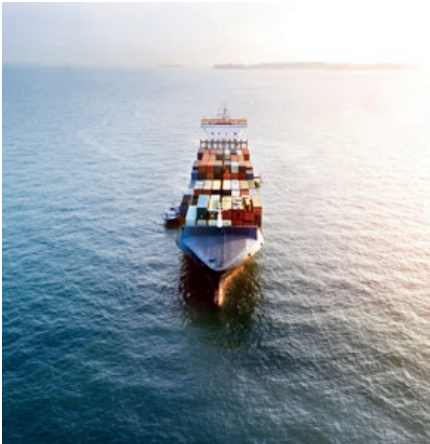
savings. This will be achieved by committing to a reduction in our collective carbon emissions through projects that protect and renew our planet by taking CO₂ out of the atmosphere. Kuehne+Nagel partners with nature based redevelopment and protection projects around the world that help reduce greenhouse gas emissions

while improving the livelihoods of local communities and preserving biodiversity and wildlife. These projects are verified by independent organisations with the internationally recognised Verified Carbon Standard (VCS) or Gold Standard (GS), and use the UN Sustainable Development Goals (SDGs) as guides toward impact.

KN Pledge | KN LCL | eShipAsia

Since 2020, all LCL shipments in sea freight have been made CO₂-neutral by Kuehne+Nagel. We achieve the CO₂ neutrality via CO₂ reduction and savings via CO₂ reduction, savings, and CO₂ offsetting sponsored by Kuehne+Nagel without additional costs for our customers. Furthermore, we work on CO₂ avoidance and savings projects within KN LCL, with our partners and subcontractors. The concrete saved CO₂ emissions are not only shown on the invoice, but also directly in the booking process via the verified online platform myKN. The full container load premium service KN Pledge has been automatically CO₂-neutral for the customer since 2019. Kuehne+Nagel takes care of the necessary compensation. We also automatically make bookings via the regional booking portal eShipAsia CO₂-neutral.





How we prepared for IMO 2020

Since January 2020 all seagoing vessels have to consume fuels with a maximum sulphur content of 0.5 percent or use scrubbers. The IMO 2020 regulation was implemented smoothly thanks to intense information campaigns, and it has been fully accepted by the industry. After it came into effect, very few rule breaches have been reported.

For more information on IMO 2020 please read KN Sustainability Report 2019, page 40.

Business case: Reefer re-positioning optimisation



Developing matchback scenarios in the reefer segment

With so-called "matchback" scenarios for reefer transports, we increase transport productivity and reduce CO2 emissions by avoiding or reducing the repositioning of empty containers. Practicable solutions have already been developed here in close cooperation with selected carrier partners.



Providing full transparency with seaexplorer platform on emissions

Through our seaexplorer platform, we can also provide full transparency on all shipment-related emissions. The tool not only enables customers to optimise routes, but also to choose more sustainable transport routes that emit significantly less CO2.



100%

with Kuehne+Nagel's Net Zero Carbon programme

For those emissions that cannot be eliminated or reduced, Kuehne+Nagel's Net Zero Carbon programme offers to offset the remaining CO2 footprint of all transports via verified Gold Standard compensations. In this way, a 100 per cent carbon neutral supply chain is guaranteed.



Innovation/alternative technology to reduce CO2 emissions in Air Logistics

Business case: Saving carbon emissions during airfreight transportation



Saving carbon emissions during airfreight transportation

As part of the sustainability project for 2020, the KN Airlift team from Munich and Frankfurt have risen to the challenge to make a significant reduction in carbon emissions caused by air transportation.



Old film thickness:
25 mu with total 73 tons
versus

New foil thickness:
15 mu with total 43,4 tons

Together with our local partner, Kuehne+Nagel found a solution to reduce the use of foil without compromising on quality. The foil is used to protect the customer's freight during transportation to the apron on airfreight pallets (ULDs).






40.5%

total saving or 30 tons equivalent per year

Compared to the original foil, the reduction in thickness and moving to bio-based plastics enabled us to reduce our carbon emissions for 2020.




Innovation/alternative technology to reduce CO2 emissions in Road Logistics

Business case: Decarbonisation of in-house fleet in France

 <p style="text-align: center;">→</p> <p>Study launched with Kuehne Logistics University (KLU) investigating specific initiatives to reduce CO2 footprint</p> <ul style="list-style-type: none"> ■ Telematic monitoring of driver fuel efficiency performances, ■ Training drivers in “eco-driving” skill, ■ Telematics-based vehicle routing system and decarbonisation of subcontracted fleets. 	 <p style="text-align: center;">→</p> <p>Overall benefits: Sustainable, safe and cost-efficient transport</p> <ul style="list-style-type: none"> ■ Installation of Trimble telematics as of 2021, ■ Fleet of 1,100 tractors. 	 <p style="font-size: 2em; font-weight: bold; color: white;">-7%</p> <p style="color: white;">p.a. CO2 emissions</p> <p style="color: white; font-size: 0.8em;">CO2 emission reduction by 11,415 CO2 tons in the next 5 years.</p>
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Innovation/alternative technology to reduce CO2 emissions in Contract Logistics

Business case: Sustainable packaging

 <p style="text-align: center;">→</p> <p>4R Activities of sustainable packaging</p> <ul style="list-style-type: none"> ■ Reduce the overall consumption of packaging materials, ■ Re-use packaging materials and implement re-usable solutions, ■ Recycle packaging materials and use materials made of recycled plastics, ■ Replace conventional materials with bio-, paperbased or compostable materials. 	 <p style="text-align: center;">→</p> <p>Plastic packaging material consumption reduction and sustainability increase</p> <p>Contributors to achieve overall target by 2022:</p> <ul style="list-style-type: none"> ■ 20 per cent reduction of plastic packaging material consumption, ■ 100 per cent recyclable or recycled materials. 	 <p style="font-size: 2em; font-weight: bold; color: white;">30%</p> <p style="color: white;">reduction of CO2 emissions related to plastic packaging materials*</p>
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* reference year 2020

Building viable partnerships

As industry leaders, we are committed to reducing our contribution to the emissions caused by logistics through our Net Zero Carbon programme. We are working with other market leaders and several international organisations, such as the UN Global Compact, the Arctic Pledge, Getting to Zero Coalition, Sustainable Air Freight Alliance, Clean Cargo and the Science-Based Targets Initiative. This is to ensure our programme is based on measurable targets according to the Sustainable Development Goals (SDGs), as well as promote and support industry-wide activities and methodologies – to reach climate goals as soon as possible.

In 2020, Kuehne+Nagel joined the Getting to Zero Coalition, a partnership between the Global Maritime Forum, Friends of Ocean Action and the World Economic Forum. The ambition of the Getting to Zero Coalition is to have commercially viable Zero Emission Vessels operating along deep-sea trade routes by 2030, supported by the necessary infrastructure for scalable net zero carbon energy sources including production, distribution, storage, and bunkering. Within the Coalition, Kuehne+Nagel contributes market insights and translates available technological

improvements back to shippers. The Coalition is most effective when speaking with one united voice, enabling the industry to plan for the future.

As part of the Net Zero Carbon programme, Kuehne+Nagel joined the Development and Climate Alliance. The Alliance was launched in 2018 by the German Federal Ministry for Economic Cooperation and Development in cooperation with the Research Institute for Applied Knowledge Processing and the German Society for International Cooperation. By joining the Development and Climate Alliance, Kuehne+Nagel acknowledges that the private sector must also make its contribution to environmental protection.

German Federal Minister Dr. Gerd Müller said: “Climate change has long been the question of human survival. The industrialised countries in particular have a special responsibility. It is not only politics that is called upon to act, but also the private sector. With the Development and Climate Alliance, we have created a platform for this. I am very pleased that Kuehne+Nagel, one of the world's leading logistics providers, has decided to join the alliance. This is a major step and shows that environmental protection and entrepreneurial action go hand in hand.”

Impacts from climate change on the arctic are already severe – making increased shipping there unacceptable. That is why, in January 2020, Kuehne+Nagel decided to sign the Arctic Shipping Corporate pledge by Nike and Ocean Conservancy. It is a voluntary commitment by consumer goods and shipping logistics companies to not send ships through the globally significant but rapidly melting sea ice and other unique habitats of the Arctic. Kuehne+Nagel commits to not support commercial shipping on the Transpolar Sea Route at the risk of the ecosystem.

In 2020, we partnered with Seaexplorer Team Malizia. Together we are working for a sustainable future, contributing to ocean health by reducing worldwide CO2 emissions. Seaexplorer Team Malizia is a sailing race team led by world-class skipper Boris Herrmann. Their mission is to promote ocean science and environmental education around the world whilst inspiring the next generation with their sailing adventures. As Seaexplorer Team Malizia creates transparency for science, Kuehne+Nagel creates transparency of ocean shipping CO2 emissions with its digital seaexplorer platform.

Caring for water consumption and waste reduction

Water and conservation

GRI 303-1; GRI 303-2; GRI 303-4

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, complying with regulatory requirements, reusing water where possible, and reporting 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.

Setting water performance goals and evaluating progress

All Kuehne+Nagel sites currently track and report water usage. Conservation efforts indicate 8 per cent reduction in total water consumption globally in 2020 compared to 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)

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 management 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 2019 as a base year, the organisation set a 2030 target to decrease total waste to landfill to zero. For example, Kuehne+Nagel's total waste that was recycled in 2020 reached 65 per cent. Specific goal period achievements are highlighted in the Performance data overview on page 52 ff. (numbers in 000' tons). Total waste is tracked and reported globally by disposal types: waste to landfill, waste recycled and waste recovered. ^(SDG 15)

The overall topic of waste and recycling is identified as a material topic and significant in terms of economic, environmental and social impacts. See also the material matrix on page 28 in this report.

Business case: Electronic Government Unified Invoice (eGUI)



eGUI is an electronic Government Unified Invoice for our customers in China.

The eGUI is an electronic Government Unified Invoice that Kuehne+Nagel offers to our customers in China. With each electronic document we save the resources that we would need to print and send them physically (paper, ink and also fuel for their distribution).



Customer can receive GUI faster

Operations and Finance reduced their workload significantly by moving from paper to e-invoice. The customer also receives the eGUI faster, as there is no need to wait for couriers.



1 million

sheets of paper saved per year

Exploring renewable energies and energy efficiency

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,
- identify best practices that can be applied across global operations.

All operating locations report energy consumption and 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 2020 and can be seen in the section titled "Performance data". (SDG 7)

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 definition of renewable energy as per the GHG Protocol while excluding other energy sources such as Natural Gas and LPG. Therefore currently 21 per cent of the energy used in Kuehne+Nagel facilities is from renewable sources. The following examples highlight our sustained effort in the section titled "Performance data".

Innovation/alternative technology for energy efficiency and renewable energy in Operations



Business Case: Vietnam Container Freight Station (CFS)



Reducing the CO2 footprint by switching from diesel to...

In our Vietnam CFS we have passionate colleagues who actioned a number of green initiatives in order to reduce their workplace's CO2 footprint...



...electric forklifts

...and switched to fully electric forklifts, avoiding 272,000 Kgs of CO2 emissions.



50%

hydropower reduction

Additional initiatives:

- usage of double-sided printing,
- E-receipts,
- reusable pallet restraints.

Business Case: Performance of solar PV system at Kuehne+Nagel Singapore logistics hub



Reduction of Liquid Natural Gas (LNG)

Singapore, being a small nation with very limited natural resources, relies heavily on the burning of imported fossil fuels (95 per cent LNG) in order to provide energy to the country.



Investing in solar energy

The bold decision of our national team to invest in solar energy not only translates into a reduction on the reliance of the LNG but also the additional environmental costs that are incurred transporting the LNG to Singapore.



1 million

kWh of clean green energy generated in 2020



414,403 Kgs

CO2 avoided equivalent to

19,034

planted trees

Photovoltaics (PV) installations



* Dubai and Turkey ongoing projects – live end of 2020 ** KWp: KW "peak" – maximum energy installed capacity

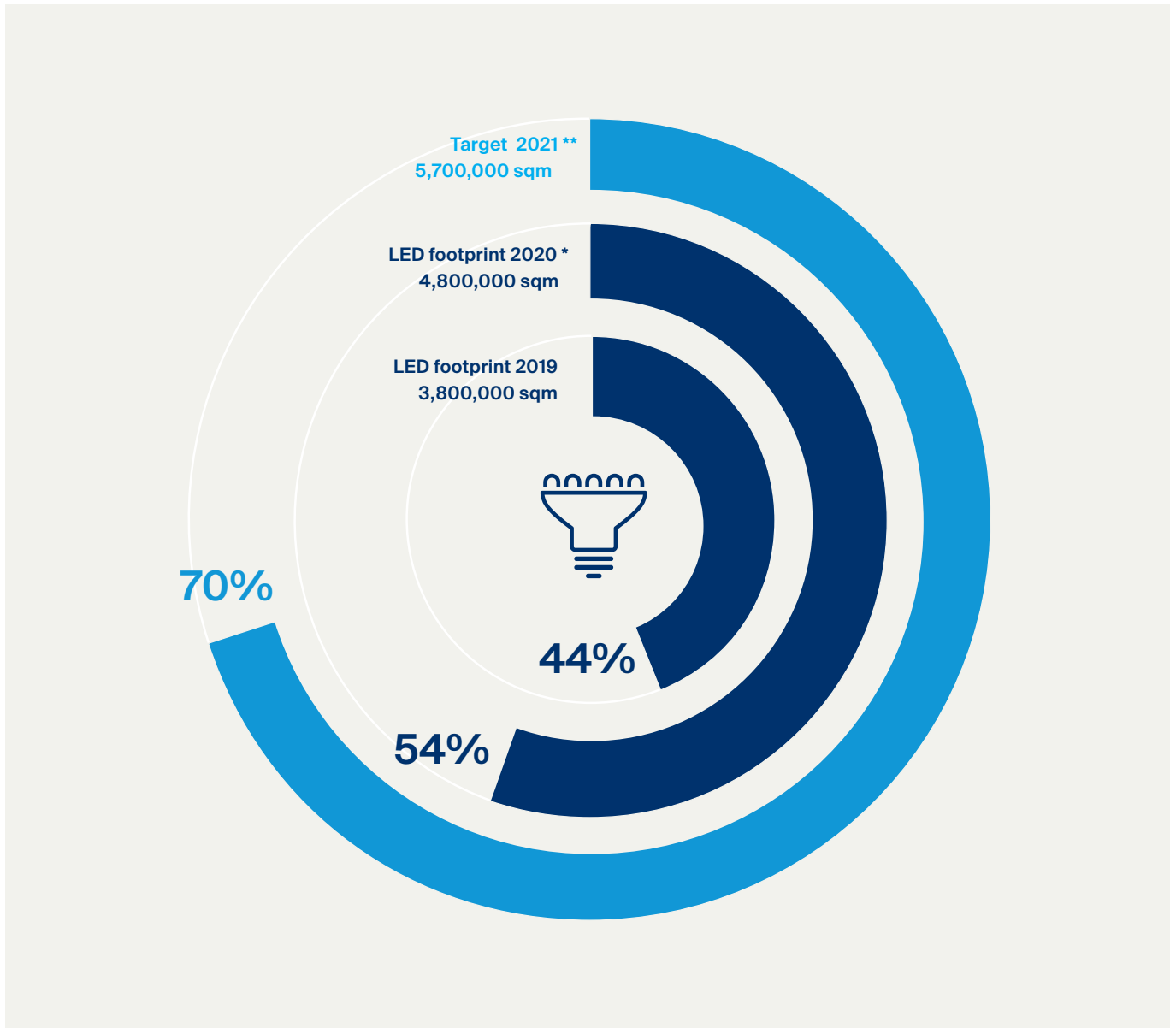


Implementing the LED roadmap (SDGs 7, 9, 12)

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. The company has taken the initiative to implement LED lighting by devising a specific roll-out process in each country. (SDGs 7, 9, 12.6, 12.7) Target LED footprint for 2020 was 4,500,000 sqm and was overachieved by roughly 7 per cent (4,800,000 sqm).

Implementing the LED roadmap



* Global footprint and LED footprint are moving targets (source Aug 20)

** Total surface slightly decreased YoY. Target is to achieve 70 per cent LED coverage of total portfolio at December 2021

Measuring sustainability progress

In this section, we report on 12 subjects representing our sustainability progress in 2020. We also cover our approach of assessing materiality, stakeholder engagement and dialogue.



Assessing stakeholder engagement (materiality matrix)

Materiality 2020 GRI 103-1

Kuehne+Nagel's materiality assessment is based on a permanent dialogue with stakeholders and we reassess our material issues every two years. The process of identifying material issues:

1. Inputs: Identify economic, social and environmental topics with the Executive Board with their experience of importance of the topics.
2. Assessment: Evaluate which topics are material to Kuehne+Nagel and our stakeholders. Participating stakeholders are from: top and senior management of Kuehne+Nagel, customers, suppliers and NGOs.
3. Agreement: Final set of material topics agreed based on analysis of relevance and potential impact and mitigating measures.
4. Reporting: Sustainability Report

The 2020 materiality review contains the assessment from 2019, which means the list of the material topics, scoring and definitions stayed the same. The material topics are divided in five clusters:

- Management
- Supply chain
- Employees
- Environment
- Governance

The review from 2019 included external and internal stakeholders, industry peer research, mapped regulatory risks and macro trends to support establishing a comprehensive sustainability issues landscape.

The assessment was used to help prioritise our resources and investments in the context of the changing business environment and importance to external stakeholders.

We identified five clusters for 22 material issues, see matrix on the following page.

Responsibility: After analysing the issues, the main focus topics in alleviating the potential negative impact Kuehne+Nagel could have on people or the environment are: occupational safety and health; efficient use of resources; fair treatment of workers; diversity and equal opportunities; business preparedness, resilience and disaster response.

Risk: For the risk for our business reputation and financial risk we identified the following issues: Greenhouse gas emissions, management of dangerous goods, ethics and governance, sustainable supply chain, customer relations and satisfaction.

The difference between internal and external opinions is not significant. The main four material aspects are: customer relations and satisfaction, fair treatment of workers, occupational safety and health, data privacy and security. These material aspects are of the same importance to Kuehne+Nagel internal and external stakeholders. GRI 102-47; GRI 103-1

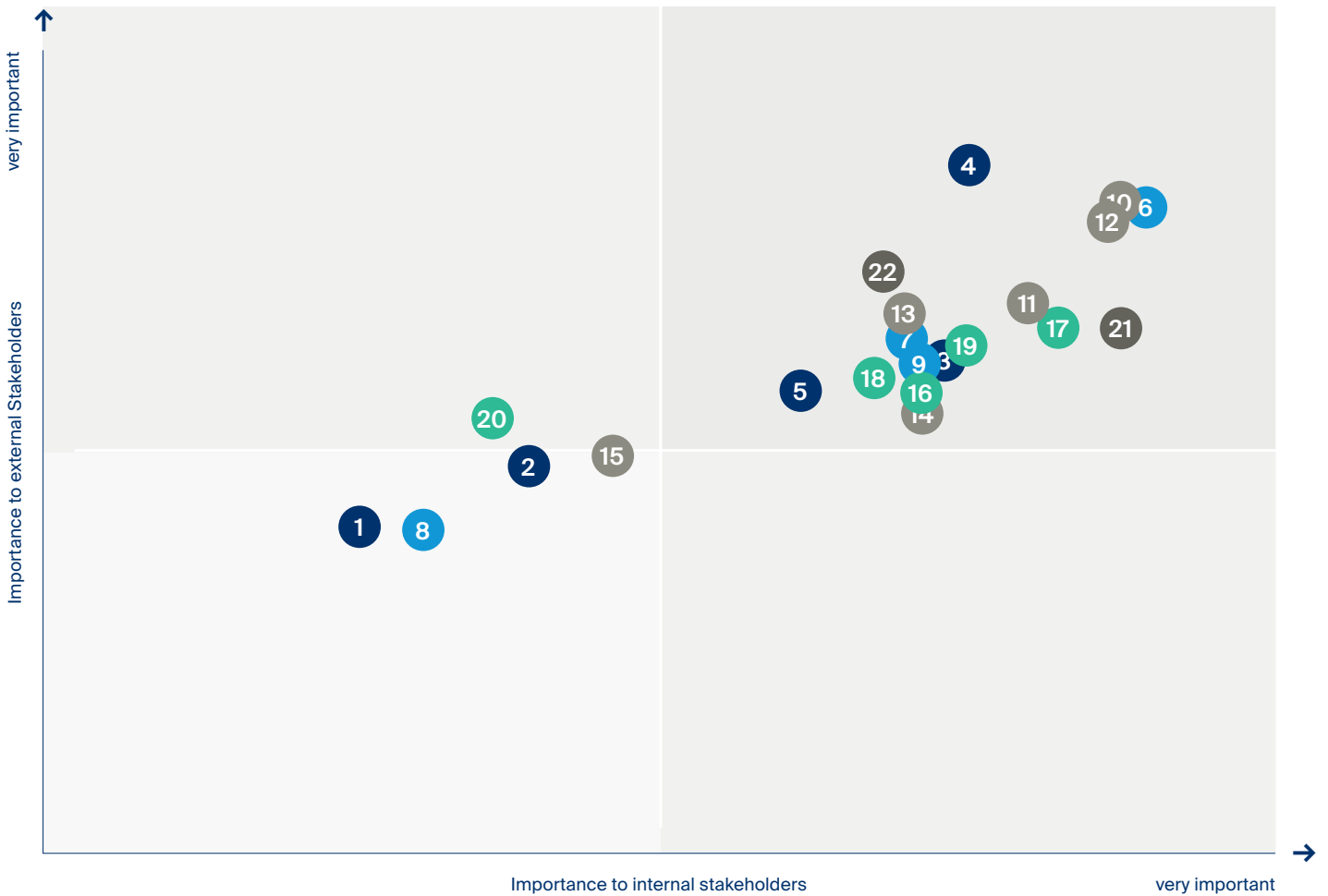
Internal engagement for materiality assessment

We engaged with senior and top-level Kuehne+Nagel executives and employees from all parts of the business (Operations, Compliance, Procurement, Corporate development, Sustainability Regional Specialists) in an internal survey to hear opinions on which issues are important for Kuehne+Nagel's business. The number of responses was 72.

External engagement for materiality assessment

We engaged Kuehne+Nagel's external stakeholder groups, such as Customers, Suppliers, NGOs in an external survey to provide us with opinions of what issues are important in their relationship with Kuehne+Nagel. The number of responses was 46. For Materiality Assessment 2019 Kuehne+Nagel did not interview Investors. The plan is to organise interviews with Investors to attain information for the new assessment in 2021.

Materiality matrix 2019



- | | | | | |
|--|---|--|---|---|
| <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



Stakeholder engagement and dialogue GRI 102-12; GRI 102-13; GRI 102-40



Kuehne+Nagel seeks and maintains strong relationships with all stakeholders. In order to bolster stakeholder communication and identify issues requiring attention, Kuehne+Nagel established a sustainability programme in 2016. Our sustainability programme provides an

effective framework to target, analyse and address areas in need of improvement. For more details about our industry partners, please see our 2019 Sustainability Report, page 37 and 2018 Sustainability Report, page 14.

Relationship with shareholders

GRI 102-42; GRI 102-43

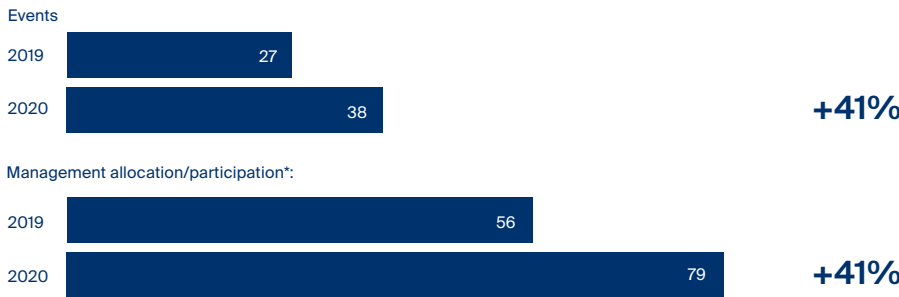
Kuehne+Nagel aims to provide its shareholders with transparent and consistent written and verbal information about the Group's operating and financial performance in support of the investment

decision making process. Access to the senior management team is integral to this effort and is provided through the quarterly financial reporting process and participation in investor conferences and roadshows. In addition, the management team is receptive and responsive to inbound requests for publicly disclosed information related to the Group and the logistics industry. Our Annual General Meeting (AGM) underpins engagement with shareholders as a venue to vote on matters of mutual interest in accordance with statutory requirements.

Reporting standards and normative sustainability frameworks

Sustainability reporting	Global ambition	Strategic adaptation	Target settings	Sector initiatives	Ratings	Sustainability Index
Global Reporting Initiative (GRI)	UN Global Compact (UNGC)	Task Force on Climate-related Financial Disclosures (TCFD)	Science Based Targets (SBTs)	Clean Cargo Sustainable Transportation (CCST)	Sustainalytics	Swiss Stock Exchange (SIX)
Sustainability Accounting Standards Board (SASB)	Sustainable Development Goals (SDGs)	Paris Agreement Capital Transition Assessment (PACTA)	Greenhouse Gas Protocol (GGP)	Global Logistics Emissions Council (GLEC)	Institutional Shareholder Services ESG (ISS ESG)	Dow Jones Sustainability Indexes
International Organization for Standardization (ISO)	World Business Council For Sustainable Development (WBCSD)			EcoTransIT		S&P Global
	Business for Social Responsibility (BSR)			Global Maritime Forum		EcoVadis
				Euro. Assoc. for Forwarding, Transport, Logistics and Customs Services (CLECAT)		
				Ocean Conservancy		
				Development and Climate Alliance		

Overview of management engagement with investors in 2019 and 2020



* Management allocation/participation = number of KN representatives (CEO/CFO/IR) x dedicated days; each engagement attended by one or more KN representatives

The ongoing ambition is continuous improvement of the Group’s ability to support the investment decision making processes of current and potential Kuehne+Nagel shareholders with varying investment goals and time horizons. In doing so, the goal is that market participants are informed and able to arrive at the fairest valuation of Kuehne+Nagel equity at any given time.

The year 2020 was exceptional in light of the stark macroeconomic decline sparked by the Covid-19 pandemic. The related market anxiety and heightened volatility resulted in a much increased demand for information about the Kuehne+Nagel operating model and strategy for tackling the challenging market environment. The Group responded with a greater allocation of management time and effort to engage with investors and market analysts (see above).

Communication with employees GRI 102-42

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

With the Covid-19 situation, we needed to challenge ourselves with new working conditions. Our internal collaboration platform strongly supported the team collaboration. In addition, we decided to implement the “Future of Work” initiative. To check the opinion of our employees, we have decided to distribute the Future of Work Survey to 40,000 employees in Q4 2020. Within two weeks, we had 22,000 individual responses. The results offer a unique view of the employee experience at Kuehne+Nagel, providing leaders with a layered view of the various dimensions that make up working life at KN – spanning individual, team, leader, and company perspectives.

The first visible effects of Future of Work are:

- The shift of the entire office workforce to home office has not led to any productivity drop but rather the opposite,
- Overall satisfaction of the workforce has improved significantly. Current survey shows an improvement of NPS from -1.9 to +4.79 on global level,
- Global unwanted attrition has dropped for the entire year (independent of the pandemic) from 7.3 per cent to 6.6 per cent.

Future of Work survey results were shared with employees on a global level and awareness raised with management. Challenges are identified: inclusivity challenge, and mental health and work-related stress.

The next step is to address the identified subjects together; one month – one topic; using existing KN tools (Care weeklies, Lunch and Learns, Content Clubs).



Communication with customers and suppliers GRI 102-42

The company has established a communication channel with its suppliers ensuring common goals defined in the Suppliers' Code of Conduct.

In 2019 the Procurement Department of Kuehne+Nagel has established an annual Innovation Day with selected Key Suppliers of different product and service groups, sponsored by the Executive Vice President of Contract Logistics and Chief Information Officer.

At this one-day workshop, all participants at management board level present their key initiatives, latest projects and visions on the predefined focus topic. This format encourages an active exchange with the aim for each participant to take away ideas for their own company development as well as to draft new collaborative projects; forming the future together.

The Innovation Day 2020 with Net Zero Carbon as a focus topic took place at the Kuehne+Nagel Headquarters in Schindellegi (Switzerland), prior to the Covid-19 outbreak.

Regarding some of the inspiring ideas that were discussed, Kuehne+Nagel responded by intensifying work on some initiatives which had already been started, such as: LED roadmap, photovoltaic systems and others. More details can be found on page 24–25 in this report.

In addition to these facility-related projects, a new approach on the Material Handling Equipment (MHE) used in the warehouses has been introduced at the Innovation Day. Meanwhile, a Pan-European Project has been started to evaluate the opportunities of refurbished forklift trucks. First results of the initiative, covering Germany, France, Spain, Poland, the United Kingdom, Belgium and Luxembourg, are expected by Q4/2021.

Overall, the customers' feedback was very well received with valuable inputs in intense discussions. Based on this, the decision was taken to continue the Innovation Day with customers and suppliers. The Innovation Day 2021 is scheduled in the second half of the year, subject to the pandemic situation.

In 2020 Kuehne+Nagel launched the Environmental Performance survey. This allowed the company to have a better understanding of the Airlines' environmental programmes and performance, including the level of data accuracy used in the accounting and reporting of carbon emissions. The survey also covered social and governance topics.

Based on the results of the survey, Kuehne+Nagel is now able to recognise and prize the sustainability efforts and achievements of those carriers with the highest environmental standards and performance. 21 strategic air carriers of Kuehne+Nagel responded with a set of comprehensive questions.

Customer Experience Gathering 2020
 2020 was a year of continued customer feedback gathering; based on our culture and discipline of response, review and continuous improvement.

During the early stages of the Covid-19 pandemic wave, we primarily focused on approaching our customers directly using digital tools, with a strong focus on supporting their business during these difficult times. In parallel, we kept enhancing our myKN platform, the one-stop platform to collaborate with our customers and partners. In a collaborated effort with some of our customers and Kuehne+Nagel teams in different functions, geographies and cultures we identified additional requirements to enhance our customers' user experience.

Using myKN, Kuehne+Nagel's customer platform, it enabled a permanent dialogue with our customers.

Beyond myKN, we have a vast set of initiatives in place, including dedicated customer interviews. We have a strong focus to improve our customer and employee experience hand-in-hand, spanning across all our business and functional units. All our activities around customer and employee experience gathering continue to be aimed at Kuehne+Nagel becoming the best place to work for and the best company to do business with.

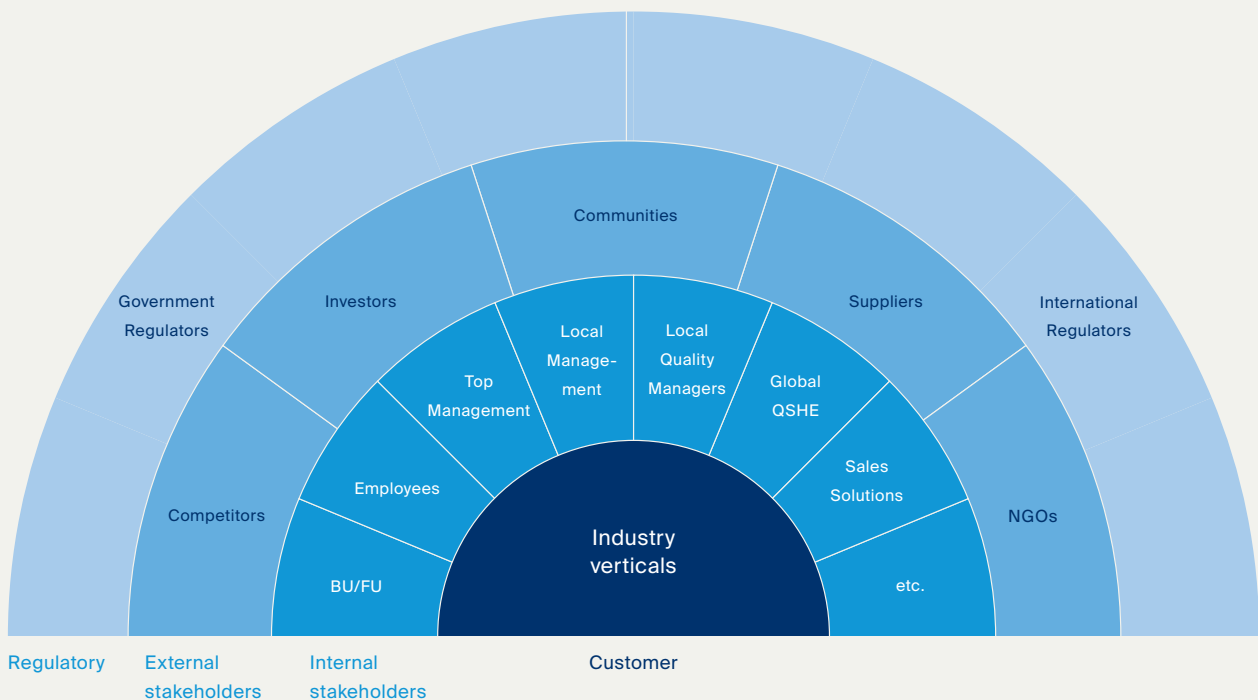
Overall we have asked, verbally or in writing, more than 100,000 customers, spanning across more than 80 countries and and taking our customers' local languages

into consideration. A lot of customer feedback we received in 2020 has been similar in the past few years – the pain points rank in the same three categories:

- Customer service
- Response behaviour
- Active communication

Our action will be now to analyse the feedback provided by all respondents. Reference is also made to the customer relations and satisfaction mentioned in the materiality matrix in this report that is identified as very important for stakeholders and considered as highly significant for Kuehne+Nagel.

Internal and external stakeholders GRI 102-42



Strengthening anti-bribery, anti-corruption and antitrust awareness



Why

Kuehne+Nagel is committed to maintaining a high standard of business ethics, as outlined in our Code of Conduct. An essential part of that commitment is the requirement and the expectation that all business is conducted with integrity, in compliance with the law and without bribery, corruption, or anti-competitive action as a means to obtain or retain business.

Aim

Kuehne+Nagel will not engage in any form of bribery and corruption and will not tolerate its employees or third parties in their relationship with the company being involved in bribery. Kuehne+Nagel does not distinguish between public officials and private persons so far as bribery and corruption is concerned. Bribery and corruption is simply not tolerated. The prohibition also applies to any contributions or payments made through consultants, suppliers, or other third parties or intermediaries. Kuehne+Nagel is strongly convinced that the best economic results are achieved in an environment of free competition. The main goal of antitrust laws plainly is to prevent and sanction unreasonable restraints on competition. Because of this, it is in Kuehne+Nagel's

utmost interest to ensure compliance with such laws. Therefore, employees will under no circumstances engage in any activities which have a negative impact on free trade and competition.

Our employees shall comply at all times with all applicable laws in every country in which we do business. They have the duty to inform themselves about the national and international laws relating to their business activities. Activities that would violate local or international criminal law may under no circumstances be carried out.

Target

Since 2014 and 2015, respectively, Kuehne+Nagel employees have been educated in annual waves of dedicated anti-bribery, anti-corruption and antitrust trainings. This training is delivered to target audiences who are selected based on risk, including for example corporate, regional or country management teams and other functions such as sales. This training forms the second layer of our mandatory Compliance curriculum.

Progress 2020

In 2020, we continued to deliver dedicated anti-bribery, anti-corruption and

antitrust training to a target audience selected based on risk. Due to the pandemic new ways of delivering the training were explored as further explained in the next section.



Saying Thank You

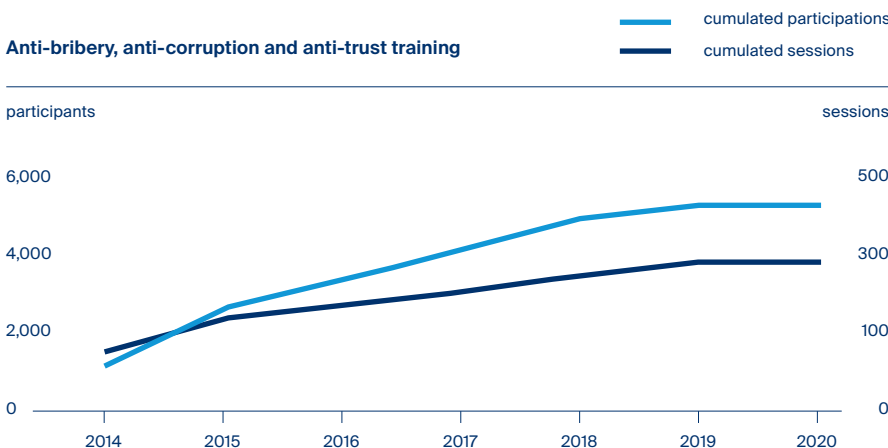
Best Practice

Background:

One day in 2020, a customer informed us about some questionable activity by specific individuals in one of our warehouse locations. On at least one occasion, "tips" in very small monetary amounts were given in gratitude for helping with cleansing the trailer of a truck. These tips were paid outside of the contractual business relationship. There was no doubt between the parties that such practice was not tolerated irrespective of the low monetary value. Accordingly, an investigation was conducted and respective corrective actions for preventing re-occurrence were taken.

Our solution:

Apart from formally remediating the issue in complete alignment with the customer, we further discussed addressing the issue culturally: while it may be prevalent in the respective country to tip with money, the monetary value of such tips are frequently so low that they were perceived as insignificant even by the recipients. Hence, we looked into alternative ways for expressing gratitude and found out that sometimes saying "thank you" sufficed. We decided to initiate a joint communication campaign around "saying thank you". We were informed by the target group that the campaign was a success, and we have not had any similar issues since then.



Confidential reporting and allegation management



Why

Kuehne+Nagel employees are encouraged to raise concerns over potential issues they may observe. Giving employees the ability to speak up can be established through managers or functions such as HR or Compliance. Employees can also speak up via the Kuehne+Nagel Confidential Reporting Line. Reports made are assessed by Kuehne+Nagel's Independent Allegation Management Committee. Where necessary, professional and independent investigations are initiated to resolve concerns raised and remediation can be applied effectively. These procedures not only comply with laws and regulations, but will also help detect and resolve issues proactively that otherwise may result in an adverse effect on the Group, its stakeholders or its customers. Reporting any issues will help Kuehne+Nagel to solve them effectively and prevent re-occurrence.

Aim

Effective operation of a confidential reporting line along with an allegation management process including but is not limited to availability, independence, professionalism and confidentiality. Accordingly, our Confidential Reporting Line, operated by an external service provider, is accessible 24/7 and allows for reports in more than 100 languages. Employees reporting concerns in good faith should not fear retaliation and will be under the protection of Kuehne+Nagel and local laws where applicable. However, knowingly providing false or misleading information may lead to disciplinary action.

The Independent Allegation Management Committee oversees handling and follow-up of reported allegations, thus ensuring consistent professional standards and procedures for enabling thorough inde-

pendent investigations where needed. Cases with material impact on the Group are disclosed in annual audit reports and media releases, respectively.

Target

Employees who become aware of issues or practices that may violate our Code of Conduct or laws are encouraged to report their concerns to managers or any person of trust. In addition, employees can make use of our confidential reporting line to report in a safe, confidential, and, if desired, anonymous manner.

Progress 2020

In 2020, 323 allegations were reported to the attention of the Independent Allegation Management Committee. For all cases, the committee instigated needed actions for investigation and remediation as needed. (SDGs 16.6, 16.7)



Number of allegations reported:

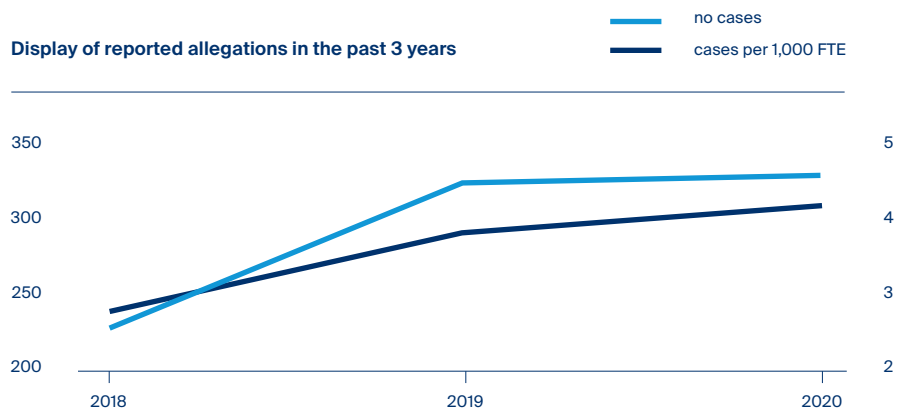
320

cases in 2019

323

cases in 2020

Display of reported allegations in the past 3 years



Safeguarding data via information security

GRI 418-1



Why

High data protection standards are integral to our brand. Compliance with data protection and privacy laws is an essential part of our company's way of conducting business in a trustworthy manner. Equally, our customers and business partners consider data privacy to be critical to our business success. Data privacy and security is identified on the materiality matrix as a crucial topic for stakeholders. See the materiality matrix in this report.

Aim

Our Privacy Policy sets out the minimum global standards for the Group. These standards provide the basis for our employees to handle personal data appropriately throughout the Group, while at the same time strengthening our reputation as a reliable partner for our customers and a trustworthy employer.

Target

Our data protection management system that ensures Group-wide compliance with regulatory requirements. In addition, a global network of data privacy experts ensures that knowledge and information on relevant data privacy aspects are shared.

Data protection is a major consideration from the very beginning in the development of new products and services. Appropriate technical and organisational measures and the principles of data protection by design and data protection by default are important parts of the development process.

Progress 2020

The ongoing digitalisation in all areas and the new way of working through the Covid-19 situation have dominated the year 2020 in data protection. As a multinational

company, Kuehne+Nagel provides an important contribution to the international transport of goods, often essential for life. The security of personal information is a very important topic and many countries around the world have strengthened data protection with restrictive laws.

Kuehne+Nagel is subject to strict requirements, especially for international data transfer, and takes the requirements very seriously.

The established data breach management process has proven to be helpful to discover and stop data breaches, as well as to ensure similar violations do not happen again. Remediation activities always include a risk analysis on potential similar situations and the learnings are implemented in process changes accordingly.



Evaluation of high risk third parties



Why

Suppliers perform a significant portion of the business activities delivered to our customers. Our global supplier and vendor database must agree to the principles of becoming a registered supplier by accepting the Supplier Code of Conduct. Without a signed agreement, no business can be executed. Other business relevant information about the applicant are required, such as licences, permits, applied standards, insurance and tax information.

To ensure such services are conducted in line with our ethical principles and according to applicable laws and regulation, we apply an integrity due diligence process on high-risk suppliers. This ensures that collaboration with these suppliers will not result in adverse effects for our customers or the Group and its stakeholders.

Aim

Kuehne+Nagel regularly assesses the risk exposure of existing or potential suppliers

following procedures that address compliance risks and other concerns related to engaging respective suppliers. Among other things, we are focusing on suppliers who interact with government officials on behalf of our business, such as customs brokerage. We establish reasonable and effective safeguards to mitigate any such exposure. Integrity Due Diligence (IDD) is applied when onboarding suppliers assessed as high risk and continuously updated throughout the duration of the business relationship.

Target

Effective completion of Integrity Due Diligence within predefined timelines. Red flags identified in the course of the due diligence needs to be comprehensively and effectively mitigated for allowing the business relationship to begin or continue following the approval-decision over a supplier. When criteria such as timelines or mitigated to allow the business relationship to begin or continue following the approval decision over a supplier. Conti-

nuous monitoring ensures the procedures are consistently and effectively performed and, where not, needed escalation and remediation to be applied.

Progress 2020

Integrity Due Diligence has evolved into a continued and robust safeguard when interacting with suppliers assessed as high risk while not limited to services requiring interaction with government officials, such as for customs brokerages.



66,700

GRI 102-9, GRI 308, GRI 414

registered suppliers in the Supplier Management System (SMT) in total end of 2020

Overview of conducted supplier audits

	2020	2019	2018	2017	2016
Total number of approved high risk suppliers at year-end	676	673	634	643	555

Preserving security GRI 418-1



Why

Securing international supply chains, entrusted customer assets and our employees are the responsibility of the Kuehne+Nagel security organisation. This applies not only to Kuehne+Nagel employees, but also to the people who work with us on our premises, our business partners and customers.

Aim

Kuehne+Nagel implemented a strict zero tolerance security policy. As a consequence, any security incident (theft, intrusion, etc.) or attempted security breach must be reported.

Target

Kuehne+Nagel continuously analyses available security incident intelligence data for emerging crime trends and tactics to develop suitable risk mitigation measures to protect customer assets.

As a consequence of these modifications introduced in, for example, upgraded warehouse security, a large number of armed hijackings, targeting road transports were successfully repelled.

Kuehne+Nagel – as a member of European Association for Forwarding, Transport, Logistics and Customs Services (CLECAT) security institute – was one of the main contributors in designing the Safe & Secure Truck Parking standard sponsored by the European Commission to both enhance the working conditions of commercial truck drivers and to mitigate the risk of cargo theft during overnight rests.

Progress 2020

Due to Covid-19 confinement measures, commercial loss values remained at very low level until the end of Q3, this trend was reversed in Q4 – in particular, resulting from one single high impact incident encountered in Great Britain. Despite the

highest risk mitigation measures applied for said transport, adversaries managed to steal a full truck load of highly valuable electronics, generating a substantial loss. Overall, electronics by far remain the goods foremost targeted by organised crime.



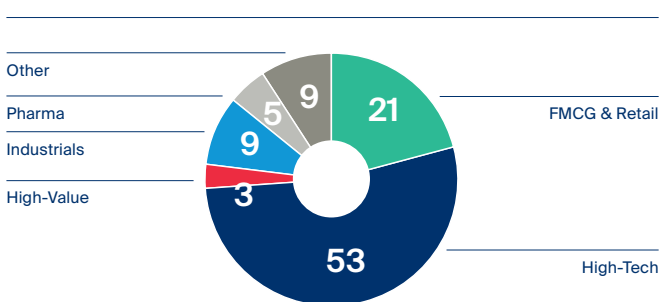
-6%

incidents

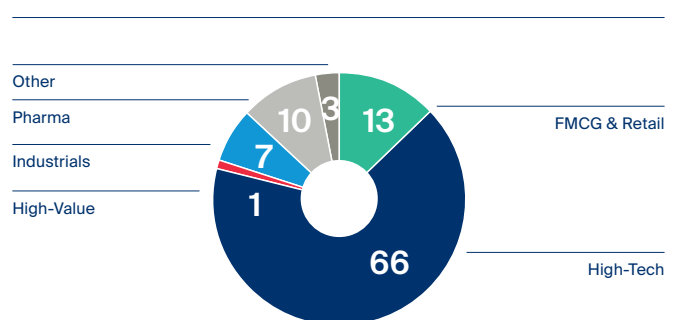
-13%

commercial loss value

Security incident distribution by commodity clustered in percent



Commercial loss value distribution by commodity clustered in percent



Proper handling of goods GRI 418-1



Why

Kuehne+Nagel is making important efforts to expand its dangerous goods capabilities and further improving the safety of all operations, including hazardous materials.

Aim

The measures for continuous improvement of dangerous goods management within Kuehne+Nagel are not limited to transport activities. For Kuehne+Nagel the safe handling and storage of hazardous substances is equally important, and is often subject to complex national and local legislation.

Target

The focus has been concentrated on the storage and road transport of dangerous goods in countries where international reference standards, such as the European Agreement concerning the International Carriage of Dangerous Goods by Road (ADR), are not implemented.

Progress 2020

The company launched the “Global DG Assessment Programme” which will also extend to the first half of 2021. With more than 50 countries participating, it is a very

ambitious programme that, among others, includes the following core elements:

- A thorough assessment of all applicable national and local laws,
- Establishing a comprehensive training programme aligned with the national legislation or, where nonexistent, following international standards of the chemical industry and globally accepted good practices,
- Teaming up with local industry experts, and international certification entities to develop an exhaustive and customized private training programme, where no suitable options are available from the local Government or on the market,
- Appointment and expert-level training of a DG supervisor for each of the Kuehne+Nagel branches carrying out operations with hazardous substances or articles.

Within the framework of the Global DG Assessment Programme, existing dangerous goods experts will be upgraded to the new training standards, while regular internal audits will be conducted to ensure full compliance.

Dangerous goods incident in 2020 GRI 306-3

In 2020, only one major incident involving hazardous goods was reported. Thanks to the swift intervention of employees with adequate training, any potential consequences for people, property or the environment were avoided.



1,400

dangerous goods safety advisors

11,700

employees received function-specific or awareness training for dangerous goods

List of DG incidents 2020

Location	Country	Date	Description	Estimated spill cost in CHF	Spill volume	Damage to	
						Environment	Persons
Timisoara	RO	April 27	Spill from IBC to yard	N/A	1,000 l	No	No

Fostering health and safety

GRI 403-1, 403-2, 403-4, 405-5, 403-7



Why

Workplace conditions directly influence employees and keeping them safe is our primary responsibility as an organisation. This applies not only to Kuehne+Nagel employees, but also to the people who work with us on our premises, our business partners, customers and the communities in which we operate. We continuously evaluate the status of our work environment while fostering its continuous improvement. Despite the aim to prevent any harm, Kuehne+Nagel has incurred fatal accidents. Occupational health and safety is also addressed in the materiality matrix in this report.

Aim

Kuehne+Nagel aims at achieving the highest level of health and safety for all parties involved in all our operations.

Target

Continued in 2020:

The journey to NO HARM continued in 2020. The “Get Home Safe” campaign was extended to all countries in the Middle East and Africa region, US, Canada and selected countries in South America and Europe. In Asia, key suppliers have been provided with training material to ensure safe driving and prevent accidents. To manage the Covid-19 pandemic, training and awareness sessions were provided for all locations, Business Continuity Plans were revised, tested and put in place in all countries.

Due to the learning from reporting unsafe situations, our safety performance reached an all-time low and the Lost time injury frequency (LTIF) continues to trend downwards.

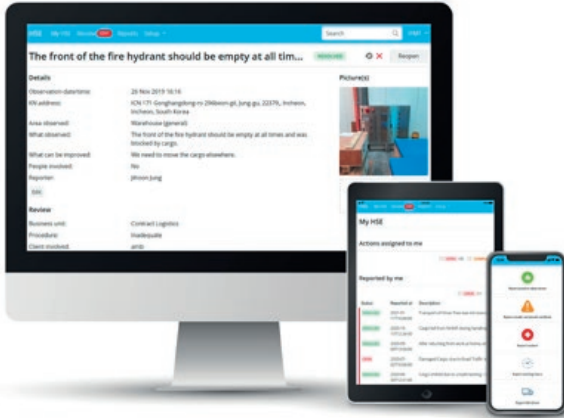
2021:

For 2021 the Kuehne+Nagel's seven safety anchors will be launched. They will be introduced to increase safety awareness and with that make our workplaces safer.

Next steps in our journey to NO HARM:

- Review and re-issue of NO HARM level 1 and 2 training to recognise hazards at the work place,
- Launch of NO HARM level 3 training for management with a focus on behavioural safety,
- Introduction of the KN Safety Anchors to highlight and raise awareness of major safety and health hazards.





Progress 2020

With the online HSE (Health, Safety and Environment) reporting tool – HSE-app – we can learn and take preventative measures based on reported unsafe acts, unsafe conditions and positive observations.

In 2020 the tool was further rolled out globally and resulted in over 17,000 reported situations. Analyses of these situations have resulted in a significant reduction of incidents with a consequence, as well as smoother operations. They also helped to define our Kuehne+Nagel Safety Anchors. In the course of 2021, the HSE-app will be used for reporting of all Safety and Health related incidents, thus providing global KPIs.

Although rare, incidents do happen. It is important that these are reported effectively and thoroughly to allow a full investigation with actions assigned to avoid future incidents.

The tool facilitates a detailed and effective incident investigation with Risk Assessment and Corrective Action/Preventative Action planning. This will help to bring us further in our journey to NO HARM.

Fatalities in 2020

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

Information on fines and court cases in 2020

In 2020, Kuehne+Nagel Drinks Logistics Limited in Great Britain was fined for failure to operate its site in accordance with

the health and safety policies following an accident on its site. Kuehne+Nagel Drinks Logistics was fined £800,000.00 and ordered to pay costs of £25,000.00.

A Contract Logistics location in Kuehne+Nagel USA was fined for a lack of consistent Safety Shoe policy in the warehouse. The fine was \$5,400, down from the original \$13,500, and the situation was successfully rectified with our payment of the fine.

Kuehne+Nagel USA used this incident to present a business/risk case to local management to implement a nationwide safety shoe requirement and programme. This received strong support from regional management, and was rolled out with full procurement support over 2020.

Refer also to the performance data overview at the end of this report.



13,054

Unsafe acts and unsafe conditions reported in HSE-app in 2020

Fatalities 2020

Business Unit	Location	Description	Employed by
Road Logistics	The Netherlands	Truck driver fatally injured in a road traffic accident in Germany	Employee
Road Logistics	Norway	Truck driver fatally injured in a road traffic accident in Norway	3 rd party
Contract Logistics	The Netherlands	Third party employee passed away due to a non work related incident in one of our warehouses	3 rd party

Some Kuehne+Nagel employees were infected by Covid-19 and unfortunately eight of our employees passed away due to Covid-19 infections. The Covid-19 restrictions (distance and skeleton teams) did have a negative impact on the reported unsafe situations, but had a positive impact on the number of incidents. Fewer incidents happened.



Enforcing human rights

GRI 412-2; GRI 402



Why

Kuehne+Nagel is firmly committed to value all human rights. Respecting and promoting human rights forms part of our mission to deliver progress to society. Human rights are moral principles that are inalienable. They are fundamental rights that every person is entitled to, regardless of their age, gender, ethnicity, sexual orientation or any other status. Kuehne+Nagel opposes all violations and limitations of human rights and dignity.

Aim

Kuehne+Nagel is a company of integrity whose employees apply appropriate values and principles in their business activities. The Kuehne+Nagel Code of Conduct confirms our commitment to human rights and fair working conditions. We promote the development of a culture that fully supports and respects human rights. In addition, Kuehne+Nagel released its first Diversity and Inclusion Policy where human rights aspects are touched upon. See page 46 – Assimilating diversity and inclusion.

Target

All business activities to be delivered according to the commonly accepted principles of human rights and dignity.

The Kuehne+Nagel Code of Conduct describes our approach to human rights. The target for every year is to outline the company's expectations regarding ethical behaviour and business principles; provide clear and consistent guidance to our employees; and reinforce the need for employees to seek advice. It includes the topics of employee practices, safeguarding people and assets, and business ethics.

Progress 2020

Adherence to the Code of Conduct is mandatory for all leaders and is an integral part of their annual targets and performance review. Any misconduct leads to severe consequences such as the loss of the entire bonus entitlement and, depending on the severity of the misconduct, disciplinary action up to the termination of employment.

Our clear goal is to be 100 per cent compliant therefore, we have several measures and processes in place to reinforce adherence to the code of conduct:

- Our Code of Conduct is a mandatory and integral part of the global induction programme for all new employees,
- Ongoing training to increase awareness and knowledge about requirements towards the right behaviours,
- Annual confirmation process for Code of Conduct monitored through a global online tool.



98%

took part in the global Code of Conduct training (target is 95 per cent)



Protecting labour rights GRI 412-2; GRI 402



Why

Kuehne+Nagel is committed to providing fair working conditions to every employee. These employee rights are embedded at every level of our organisational structure. This is also identified on the materiality matrix on page 28 in this report as a material topic under fair treatment of workers.

Aim

As a company of integrity, Kuehne+Nagel is committed to fair working conditions in full compliance with all international and local labour rights. We strive to provide a fair and equitable work environment for every employee, with all business activities delivered according to the commonly accepted principles of Human Rights and Dignity.

Target

Kuehne+Nagel is committed to further invest in employee relations by providing annual employee surveys; asking for employees' feedback; and aiming to become an even better place for people to work and a better company for customers to do business with.

Progress 2020

In 2020, we conducted a comprehensive employee survey which also included our employees' feedback on to what extent Kuehne+Nagel tolerates behaviour that discriminates against people on the basis of personal background or characteristics. This is a newly introduced measurement which will be acted upon, monitored and re-assessed. In 2020, less than six per cent of our employees feel that we can further improve our efforts.

Our aim is to reduce this figure to below five per cent. We plan to achieve this with

further focused training on diversity and inclusion. More information can be found under the section "Communicating with employees".

Human and labour rights in this report:

Many aspects of Kuehne+Nagel business are affected by human rights and labour rights topics. On the following pages of this report, you can find our work on human rights and employee relations:

Code of Conduct

Employment must never be illegal and unfair. Kuehne+Nagel does not tolerate harassment and discrimination.

Net Zero Carbon programme

The right to live healthier and to provide a safer future for our new generations to come.

Fostering health and safety

The right to have the highest standards of safety and health and to feel safe in the working environment.

Liabile Procurement

Human rights principles and standards related to equal treatment, child labour, forced labour, working hours, compensation, privacy, rest and leisure.

Employee relations

Human rights principles and standards related to labour, for example freedom of association and collective bargaining, equal treatment.

Diversity and inclusion

The right to freedom from discrimination and the right to family life.



Apart from the establishment of local worker's representatives we have a longterm relationship with the European Worker's Council (EWC) as a European Body of co-determination. With the EWC we have achieved a level of cooperation and consulting above the legal requirements including regular meetings with the regional Management Boards and globally with our Chief Human Resources Officer (CHRO).

> 60%

of all Kuehne+Nagel employees are covered by collective bargaining agreements, e.g. in Germany, France, Netherlands, Kenya, Korea, Australia. In many other countries, such collective bargaining bodies do not exist. In these instances, we adhere to national best practice and obtain salary data through third party providers, to ensure that our compensation offering is above market practice. ^{GRI 102-41}

Assimilating diversity and inclusion GRI 405-1



Why

At Kuehne+Nagel, we believe that we as a company have the responsibility to create a space where everyone feels welcome and important – where those who look, live, love, communicate, think, and lead differently are not merely tolerated; they are sought, appreciated and valued. This was also identified as a material topic in the materiality matrix in this report.

Aim

We are committed to delivering progress to society and drive our future – inclusively. This purpose is outlined in our internal Diversity and Inclusive policy, as well as in a global Diversity and Inclusive statement by the Management Board, dated September 2020.

Target

In 2020 we further embarked on our diversity and inclusion journey that is called Balance+Belonging. While we started with raising awareness in 2019, we further enhanced our commitment with the introduction of our first Diversity and Inclusion policy and a strong commitment of the Kuehne+Nagel Management Board towards this topic. Anchoring diversity and inclusion as a fundamental value forms a solid foundation to empower our employees even more. We believe that with the creation of a truly diverse and inclusive workforce, we can achieve our goal of delivering customer excellence.

Progress 2020

In terms of diversity and inclusion, Germany was the forerunner and has been able to complete in 2020 its first female Leadership Mentoring Programme with the strong

support of the German Management Board. The 6-month self-nomination programme offers a platform for women and senior managers to share views on career development. During the mentoring sessions, the participants had the opportunity to reflect on personal challenges and coping strategies. The programme ended with a virtual “World Café” in which members of the German Board and mentees discussed how to break the glass ceiling. As a result, the internal “Female Leadership – Mentoring and Network” community has been created, supporting other female colleagues to achieve their professional goals.

Outlook 2021

We are progressing a diverse workforce and work environment, where all voices are welcome and growth is supported for all, which will contribute to making Kuehne+Nagel the best company to work for. It is our aim that Balance+Belonging is understood, practised, and promoted by all managers and Human Resources, to make all regions confident to drive diversity and inclusion programmes and to create a common practice for all our employees.

It is our goal to enhance diversity further in our global Top Management in 2021 and to extend our female Leadership Programmes such as the Mentoring Programme in Germany, the Pathway Initiative in Asia Pacific and the Women in Logistics Leadership (WILL) programme in North America.

At the end of this report, you will find a consolidated overview of HR relevant performance data.



There has been a reduction of top management positions during 2020. This was essentially due to the merger of our two former Asian regions into one. We are proud to say that none of our top female managers have left the company, which allowed the increase of their representation in the overall top management to 5.6 per cent (from 4.9 per cent in 2019). We consider this a good sign that our Diversity and Inclusion efforts are bearing fruits. Our aim is to further increase the female leaders throughout our organisation.

5.6%

total amount of female leaders amongst top management





Ensuring business continuity and disaster response GRI 103-2, 103-3



Why

Business Continuity and disaster response has a great value for organisations to be prepared for any natural or human incurred disaster. The people and operations can be saved with defined processes and responses, such as providing first aid and support on the spot.

Business preparedness, resilience and disaster response was also addressed in the materiality matrix in this report and considered as very important for stakeholders and their decisions.

Aim

In 2019, following the expansion of the global business continuity programme to

comply with both the ISO 22301 Business Continuity Management (BCM) and the ISO 27001 Information security standards, our global business impact analysis and definition of critical processes with their related applications and software was completed.

Target and outcome 2020

In 2020, prepared disaster response proved essential in acting fast from a global point of view, with the right priorities, when the world locked down.

From January to March 2020, we monitored the activation of local business continuity plans per country as the virus moved from east to west. At the peak in April,

we had 98 out of 1200 locations closed either due to a drop in customer activity or local governmental decree. Through swift response from crisis management teams, Kuehne+Nagel was able to keep operations going from home, offices and warehouses throughout the crisis. The global BCM crisis team is continuously assessing our “ability to serve our clients and protect our employees” through a framework of reporting and alert codes.

A separate Covid-19 framework of guidelines, procedures and best practices were fine-tuned in March 2020, based on new risk assessments that had not been considered in the original BCM programme.

Executing responsible tax management

GRI 207-1, 207-2, 207-3



Why

Kuehne+Nagel's business activities generate a substantial amount and variety of taxes such as corporate income tax, stamp duties or withholding taxes. Kuehne+Nagel collects and pays value-added and other indirect taxes as well as employee taxes. These taxes paid form a significant part of the economic contribution to the countries in which Kuehne+Nagel operates. The taxes Kuehne+Nagel pays are an important part of our contribution to economies and help the development of many countries. Kuehne+Nagel believes that responsible tax behaviour is an essential element of its sustainability strategy.

Aim

Kuehne+Nagel commits to be a responsible corporate citizen. The Group tax mandate includes the obligations to:

- Responsibly manage the Group's tax affairs and protect shareholder value in line with the Group's Code of Conduct,
- Provide adequate tax advice service and business-critical communication to the Group's Audit Committee, Group Management Board, Business Units, and other important stakeholders
- Maintain a robust tax control environment and tax risk framework that considers current tax law regulations and practice.

Kuehne+Nagel's Code of Conduct includes our approach to tax and sets the expectation for everyone in the organisation.

Target

To adhere to tax principles:

Compliance: Kuehne+Nagel acts in strict accordance with the applicable tax laws and complies with international standards, namely OECD standards. In case the letter of the law is not clear or does not provide an answer, the organisation complies with the spirit of the law. Kuehne+Nagel fully respects each government's right to determine its tax rate and tax collection mechanism.

Substance, transparency and arm's length principle: Kuehne+Nagel may engage in efficiently structuring tax, which is to be understood as following the commercial reality from operating its business models. For purposes of taxation of profits, Kuehne+Nagel attributes taxable results only where substance and value are commercially created through its business activity. Kuehne+Nagel understands substance as economically owning an asset and actively executing decisions of taking on and management of risks associated to this taxable result.

Kuehne+Nagel is transparent in its approach to tax. All transactions must have a commercial and business reason and Kuehne+Nagel adheres to the OECD's arm's length principle.

Relationship with tax authorities:

Kuehne+Nagel constantly aims to develop and sustain a mutually respectful relationship with national tax authorities based on trust and transparency.

Tax risk management:

As a large multi-national operating in more than 100 countries, Kuehne+Nagel is exposed to a variety of tax risks, grouped as follows: tax reporting and compliance risk, transactional risks, reputational risk.

Progress/continued in 2020

Kuehne+Nagel manages tax risks in accordance with its Internal Control System similar to operational risks across the Group.

In addition to its Group's tax oversight role, Corporate Tax provides advice to the Group and its business activities on tax-related issues, undertakes or assists with tax filings, manages relationships with tax authorities and assists in various forms of tax reporting. Internal controls and escalation procedures are put in place to identify, quantify and manage key tax risks.

Where appropriate, Kuehne+Nagel engages proactively with tax authorities to disclose and resolve issues, risks and potentially uncertain tax positions. The subjective nature of many tax rules however means that it may be difficult to mitigate known tax risks. Whenever Kuehne+Nagel's approach is consistent with the principles set out in the tax strategy and where the range of possible outcomes is in accordance with the Group's risk appetite, an element of tax risk may arise. As a result, at any given time, the Group may be exposed to financial and reputational risks arising from its tax affairs.

Community engagement



Even though 2020 was a challenging year for the world, Kuehne+Nagel continued to engage with the community. A great number of initiatives were organised virtually promoting awareness on sustainable topics. In 2020, 43,479 employees participated in volunteering in environmental and community engagements.

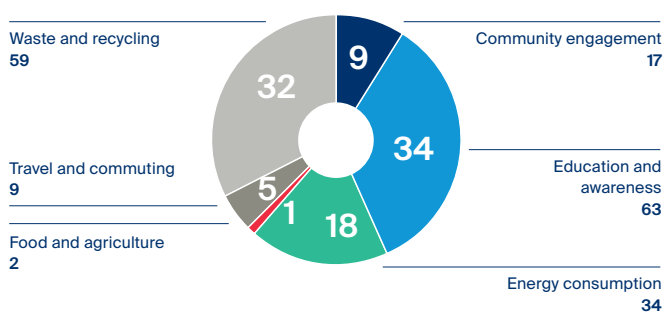


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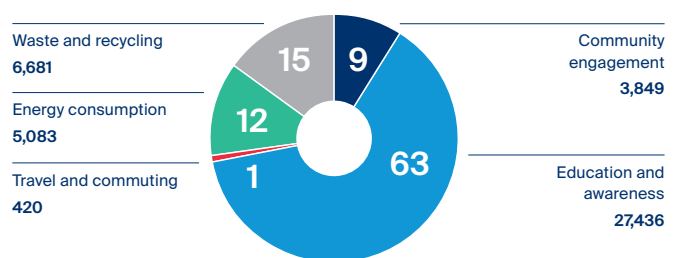
initiatives in 2020



Initiatives worldwide in per cent



Participants worldwide in per cent*



* Food and agriculture not shown on the graph. With 10 participants, the contribution is only 0.02 per cent

Europe

- No plastic campaign,
- Substitution of bubble wrap for cardboard,
- Using myKN as the platform to launch and share a lot of various paperless initiatives. Paper reduction – digitalisation of training files.

Asia Pacific

- Launched a “zero plastics” campaign to identify plastic items which are feasible to eliminate in the workplace,
- Stopped ordering and using plastic items which included but not limited plastic bottle, plates, cup, straw and etc.

Middle East and Africa

- Partnered with Waste Electrical and Electronic Equipment (WEEE) to carry out an e-waste awareness training to Kuehne+Nagel,
- Ban of plastic water bottles in all facilities,
- Paper consumption projects in Sea Logistics and Contract Logistics.

North America

- Introduced ongoing paper reduction initiatives in the whole region, using 2020 as a baseline setting year for Paper consumption (e.g. in the US 65 locations began reporting paper purchases for the first time in GFCC, which is half of the total 130 locations in the US),

- Developed (with our printer/copier provider) a detailed paper-usage dashboard for paper consumption, now available.

South America

- “Sowing Our Own Seed” contest held where colleagues had to send their results from planting seeds after a few weeks – using an “ideation blog” for other colleagues to choose their favourite participant,
- Zero Plastic campaigns – raising awareness of good solid waste disposal practices,
- Newsletters across the region used to compare options that pollute the environment versus an eco-friendly one.

Performance data

Environmental performance	Metric unit	2020	2019	2018	Change in per cent 2019 to 2020
Energy					
Electricity total	million kWh	376	391	435	-4
Electricity per FTE	kWh	4,553	5,205	5,463	-13
Electricity per 100 m ²	kWh	3,815	4,496	4,231	-15
Natural gas total	million kWh	192	201	213	-4
Natural gas per FTE	kWh	2,331	2,676	2,681	-13
Natural gas per 100 m ²	kWh	1,954	2,311	1,917	-15
Waste recycled					
Waste total	000' tons	209	496	541	-58
Waste recycled	000' tons	135	332	394	-59
Waste recovered	000' tons	19	21	50	-10
Waste landfill	000' tons	34	142	96	-76
Waste hazardous	000' tons	21	22	-	-5
Recycling rate	per cent	65	67	73	-3
Water					
Water total	cubic meters	890,615	965,879	897,256	-8
Water per 100 m ²	cubic meters	0.9	1.1	0.9	-18
Water per FTE	cubic meters	11	13	11	-16
Carbon emissions					
CO2 total	000' tons	173	201	209	-14
CO2 per FTE	tons	2,106	2,689	2,813	-22
CO2 per 100 m ²	tons	1,764	2,323	2,011	-24
Greenhouse gas (GHG) emissions					
Scope 1+2					
Kuehne+Nagel offices, warehouses	million tons	0.17	0.20	-	-15
Road Logistics (trucks)	million tons	0.12	0.08	-	49
Company cars	million tons	0.02	0.03	-	-33
Total scope 1+2	million tons	0.31	0.36	-	-14
Scope 3					
Transport and logistics	million tons	12.9	16.6	-	-22
Business travel	million tons	0.2	1.2	-	-83
Employee commuting	million tons	0.1	0.3	-	-67
Total scope 3	million tons	13.2	18.1	-	-27
Total company	million tons	13.5	18.4	-	-27

Environmental performance	Metric unit	2020	2019	2018	Change in per cent 2019 to 2020
Average renewable energy purchased globally					
Geothermal energy	per cent	5	9	13	-44
Biomass energy	per cent	13	12	16	8
Wind power	per cent	42	39	45	8
Hydroelectric power	per cent	29	26	21	11
Solar energy	per cent	11	14	5	-21
Social performance					
Our employees					
Number of employees		78,249	83,161	81,900	-6
FTEs of employees		72,021	78,448	77,416	-8
FTEs including temporary staff		93,238	99,113	99,072	-6
Age structure					
Under 30	per cent	20.98	23.0	24	-9
Under 30 (female)	per cent	42.2	41.4	-	2
Under 30 (male)	per cent	57.8	58.6	-	-1
Between 30-50	per cent	58.87	56.0	-	5
Between 30-50 (female)	per cent	36.3	35.2	-	3
Between 30-50 (male)	per cent	63.7	64.8	-	-2
Over 50	per cent	20.15	21.0	27	-4
Over 50 (female)	per cent	27.9	27.3	-	2
Over 50 (male)	per cent	72.1	72.7	-	-1
Representation of women					
Top managers (women)		9	9	-	-
Top managers (men)		158	177	-	-11
Senior management (women)		228	222	-	3
Senior management (men)		835	882	-	-5
Gender ratio					
Female	per cent	35.8	35.0	34	2
Male	per cent	64.2	65.0	66	-1
Female (white collar)	per cent	48.3	48.1	-	0.4
Male (white collar)	per cent	51.7	51.9	-	-0.3
Female (blue collar)	per cent	21.0	20.4	-	3
Male (blue collar)	per cent	79.0	79.6	-	-0.7

Social performance	Metric unit	2020	2019	2018	Change in per cent 2019 to 2020
Recruiting structure – applications					
White collar		391,205	308,268	–	27
Blue collar		54,572	64,465	–	–15
Grand total		445,777	372,833	234,788	20
Recruiting structure – hires					
White collar		4,712	7,896	–	–40
Blue collar		6,192	10,189	–	–39
Grand total		10,904	18,085	21,583	–40
Attrition structure					
White collar unwanted attrition	per cent	6.6	8.7	8.2	–24
Total global white collar attrition	per cent	14.9	18.0	17.1	–17
Training					
Online training		281,509	191,884	230,000	46
Live training		69,579	105,413	72,000	–34
Training sessions completed		351,088	297,297	302,402	18
Training participation					
Female	per cent	49.4	45.0	–	10
Male	per cent	50.6	55.0	–	–8
Manager	per cent	17.8	17.0	–	5
Employee	per cent	82.2	83.0	–	–1
Safety and health facts					
Number of fatalities (FAT)		1	1	–	–
Lost time injury frequency (LTIF)*	per cent	10.8	13.22	13.94	–18
Total reportable case frequency (TRCF)**	per cent	14.4	17.66	19.66	–18
Lost workday cases (LWC)		1,834	2,434	2,400	–25
Lost workday (LWD)		32,067	41,733	40,935	–23
Unsafe act/unsafe condition		36,271	43,522	22,727	–17

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

** TRCF – The number of TRC's per 1,000,000 working hours

GRI index

This 2020 Sustainability Report is GRI referenced. In this table you will find references to specific sections in all 2020 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	Financial Statements 2020, Notes to the Financial Statements 2020	123
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	Consolidated Financial Statements 2020	109-116
GRI 102-5		Nature of ownership and legal form	Annual Report 2020, 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 2020	41
GRI 102-8	Goal 5, 8, 10	Information on employees and other workers	Sustainability Report 2020, Performance data	53
GRI 102-9	Goals 8, 9, 13, 17	Supply chain	Sustainability Report 2019, Suppliers Sustainability Report 2018, Evaluation process Sustainability Report 2020, Using liable procurement practices	45-46 22 40
GRI 102-10		Significant changes to the organisation and its supply chain	Status Report 2020 Sustainability Report 2020	11 4
GRI 102-11		Precautionary approach	Consolidated Financial Statements 2020	98-105
GRI 102-12	Goals 8, 9, 16, 17	External initiatives	Sustainability Report 2020, Stakeholder engagement and dialogue	30-34
GRI 102-13	Goals 8, 16, 17	Membership of associations	Sustainability Report 2020, Stakeholder engagement and dialogue	30
Strategy				
GRI 102-14		CEO's statement	Sustainability Report 2020, Welcome message	3
Ethics and integrity				
GRI 102-16	Goals 16,17	Company's values, principles, standards of behaviour	Sustainability Report 2020, Ensuring compliance	7-8

GRI	SDG goals	Description	Reference	Page
Governance				
GRI 102-18		Governance structure	Corporate Governance Report	17–31
GRI 102-30		Effectiveness of risk management processes	Status Report 2020	16
Stakeholder engagement				
GRI 102-40	Goals 8, 16, 17	Stakeholder groups	Sustainability Report 2020, Stakeholder engagement and dialogue	30–34
GRI 102-41	Goals 3, 8	Percentage of employees covered by collective bargaining agreements	Sustainability Report 2020, Protecting labour rights	45
GRI 102-42	Goals 8, 16, 17	Identification of stakeholders	Sustainability Report 2020, Stakeholder engagement and dialogue	30–34
GRI 102-43	Goal 5, 8, 10	Approach to stakeholder engagement	Sustainability Report 2020, Stakeholder engagement and dialogue	30–34
GRI 102-44	Goals 8, 9, 13, 17	Key topics and concerns raised through stakeholder engagement	Sustainability Report 2020, Stakeholder engagement and dialogue	30–34
GRI 102-45		Entities included in the Consolidated Financial Statements	Consolidated Financial Statements 2020	109–116
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 2020, Assessing stakeholder engagement (materiality matrix)	27
GRI 102-48		Effect of any restatements of information provided in previous reports	No restatements.	
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, 2020	
GRI 102-51		Date of most recent previous report	June, 2020	

GRI	SDG goals	Description	Reference	Page
Report profile				
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 2020, Assessing stakeholder engagement (materiality matrix) No further information available.	27
GRI 103-2		The management approach and its components	Sustainability Report 2020: Ensuring compliance Driving Net Zero Carbon programme Strengthening anti-bribery, anti-corruption and antitrust awareness Confidential reporting and Allegation management Evaluation of high risk third parties Preserving security Proper handling of goods Fostering health and safety Enforcing human rights Protecting labour rights Assimilating diversity and inclusion Ensuring business continuity and disaster response Executing responsible tax management Code of Conduct	7 11 35 36 38 39 40 41 43 45 46 48 49

GRI	SDG goals	Description	Reference	Page
Management approach				
GRI 103-3		Evaluation of the management approach	Sustainability Report 2020:	
			Ensuring compliance	7
			Driving Net Zero Carbon programme	11
			Strengthening anti-bribery, anti-corruption and antitrust awareness	35
			Confidential reporting and Allegation management	36
			Evaluation of high risk third parties	38
			Preserving security	39
			Proper handling of goods	40
			Fostering health and safety	41
			Enforcing human rights	43
			Protecting labour rights	45
			Assimilating diversity and inclusion	46
			Ensuring business continuity and disaster response	48
			Executing responsible tax management	49
Code of Conduct				
Economic performance				
GRI 201-1		Direct economic value generated and distributed	Remuneration Report 2020	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 2020, Strengthening anti-bribery, anti-corruption and antitrust awareness Code of Conduct	35
GRI 205-3	Goal 16	Confirmed incidents of corruption and action taken	Sustainability Report 2020, Confidential reporting and allegation management	36
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 2020, Other notes Code of Conduct	96
Tax				
GRI 207-1		Approach to tax	Sustainability Report 2020, Executing responsible tax management	49
GRI 207-2		Tax governance, control, and risk management	Sustainability Report 2020, Executing responsible tax management	49
GRI 207-3		Stakeholder engagement and management of concerns related to tax	Sustainability Report 2020, Executing responsible tax management	49

GRI	SDG goals	Description	Reference	Page
Environmental				
Energy				
GRI 302-1	Goals 7, 12	Energy consumption within the organisation	Sustainability Report 2020, Driving Net Zero Carbon programme, Code of Conduct	11
GRI 302-3	Goals 7, 12	Energy intensity	Sustainability Report 2020, Driving Net Zero Carbon programme, Code of Conduct	11
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 2020, Driving Net Zero Carbon programme, Code of Conduct	11
GRI 303-2	Goals 6, 12	Management of water discharge – related impacts	Sustainability Report 2020, Driving Net Zero Carbon programme, Code of Conduct	11
GRI 303-4	Goals 6, 12	Water discharge	Sustainability Report 2020, Driving Net Zero Carbon programme, Code of Conduct	11
Emission				
GRI 305-1	Goals 3, 12, 13, 15	Direct Greenhouse Gas (GHG) emissions (Scope 1)	Sustainability Report 2020, Driving Net Zero Carbon programme, Performance data Code of Conduct	11 52
GRI 305-2	Goals 3, 12, 13, 15	Energy indirect Greenhouse Gas (GHG) emissions (Scope 2)	Sustainability Report 2020, Driving Net Zero Carbon programme, Performance data Code of Conduct	11 52
GRI 305-4	Goals 3, 12, 13, 15	Greenhouse Gas (GHG) emissions intensity	Sustainability Report 2020, Driving Net Zero Carbon programme, Performance data Code of Conduct	11 52
Effluents and waste				
GRI 306-2	Goals 12, 13, 15	Total weight of waste by type and disposal method	Sustainability Report 2020, Driving Net Zero Carbon programme, Performance data Code of Conduct	11 52
GRI 306-3		Total number and volume of significant spills	Sustainability Report 2020, Proper handling of goods Code of Conduct	40
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 2020.	
Occupational safety and health				
GRI 403-1	Goals 3, 9	Occupational health and safety management system	Sustainability Report 2020, Fostering health and safety Code of Conduct	41

GRI	SDG goals	Description	Reference	Page
Occupational safety and health				
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 2020 Fostering health and safety Performance data Code of Conduct	41 52
GRI 403-4	Goal 3	Worker participation, consultation, and communication on occupational health and safety	Sustainability Report 2020, Fostering health and safety Code of Conduct	41
GRI 403-5	Goal 3	Worker training on occupational health and safety	Sustainability Report 2020, Fostering health and safety Code of Conduct	41
GRI 403-7	Goals 3, 9	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Sustainability Report 2020, Fostering health and safety Code of Conduct	41
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 2020, Performance data Code of Conduct	52
GRI 404-2	Goals 3, 4, 8, 17	Programmes for upgrading employee skills and transition assistance programmes	Sustainability Report 2020, Assimilating diversity and inclusion Performance data Code of Conduct	46 52
Diversity and equal opportunity				
GRI 405-1	Goals 3, 5, 10	Composition of Governance bodies and breakdown of employees	Corporate Governance 2020 Report Code of Conduct	19
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	

GRI	SDG goals	Description	Reference	Page
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 2020. 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	Information on fines and court cases in 2020 In case significant sanctions occur the information is released in Kuehne+Nagel's media statements. Annual Report 2020	42

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 2020	Page
Management			
Data privacy and security	418-1: Customer privacy	Code of Conduct	
		Safeguarding data via information security	37
Responsible communication	417: Marketing and labeling	Customer experience gathering 2020	34
		Proper handling of goods	40
	102-43: Approach to stakeholder engagement	Stakeholder engagement and dialogue	30
Supply chain			
Customer relations and satisfaction	102-43 & 102-44: Customer satisfaction	Driving our Net Zero Carbon programme	11
		Customer experience gathering 2020 Supplier Code of Conduct	34
Customer privacy	418-1: Customer privacy	Safeguarding data via information security	37
		Preserving security	39
Product and service innovation	102-2: Product and services	Driving our Net Zero Carbon programme	11
	201-2: Direct economic value generated and distributed	Remuneration Report 2020	35
Sustainable supply chain	416: Customer health and safety	Driving our Net Zero Carbon programme	11
		Evaluation of high risk third parties Code of Conduct	38

Supply chain			
Sustainable supply chain	102-9: Supply chain	Evaluation of high risk third parties Code of Conduct	38
	308: Supplier environment Assessment	Sustainability Report 2018, Evaluation process Code of Conduct	21-22
	414: Supplier social assessment	Sustainability Report 2018, Evaluation process Code of Conduct	21-22
Supplier diversity / engagement	102-9: Supply chain	Evaluation of high risk third parties Code of Conduct	38
Employees			
Fair treatment of workers	102-8: Information on employees	Protecting labour rights Code of Conduct	42
	102-41: Collective barg. agreement	Protecting labour rights Code of Conduct	42
	202: Entry level wage	Kuehne+Nagel does not publicly release information Code of Conduct	
	401: Employment	Performance data Code of Conduct	54
	404: Training and education	Performance data Code of Conduct	54
	409-1: Forced or compulsory labour	Code of Conduct	
Employee development	404-1, 404-2, 404-3 Training and education	Performance data Code of Conduct	54
Occupational health and safety	403: Occupational health and safety	Fostering health and safety Code of Conduct	41
Labour standards	402: Labour relations	Protecting labour rights Code of Conduct	42
Diversity and equal opportunities	405-1: Diversity and equal opportunities	Assimilating diversity and inclusion Code of Conduct	46
Environment			
Management of dangerous goods	403: Occupational health and safety	Proper handling of goods Code of Conduct	40
Efficient use of resources	103-2: Management approach	Driving our Net Zero Carbon programme	11
Governance			
Ethics and Governance	102-18: Governance structure	Ensuring compliance Code of Conduct Strengthening anti-bribery, anti-corruption and antitrust awareness	7 35
Transparency, disclosure, reporting	419-1: Socioeconomic compliance	Fostering health and safety In case significant sanctions occur the information is released in Kuehne+Nagel's media statements Code of Conduct	41

UN Global Compact index 2020

Kuehne+Nagel has been a signatory to the UN Global Compact from December, 2019. Our Sustainability Report is our annual Communication on Progress (COP) to the UN Global Compact,

and it incorporates information on our sustainability activities according to the UN Global Compact Active Level criteria. Our first COP is available on the UN Global Compact's website.

The ten principles of the UN Global Compact	Relevant company guidelines	Page in Sustainability Report 2020
1. Companies should support and respect the protection of internationally proclaimed human rights.	Code of Conduct Supplier Code of Conduct Safety and health policy	7–8, 27–33, 36–38, 41, 43–46
2. Companies should make sure that they are not complicit in human rights abuses		
3. Companies should uphold the freedom of association and recognition of the right to collective bargaining.	Code of Conduct Supplier Code of Conduct Safety and health policy Diversity policy	7–8, 36–38, 41, 45–46
4. Companies should work toward the elimination of all forms of forced and compulsory labor.		
5. Companies should work toward the effective abolition of child labor.		
6. Companies should work toward the elimination of discrimination in respect to employment and occupation.		
7. Companies should support a precautionary approach to environmental challenges.	Environmental policy Supplier Code of Conduct	10–25, 33
8. Companies should undertake initiatives to promote greater environmental responsibility.		
9. Companies should encourage the development and diffusion of environmentally friendly technologies.		
10. Companies should work against corruption in all its forms, including extortion and bribery.	Code of Conduct Supplier Code of Conduct	7–8, 27–28, 35–38, 40

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