

# Remuneration Report 2022

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

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

## Introduction

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

At the Annual General Meeting (AGM) on May 3, 2022, as in the previous year, the shareholders of Kuehne + Nagel International AG (Company) individually elected the members of the Board of Directors, the Chairman, the members of the Compensation Committee as well as the independent proxy. The AGM furthermore approved each of the total aggregate remuneration amounts, for the members of the Board of Directors for the period until the next ordinary AGM, and for the members of the Management Board for the fiscal year 2023.

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

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

## Remuneration principles

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

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

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

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

#### Determination of remuneration

The Nomination and Compensation Committee supports the Board of Directors with the determination and validation of the remuneration policy, defines the remuneration concepts, and the principles of remuneration for the members of the Board of Directors and the Management Board. The principles of remuneration, post-employment benefits and share-based compensations are reviewed annually.

The Nomination and Compensation Committee discusses the amounts of compensation for each member of the Board of Directors individually, evaluates the performance of each member of the Management Board and recommends their remuneration. The General Meeting approves the maximum total remuneration of the Boards.

The Nomination and Compensation Committee has the following responsibilities:

- definition and validation of the remuneration policy and concepts;
- definition of the principles of remuneration for the members of the Board of Directors and the Management Board;
- nomination of competent staffing of the Management Board;

- yearly review of the individual performance of members of the Management Board;
- approval of terms and conditions of employment of the members of the Management Board;
- determination and approval of pension schemes;
- approval of mandates outside the Kuehne+Nagel Group by members of the Management Board;
- determination of the variable remuneration of the Management Board;
- approval of share-based compensation plans for the Management Board and other selected employees;
- preparation of the remuneration report

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

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

#### Remuneration components

##### Board of Directors

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

##### Management Board

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

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

### Fixed salary

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

### Variable remuneration component

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

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

### Share-based compensation plans

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

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

Effective July 25, 2018, the Company introduced a revised Share Matching Plan (SMP). This long-term incentive plan allows selected

employees of the Group to invest at a specified date previously acquired shares of the Company into the plan. These shares are blocked for three years whereby voting rights and rights to receive dividends remain intact with the holder of the shares. For each invested share, the Company will match 0.8 additional shares upon completion of a three-year vesting period and service condition during the same period. The fair value of shares matched under the SMP is recognised as a personnel expense with a corresponding increase in equity. The fair value of matched shares is equal to the market price at grant date reduced by the present value of the expected dividends during the vesting period and recognised as personnel expense over the relevant vesting periods. The amount expensed is adjusted to reflect actual and expected levels of vesting.

### Other benefits

The members of the Management Board participate in an employee pension fund that covers the fixed salary with age-related contribution rates equally shared by the employee and the employer. Each member of the Management Board is entitled to a car allowance. Out-of-pocket expenses are reimbursed at actual costs incurred.

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

### Board of Directors remuneration

The total maximum amount of remuneration for the members of the Board of Directors approved by the Annual General Meeting on May 3, 2022, for the period ending at the 2023 Annual General Meeting, amounted to CHF 5.5 million.

The total actual remuneration accrued for and paid to the members of the Board of Directors for their tenure 2022 amounted to CHF 4.7 million (2021: CHF 4.7 million).

The following tables show details of the remuneration of the members of the Board of Directors for 2022 and 2021:

#### 2022

Remuneration to the members of the Board of Directors in CHF thousand	Compensation for Board of Directors	Compensation for Committees	Social insurance	Total
Klaus-Michael Kuehne (Honorary Chairman)	750	10	39	799
Dr. Joerg Wolle (Chairman)	2,000	–	109	2,109
Karl Gernandt (Vice Chairman)	550	25	34	609
Dominik Buergy	180	15	12	207
Dr. Renato Fassbind	180	15	10	205
David Kamenetzky	180	–	11	191
Tobias B. Staehelin	180	–	11	191
Hauke Stars	180	10	12	202
Dr. Martin C. Wittig	180	25	13	218
<b>Total</b>	<b>4,380</b>	<b>100</b>	<b>251</b>	<b>4,731</b>

#### 2021

Remuneration to the members of the Board of Directors in CHF thousand	Compensation for Board of Directors	Compensation for Committees	Social insurance	Total
Klaus-Michael Kuehne (Honorary Chairman)	750	10	39	799
Dr. Joerg Wolle (Chairman)	2,000	–	116	2,116
Karl Gernandt (Vice Chairman)	550	25	34	609
Dominik Buergy	180	15	12	207
Dr. Renato Fassbind	180	15	11	206
David Kamenetzky	180	–	11	191
Tobias B. Staehelin <sup>1</sup>	118	–	8	126
Hauke Stars	180	10	12	202
Dr. Martin C. Wittig	180	15	12	207
<b>Total</b>	<b>4,318</b>	<b>90</b>	<b>255</b>	<b>4,663</b>

<sup>1</sup> Member of the Board of Directors as of May 4, 2021.

### Management Board remuneration

The total maximum amount of remuneration for the members of the Management Board approved by the Annual General Meeting on May 4, 2021, for the fiscal year 2022, amounted to CHF 22.0 million. The Board of Directors will propose an increase of the maximum amount of remuneration for the fiscal year 2022 to the Annual General Meeting on May 9, 2023.

The total actual remuneration accrued for and paid to the Chief Executive Officer and to the members of the Management Board in the financial year 2022 amounted to CHF 24.6 million (2021: CHF 24.4 million). The following tables show details of the remuneration for the Chief Executive Officer and the other members of the Management Board for 2022 and 2021:

2022		In per cent of total remuneration	Variable part of remuneration	In per cent of total remuneration	Social Insurance	Pension <sup>1</sup>	Share Plan	In per cent of total remuneration	Others <sup>2</sup>	Total
in CHF thousand	Salary									
Stefan Paul, Chief Executive Officer <sup>3</sup>	908	25.6	1,950	54.9	190	108	369	10.4	27	3,552
Dr, Detlef Trefzger, Chief Executive Officer <sup>4</sup>	607	19.8	2,200	71.9	165	68	-	-	19	3,059
Members of the Management Board	4,780	26.6	9,636	53.5	696	580	2,159	12.0	148	17,999
<b>Total</b>	<b>6,295</b>	<b>25.6</b>	<b>13,786</b>	<b>56.0</b>	<b>1,051</b>	<b>756</b>	<b>2,528</b>	<b>10.3</b>	<b>194</b>	<b>24,610</b>

2021		In per cent of total remuneration	Variable part of remuneration	In per cent of total remuneration	Social Insurance	Pension <sup>1</sup>	Share Plan	In per cent of total remuneration	Others <sup>2</sup>	Total
in CHF thousand	Salary									
Dr. Detlef Trefzger, Chief Executive Officer	1,040	20.7	3,147	62.6	270	119	418	8.3	32	5,026
Members of the Management Board	4,744	24.5	10,573	54.6	899	611	2,382	12.3	162	19,371
<b>Total</b>	<b>5,784</b>	<b>23.7</b>	<b>13,720</b>	<b>56.2</b>	<b>1,169</b>	<b>730</b>	<b>2,800</b>	<b>11.5</b>	<b>194</b>	<b>24,397</b>

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

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

<sup>3</sup> Chief Executive Officer as of August 1, 2022

<sup>4</sup> Chief Executive Officer until July 31, 2022

### Other remuneration

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

During the reporting years 2022 and 2021 no remuneration was paid to or accrued for former members of the Board of Directors and the Management Board in connection with their previous activities in the Company. Furthermore, no payments which are not at arm's length were made during 2022 and 2021 to former members of the Board of Directors, Management Board and to individuals who are closely related to them.

#### Loans and credits granted

In the reporting years 2022 and 2021, neither Kuehne + Nagel International AG nor one of its subsidiaries provided any guarantees, loans, advances, credit facilities or similar either to former or current members of the Board of Directors or Management Board or to related parties nor are there any receivables of any kind outstanding.

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



### Opinion

We have audited the remuneration report of Kühne + Nagel International AG (the Company) for the year ended 31 December 2022. The audit was limited to the information on remuneration, loans and advances pursuant to Art. 14-16 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (Verordnung gegen übermässige Vergütungen bei börsenkotierten Aktiengesellschaften, VegüV) on pages 37 to 42 of the remuneration report.

In our opinion, the information on remuneration, loans and advances in the remuneration report (pages 37 to 42) complies with Swiss law and Art. 14-16 VegüV.



### Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the “Auditor’s responsibilities for the audit of the remuneration report” section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



### Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the pages 37 to 42 in the remuneration report, the consolidated financial statements, the stand-alone financial statements and our auditor’s reports thereon.

Our opinion on the remuneration report does not cover the other information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the remuneration report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the remuneration report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



#### **Board of Directors' responsibilities for the remuneration report**

The Board of Directors is responsible for the preparation of a remuneration report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a remuneration report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.



#### **Auditor's responsibilities for the audit of the remuneration report**

Our objectives are to obtain reasonable assurance about whether the information on remuneration, loans and advances pursuant to Art. 14-16 VegüV is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this remuneration report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement in the remuneration report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Ernst & Young Ltd

Christian Schibler  
Licensed audit expert  
(Auditor in charge)

Andreas Traxler  
Licensed audit expert

Zurich, February 28, 2023

Kuehne + Nagel International AG  
Kuehne + Nagel House  
P.O. Box 67  
CH-8834 Schindellegi  
+41 (0) 44 786 95 11  
[www.kuehne-nagel.com](http://www.kuehne-nagel.com)