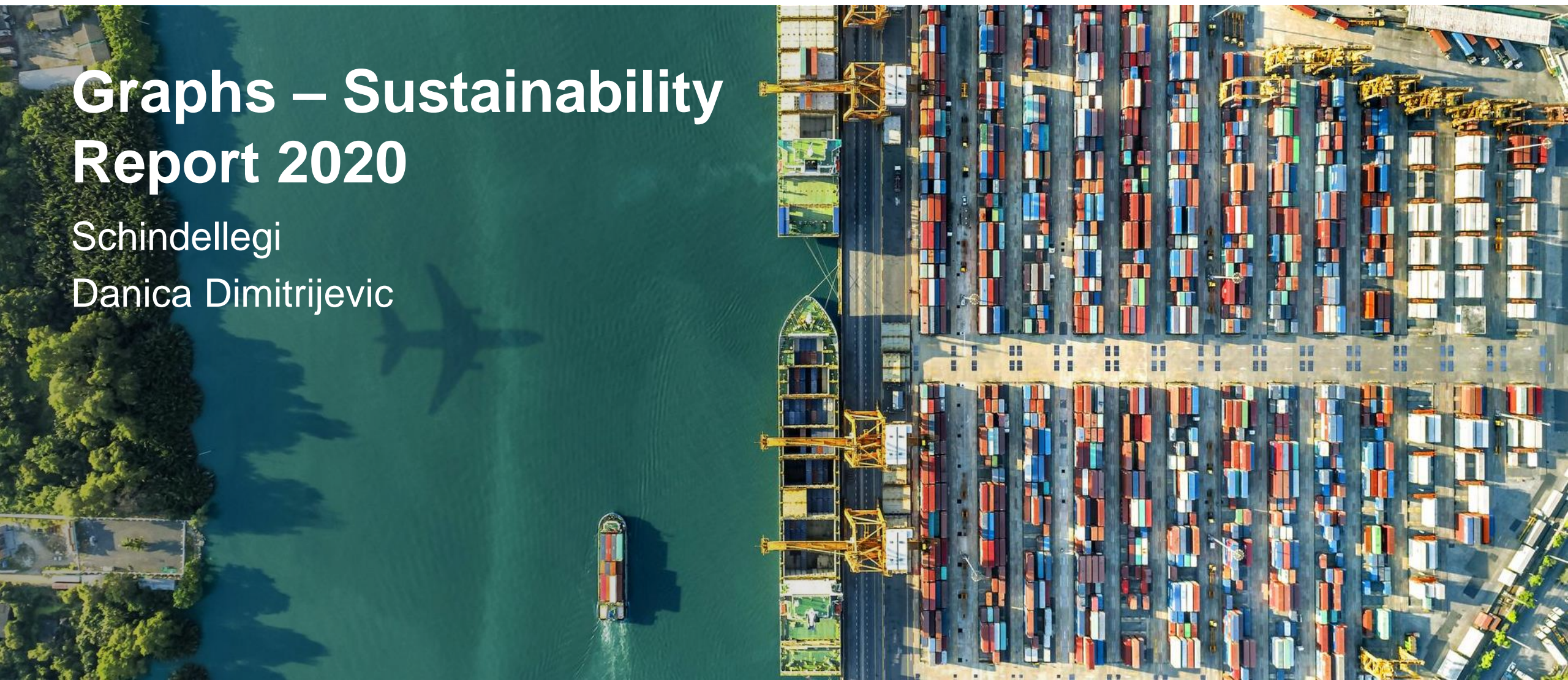


Graphs – Sustainability Report 2020

Schindellegi

Danica Dimitrijevic



Safety moment

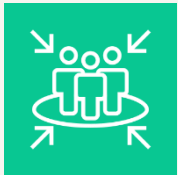
Location, city, country



Smoking areas outside of reception and cafeteria



In case of an evacuation, do not use the elevators



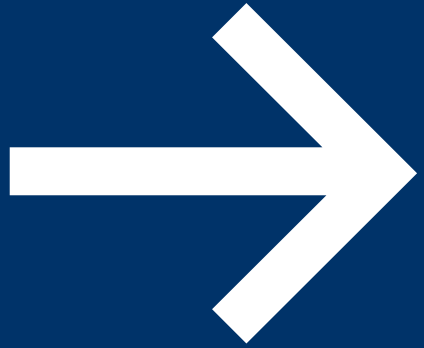
In case of an evacuation, follow the instructions of KN staff and signed. Meeting point



First aid kit is in room 06, opposite Reception, dial internal number 511

Agenda

1. Management
2. Compliance
3. Human Resources
4. QSHE
5. Net Zero Carbon - BUs business cases



Graphs

Graphs from the Sustainability Report 2020 can be used for internal and external presentations.

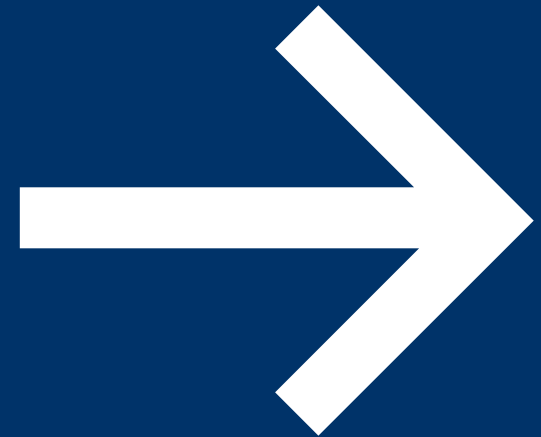
They are divided in sections for easier finding and open for the use if suit to your topics.

Use them smart!

01

Management

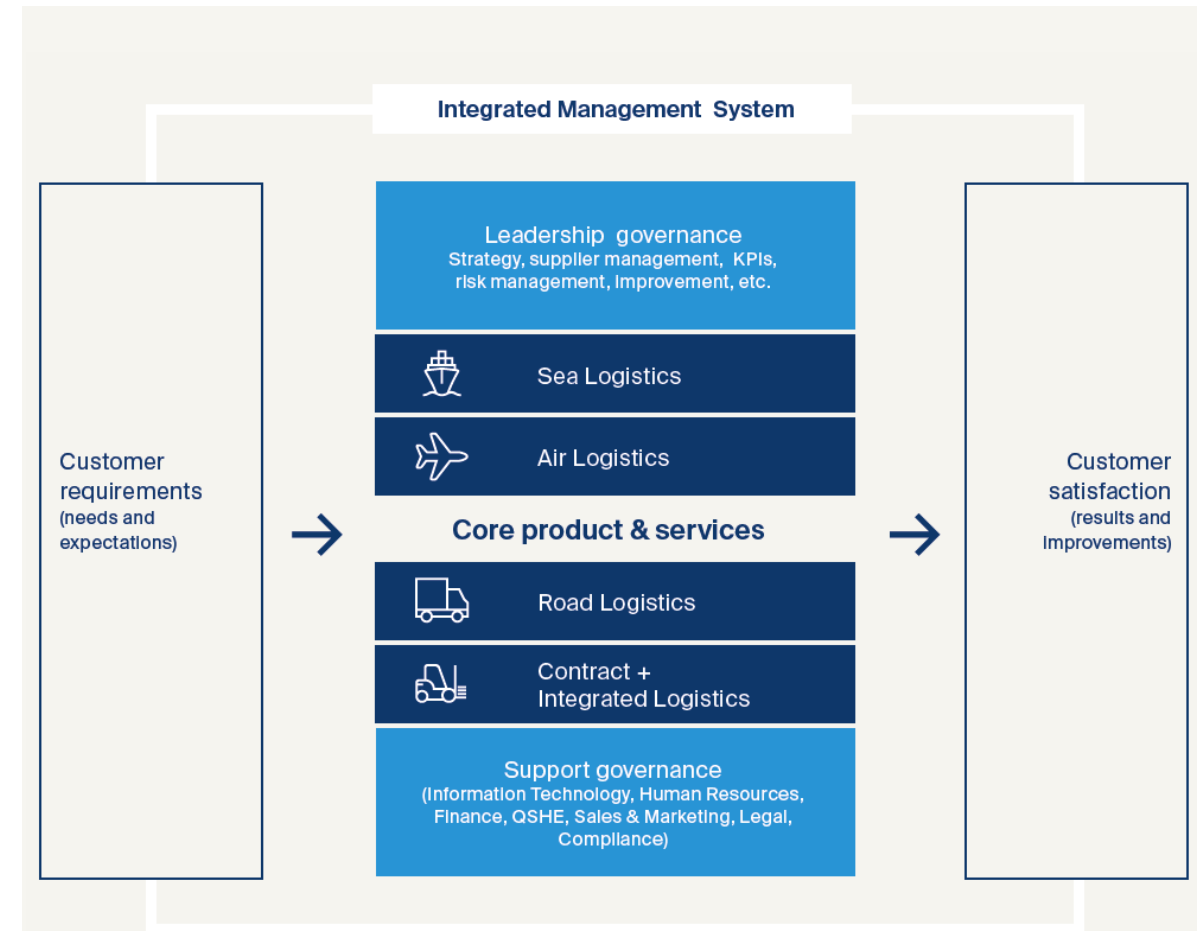
Topics covered in
Sustainability Report 2020



Driving a sustainable business

Kuehne+Nagel Group strives on a daily basis to connect people and goods through innovative and sustainable business solutions.

The diagram on the left side presents Kuehne+Nagel Business Unit and Functional Unit Process map supported by Kuehne+Nagel's integrated management system.



Sustainability programme

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

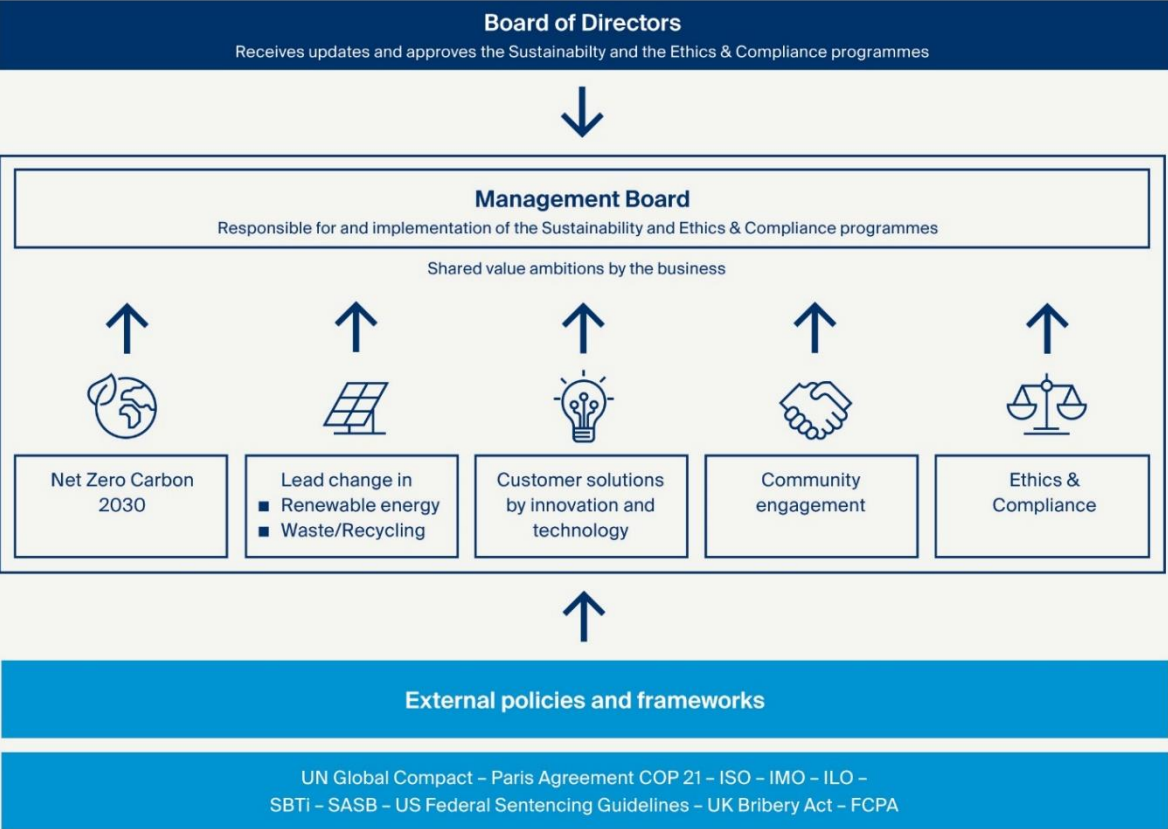
- Implement global standards and frameworks
- Keep the highest levels of ethics and compliance practices
- Give back to local communities
- Ensure the health and safety of our employees
- Minimise the impact of our services on the environment



Corporate Governance model

The ambition to meet the goals of the SDG's paired with the responsible business practices defined in the 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.

Corporate Governance model



Materiality Matrix

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

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

The addressed material issues are reflected in Sustainability Report 2020.



Internal and External Stakeholders

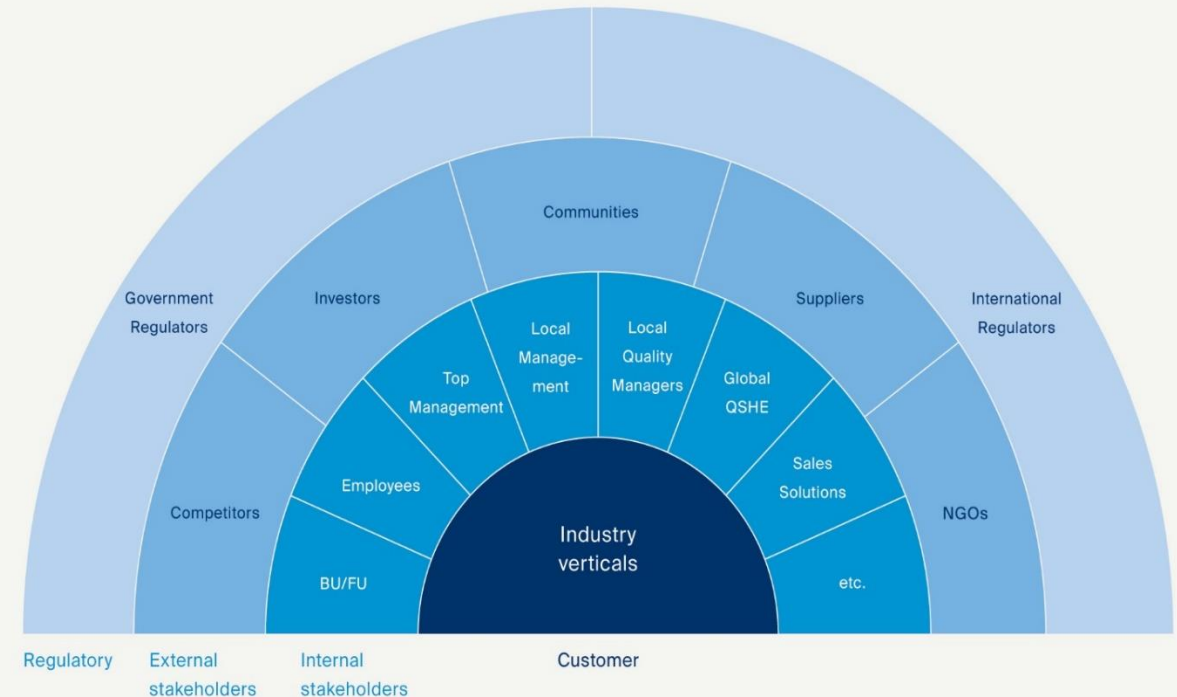


Kuehne+Nagel seeks and maintains strong relationships with all stakeholders.

In order to bolster stakeholder communication and identify issues requiring attention, Kuehne+Nagel established a sustainability programme in 2016.

The company encourages its stakeholders to address the issues. This helps Kuehne+Nagel to analyse, process and work on improvement, step by step.

Internal and external stakeholders GRI 102-42



Executing responsible tax management



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:

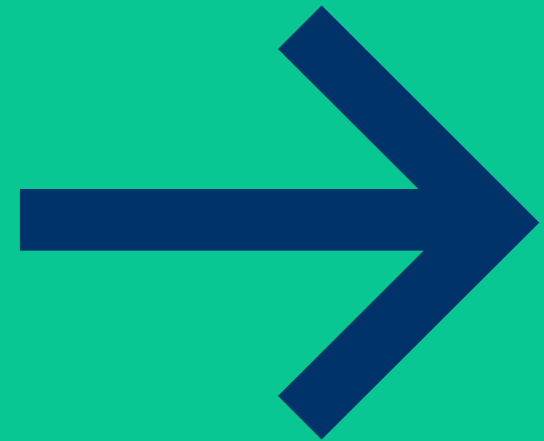
As a large multi-national operating in more than 100 countries, Kuehne+Nagel is exposed to a variety of tax risks, grouped as follows: tax reporting and compliance risk, transactional risks, reputational risk.



02

Compliance

Topics covered in
Sustainability Report 2020



On-Demand Curriculum

Anti-Bribery / -Corruption and Antitrust Curriculum

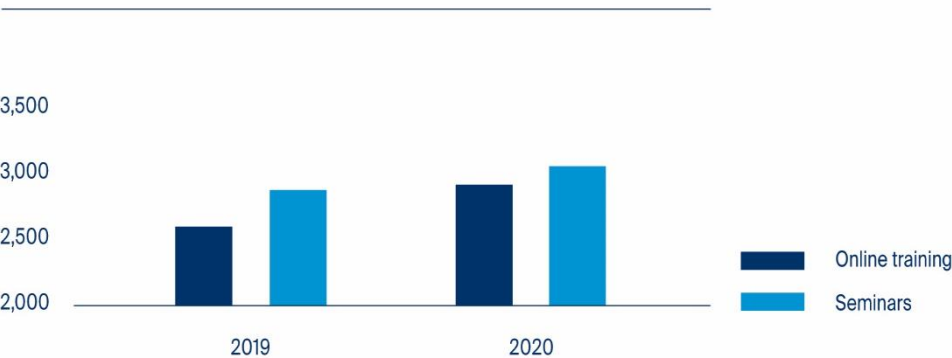


On-demand Compliance trainings complement the corporate-driven mandatory baseline Code of Conduct training as well as dedicated anti-corruption and antitrust education.

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. On-demand training can be delivered in various ways, including live sessions and online training.

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.

Compliance on-demand training



Anti-bribery, anti-corruption and anti-trust training



Confidential reporting and allegation management

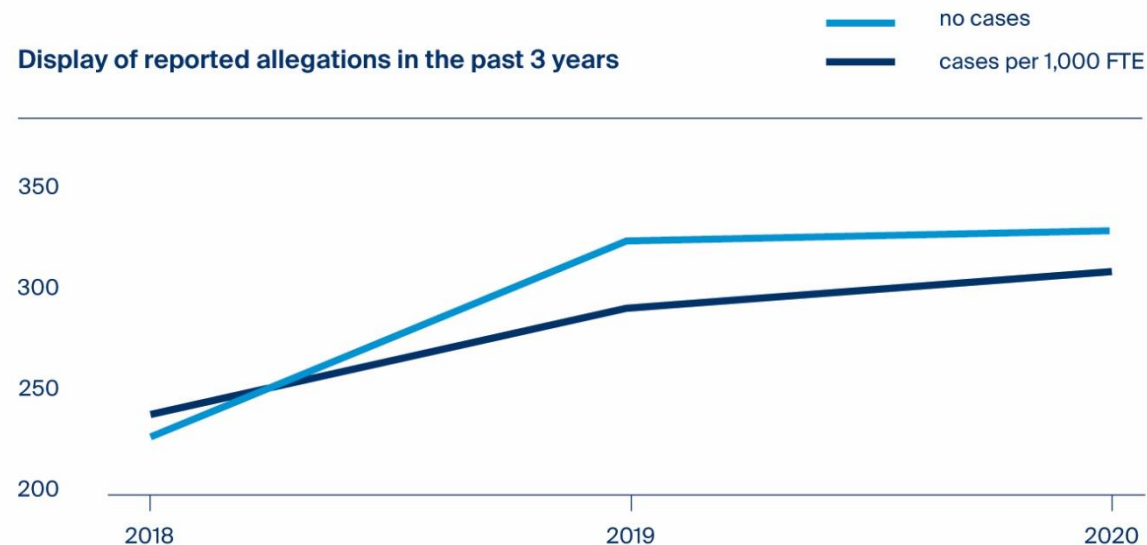


Kuehne+Nagel employees are encouraged to raise concerns over potential issues they may observe. Reports made are assessed by Kuehne+Nagel's Independent Allegation Management Committee.

Where necessary, professional and independent investigations are initiated to resolve concerns raised and remediation can be applied effectively.

Confidential Reporting Line, operated by an external service provider, is accessible 24/7 and allows for reports in more than 100 languages.

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



Safeguarding data via information security



Compliance with data protection and privacy laws is an essential part of our company's way of conducting business in a trustworthy manner.

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.

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



Evaluation of high risk third parties



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.

Integrity Due Diligence (IDD) is applied when onboarding suppliers assessed as high risk and continuously updated throughout the duration of the business relationship.

Overview of conducted supplier audits

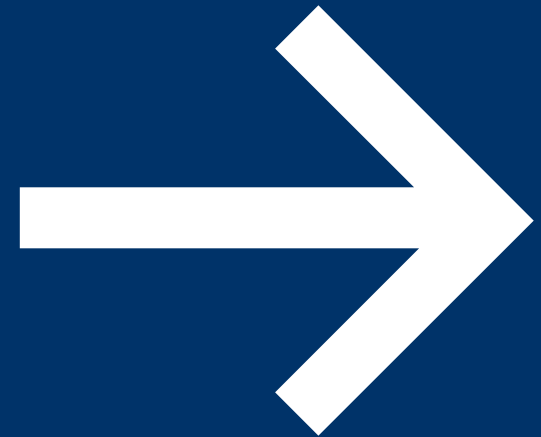
| | 2020 | 2019 |
|--|------|------|
| Total number of approved high risk suppliers at year-end | 676 | 673 |



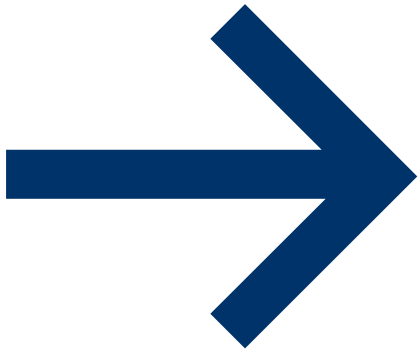
03

Human Resources

Topics covered in
Sustainability Report 2020



Enforcing human rights



98%

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

Target

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.

Our clear goal is to be 100 per cent compliant.

Progress 2020

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.

Protecting labour rights



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.

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.

> 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



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.

Outlook 2021

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.

5.6%

total amount of female leaders
amongst top management

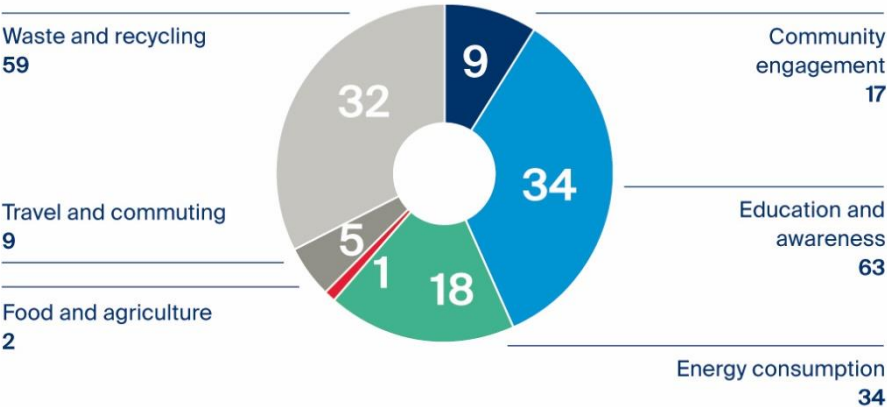
There has been a reduction of top management positions during 2020. This was essentially due to the merger of our two former Asian regions into one. We are proud to say that none of our top female managers have left the company, which allowed the increase of their representation in the overall top management 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.

Community Engagement

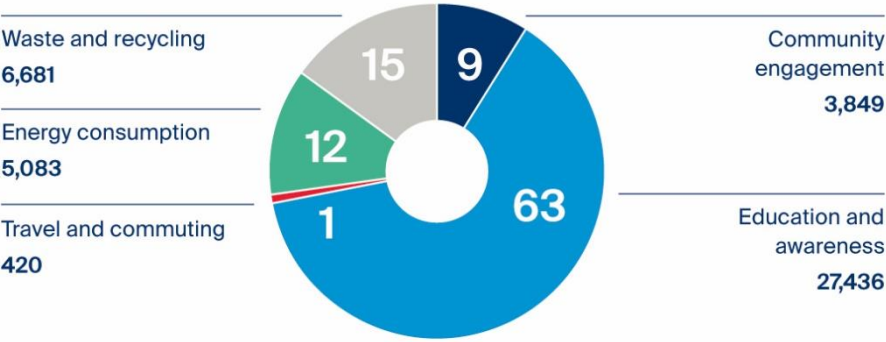


In 2020, 43,479 employees participated in volunteering in environmental and community engagements. A great number of initiatives were organised virtually promoting awareness on sustainable topics.

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

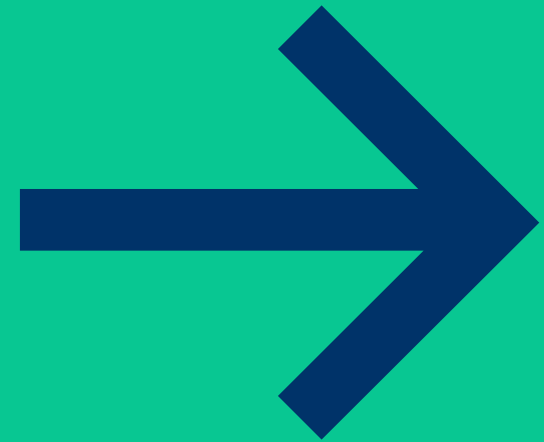


184
initiatives in 2020

04

QSHE

Topics covered in
Sustainability Report 2020

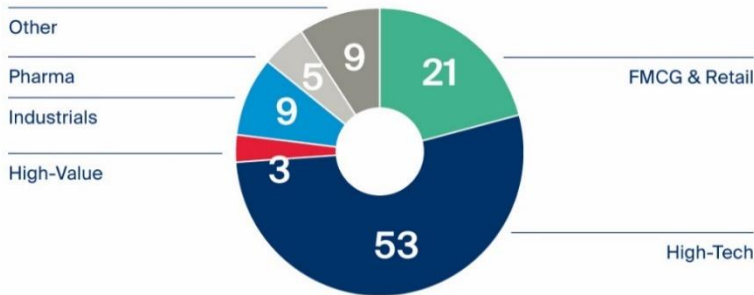


Preserving security

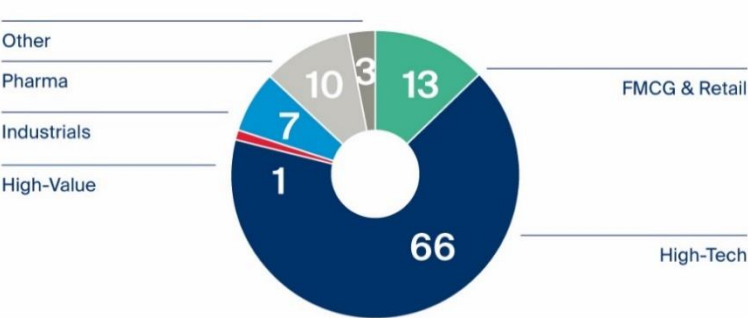


Kuehne+Nagel – as a member of European Association for Forwarding, Transport, Logistics and Customs Services (CLECAT) security institute – was one of the main contributors in designing the Safe & Secure Truck Parking standard sponsored by the European Commission to both enhance the working conditions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

Security incident distribution by commodity clustered in percent



Commercial loss value distribution by commodity clustered in percent



-6%
incidents

-13%

commercial loss value

Proper handling of goods



The company launched the “Global DG Assessment Programme” which will also extend to the first half of 2021.

The programme 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.



1,400

dangerous goods
safety advisors

11,700

employees received
function-specific or
awareness training for
dangerous goods

Fostering health and safety

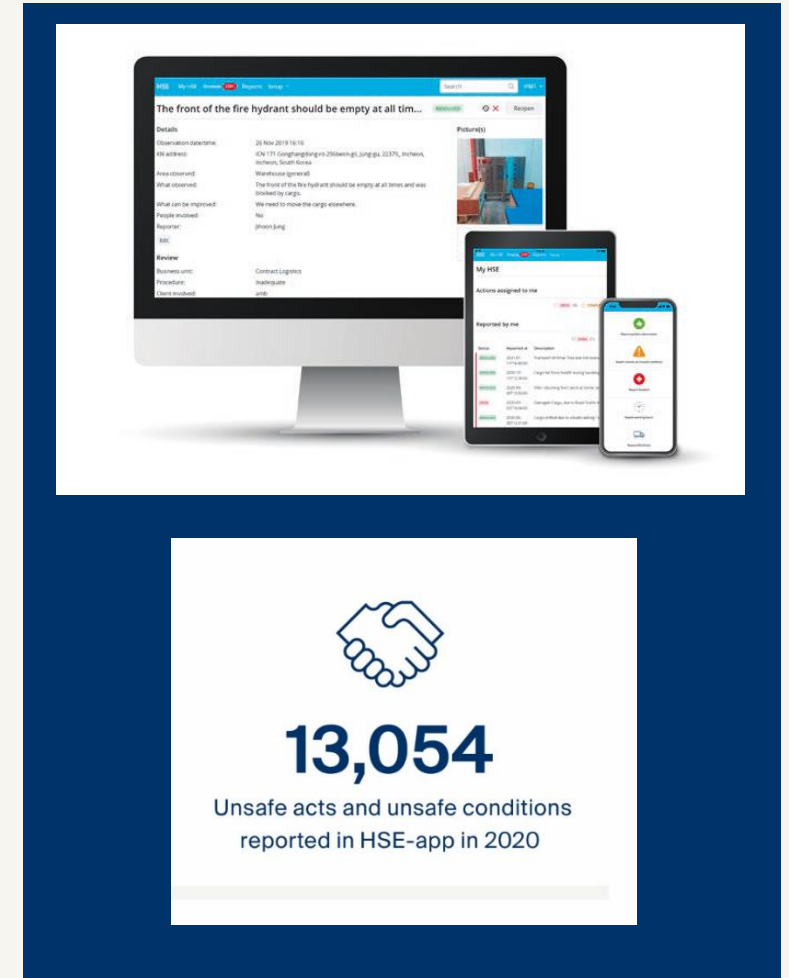


With the online HSE (Health, Safety and Environment) reporting tool – HSE-app – we can learn and take preventative measures based on reported unsafe acts, unsafe conditions and positive observations.

In 2020 the tool was further rolled out globally and resulted in over 17,000 reported situations. 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.

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 in 2021 to highlight and raise awareness of major safety and health hazards.



Ensuring business continuity and disaster response



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.

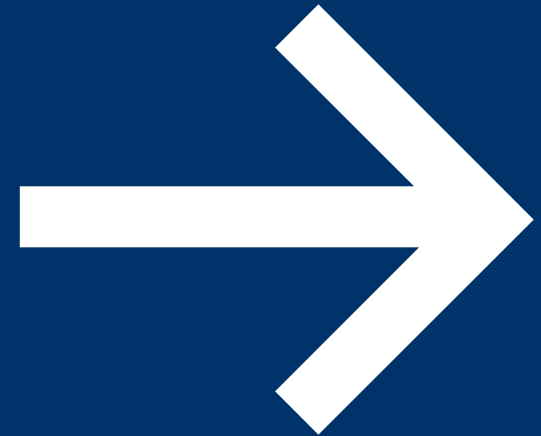
The global BCM crisis team is continuously assessing our “ability to serve our clients and protect our employees” through a framework of reporting and alert codes.



05

Net Zero Carbon - BUs business cases

Topics covered in
Sustainability Report 2020



Business cases I & II: Offsetting & saving carbon emissions

Sea Logistics

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.

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%

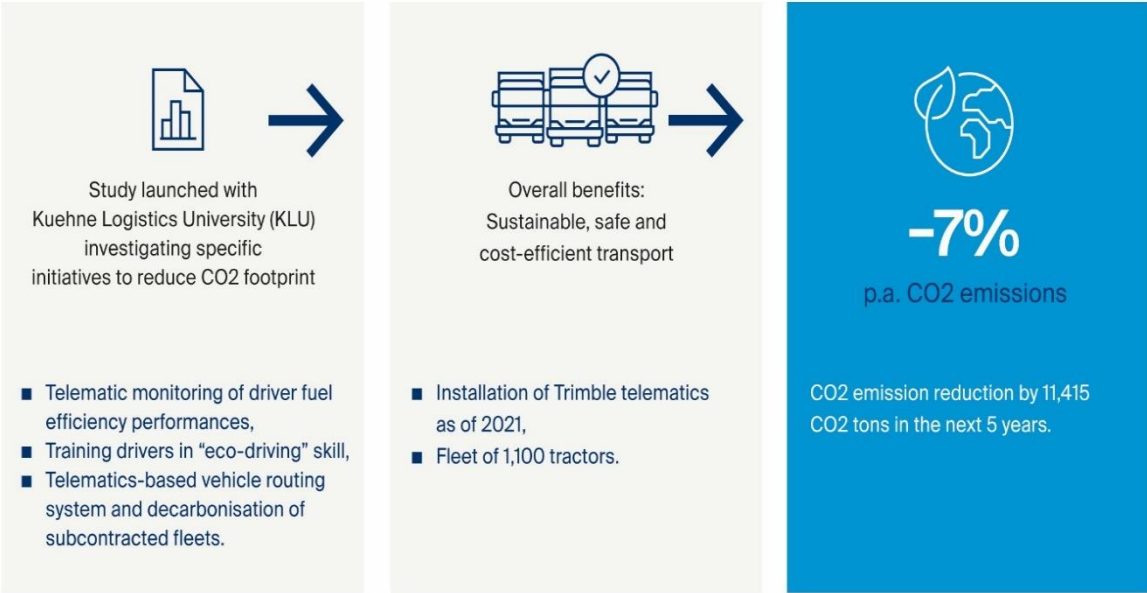
total saving or 30 tons
equivalent per year

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

Business cases III & IV: Offsetting & saving carbon emissions

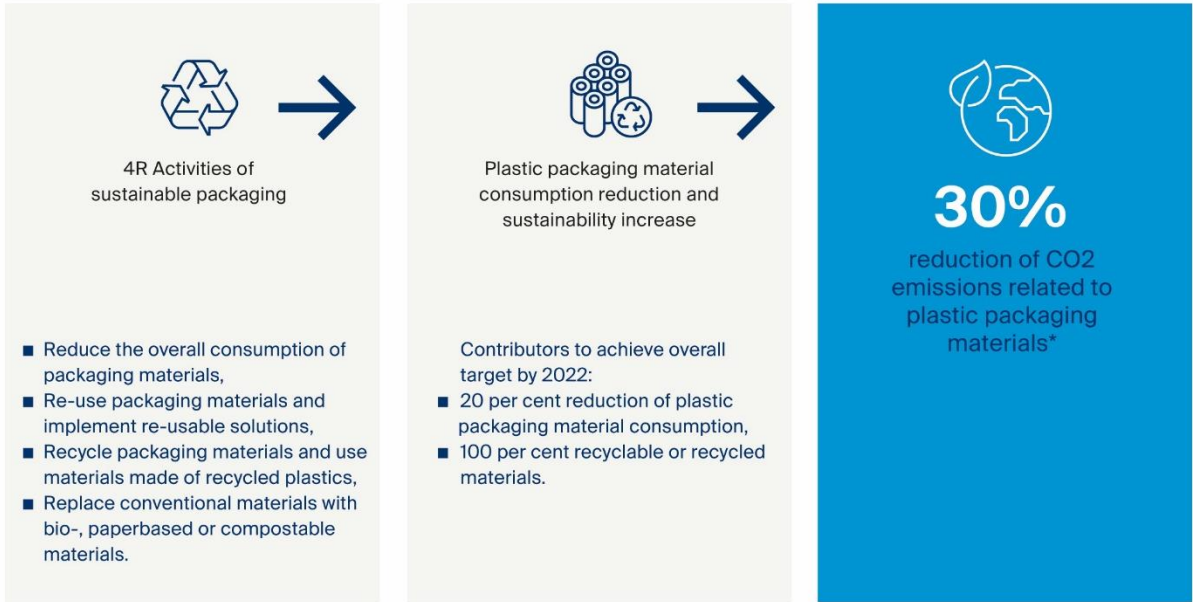
Road Logistics

Business case: Decarbonisation of in-house fleet in France



Contract Logistics

Business case: Sustainable packaging



* reference year 2020

Business case V: Waste reduction

Operations and Finance

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.



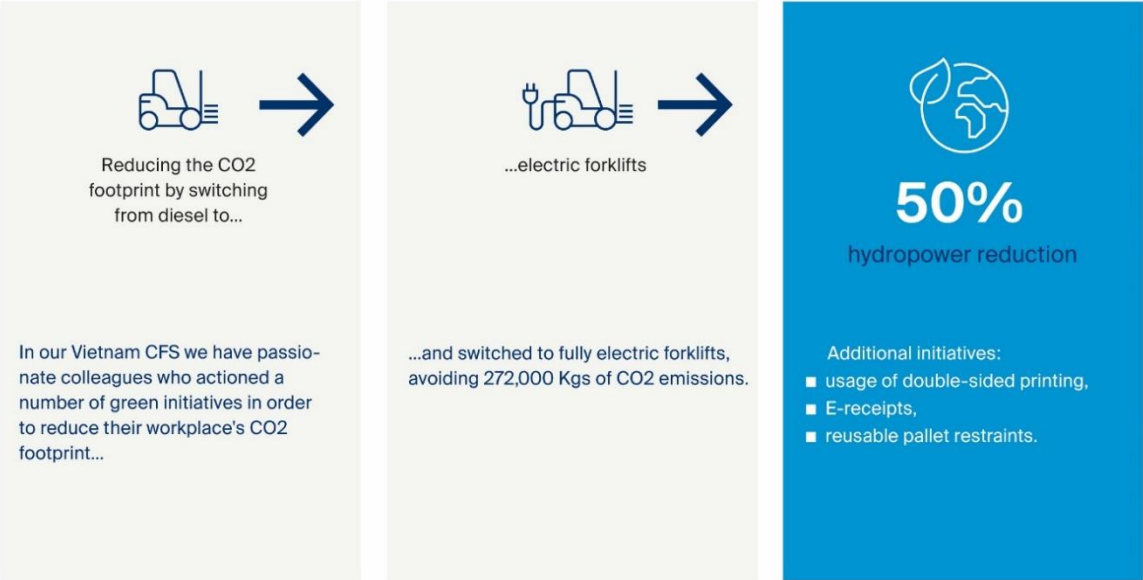
1 million

sheets of paper
saved per year

Business cases VI & VII: Energy efficiency & renewable energy

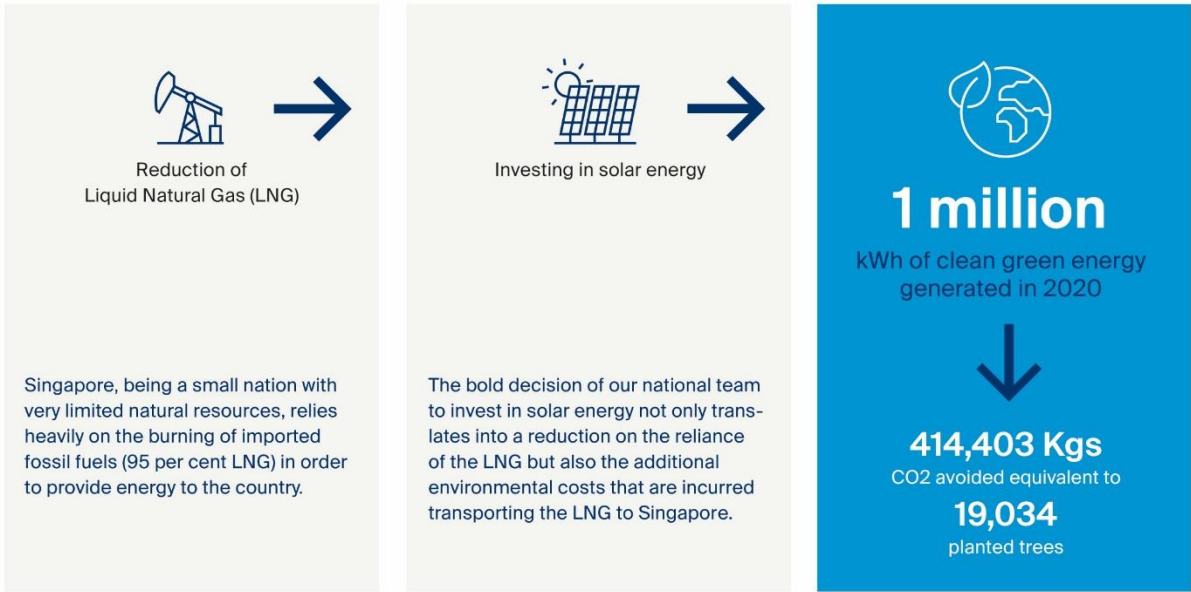
Operations

Business Case: Vietnam Container Freight Station (CFS)



Operations

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



Business cases VIII & IX:

Energy efficiency & renewable energy

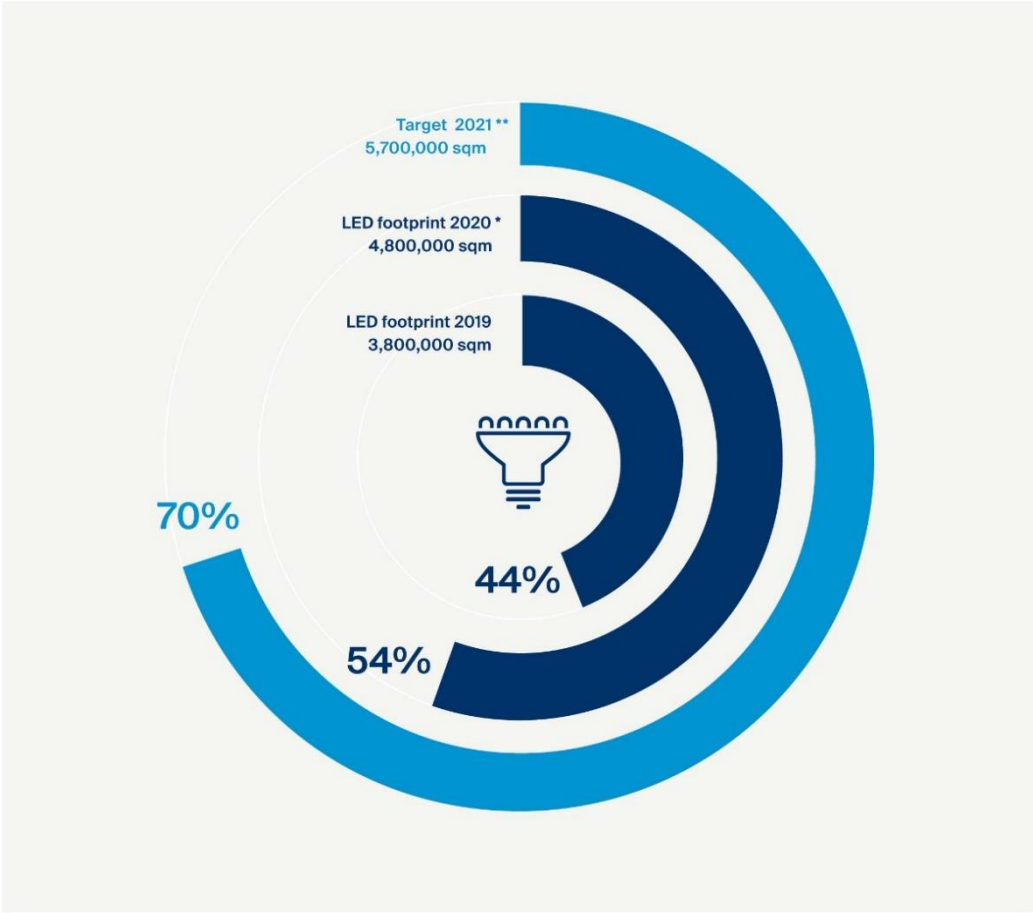
Contract Logistics

Photovoltaics (PV) installations



Contract Logistics

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

KN Sustainability Report 2020 can be found on Kuehne+Nagel's official website.

Interactive version:

<https://2020-annual-report.kuehne-nagel.com/sustainability/welcome-message-ceo>

PDF version:

<https://2020-annual-report.kuehne-nagel.com/downloads>



Inspire. Empower. Deliver.

