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Corporate Governance

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Corporate governance report

Corporate governance covers the whole system of managing and monitoring an enterprise, the principles and guidelines that shape its business policy and the system of internal and external control and monitoring mechanisms. The Executive Board and Supervisory Board of KION GROUP AG believe that an uncompromising commitment to rigorous corporate governance in accordance with the standards is essential to the Company's long-term success. Compliance with these principles also promotes the trust that our investors, employees, business partners and the public have in the management and monitoring of the Company.

There is a close correlation between the corporate governance report required by section 3.10 of the German Corporate Governance Code as amended on 5 May 2015 (the Code) and the content of the corporate governance declaration required by section 289a German Commercial Code (HGB). For this reason, the Executive Board and the Supervisory Board of KION GROUP AG have combined the two statements.

DECLARATION PURSUANT TO SECTION 289A GERMAN COMMERCIAL CODE (HGB)

The corporate governance declaration required by section 289a HGB includes the comply-or-explain statement in accordance with section 161 German Stock Corporation Act (AktG) (see 1. below), relevant disclosures on corporate management practices extending beyond statutory requirements (see 2. below), a description of the working methods of the Executive Board and Supervisory Board, and a description of the working methods and composition of the Supervisory Board committees (see 3. below). The declaration on corporate governance pursuant to section 289a HGB is part of the management report. According to section 317 (2) sentence 3 HGB, the information provided in accordance with section 289a HGB does not have to be included in the audit of financial statements.

1. Comply-or-explain statement pursuant to section 161 (1) AktG

Section 161 (1) AktG requires the management board and supervisory board of a publicly listed company to issue an annual declaration stating that the company has complied with, and intends to comply with, the recommendations of the Code or stating the recommendations with which it has not complied or does not intend to comply, and the reasons why. Detailed reasons must be given for any departure from the recommendations of the Code. The comply-or-explain statement must be made permanently available to the public on the company's website.

The Executive Board and Supervisory Board submitted the Company's previous comply-or-explain statement on 19 December 2014.

Both decision-making bodies considered the recommendations of the amended Code in detail and, on 14 December and 17 December 2015 respectively, issued the third comply-or-explain statement of KION GROUP AG as required by section 161 (1) AktG as follows:

1. Since the last comply-or-explain statement was issued in December 2014, KION GROUP AG has complied with all of the recommendations of the German Corporate Governance Code (the Code) as amended on 24 June 2014 with one exception.

   In departure from section 3.8 (3) of the Code, the articles of incorporation of KION GROUP AG do not provide for an excess in the D&O insurance policies for members of the Supervisory Board. The Company believes that such an excess is not typical at international level and would therefore make it considerably more difficult to find independent candidates, in particular candidates from outside Germany.

2. The Code as amended on 5 May 2015 was announced in the German Federal Gazette on 12 June 2015. Since then, KION GROUP AG has complied with all of the recommendations in the Code as amended on 5 May 2015 with the one exception described above, and intends to continue to do so in future.

Wiesbaden, 14/17 December 2015

For the Executive Board:

Gordon Riske Dr Thomas Toepfer

For the Supervisory Board:

Dr John Feldmann

The comply-or-explain statement is available on the website of KION GROUP AG at kiongroup.com/comply_statement.

2. Relevant disclosures on corporate governance

The corporate governance of KION GROUP AG is essentially, but not exclusively, determined by the provisions of the German Stock Corporation Act and the German Codetermination Act (MitbestG) and also follows the recommendations of the German Corporate Governance Code. KION GROUP AG complies with all the Code's recommendations, with one exception. These fundamental principles are combined with a commitment to sustainable business, taking account of society's expectations in the markets in which the Company operates.

In 2015, the Executive Board and the Supervisory Board (or its committees) regularly discussed corporate governance issues in accordance with a rolling schedule of topics. This ensured that the key elements of corporate governance within the KION Group were always on the agenda at meetings of the Company's main decision-making bodies. The Supervisory Board in particular complied with the supervisory duties incumbent upon it under the German Stock Corporation Act. For example, the Supervisory Board's Audit Committee, which was set up partly for this purpose, received regular reports on the accounting processes and the effectiveness of the internal monitoring and risk management systems and of the audit of financial statements, and then reported back to the full Supervisory Board on these matters.

2.1 Internal control system

KION GROUP AG has an internal control system designed to meet the specific needs of the Company. Its processes are intended to ensure the correctness of the internal and external accounting processes, the efficiency of the Company's business operations and compliance with key legal provisions and internal policies. These control processes also include the Company's strategic planning, where the underlying assumptions and plans are reviewed on an ongoing basis and refined as necessary.

The Supervisory Board and in particular the Supervisory Board's Audit Committee regularly obtain information on the processes put in place as part of the internal control system and have satisfied themselves as to their efficiency.

2.2 Accounting-related internal control system

For its accounting process, the KION Group has defined suitable structures and processes as part of its internal control and risk management system and implemented them throughout the Group. Besides defined control mechanisms, it includes, for example, system-based and manual reconciliation processes, clear separation of functions, strict compliance with the double-checking principle and written policies and procedures. The overarching aim is for the separate financial statements, consolidated financial statements, management report and group management report to be fully compliant with the relevant statutory and regulatory requirements and, in particular, the applicable financial reporting standards. Changes to these requirements and standards are analysed on an ongoing basis and taken into account as appropriate. Details can be found in the risk report, which is part of the group management report.

2.3 Risk management system

For the Company to be managed professionally and responsibly, the Executive Board must use the risk management system established in the Company to regularly gather information about current risks and how they are evolving, and then report on this to the Supervisory Board's Audit Committee. The KION Group's risk management system is documented in a Group risk policy that defines tasks, processes and responsibilities and sets out the rules for identifying, assessing, reporting and managing risk. Specific individual risks are then reported by each Group entity using an online reporting tool. Reporting on cross-segment risks and groupwide risks is carried out by Controlling and the relevant departments. The risks that have been reported are reviewed on a quarterly basis and re-assessed until the reason for reporting a risk no longer exists.

2.4 Compliance management system

The Executive Board and Supervisory Board of KION GROUP AG consider that adhering uncompromisingly to broad-ranging compliance standards is essential to sustained financial success. That is why a comprehensive compliance programme, centring around the KION Group Code of Compliance, has been set up for KION GROUP AG and its Group companies worldwide.

The KION Group Code of Compliance, which is available in all of the main languages relevant to the Group companies of KION GROUP AG, provides every employee with clear guidance on how to conduct their business in accordance with sound values and ethics and in compliance with the law. The aim is for all employees to receive regular training on the most important compliance subjects (e.g. competition law, data protection, communication and anti-corruption). Desk-based employees can use e-learning tools to complete the mandatory training.

Compliance activities focus on anti-corruption, foreign trade/export controls, liability of senior management, directors' and officers' liability, capital markets compliance, IT security and data protection.

KION GROUP AG's compliance organisation is made up of the following committees, functions and duties:

The Executive Board of KION GROUP AG bears collective responsibility for the functioning of compliance management within the Group; the compliance department reports to the Chief Executive Officer of KION GROUP AG. Responsibility for implementing compliance management has been delegated to the Chief Compliance Officer, the CEOs of the STILL and LMH segments, and the heads of the KION regions. Responsibility for monitoring of course remains with the CEO of the Group. The KION compliance department, the KION compliance team and the KION compliance committee provide operational support to the aforementioned functions. The KION compliance department focuses mainly on preventing compliance violations by providing guidance, information, advice and training. It manages the KION compliance team, in which local and regional compliance officers of the Group are represented.

The members of the compliance team at KION GROUP AG are available to advise all Group employees and answer their questions at any time. They are also responsible for the implementation of the compliance programme, particularly for providing advice, information and training.

Actual or suspected incidents of non-compliance can be reported by post, email or fax. All employees can also report any cases of non-compliance via a compliance hotline and can choose to remain anonymous.

As part of its work, the compliance department at KION GROUP AG cooperates closely with the legal and internal audit departments. The KION compliance committee is staffed by the heads of these departments and the head of human resources, operating as a cross-functional committee that primarily advises on, examines and, if relevant, punishes incidents of non-compliance that are reported. While the KION compliance department is responsible for preventing compliance violations, the internal audit unit is tasked with checking the facts of reported non-compliance cases. On behalf of the Executive Board, the internal auditors also monitor subsidiaries for compliance with regulations. If their audits confirm cases of non-compliance, it is the task of HR or Legal to remedy the violations and sanction those responsible, if appropriate.

The Management Boards of the KION brand parent companies and their subsidiaries are responsible for ensuring compliance. The Local Compliance Representatives advise and support the directors and senior managers in ensuring compliance throughout the Group.

2.5 Audit-relevant processes

The Company's independent auditors, Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Munich, Frankfurt am Main branch office ("Deloitte & Touche"), audited the separate financial statements and management report of KION GROUP AG and the consolidated financial statements and group management report for the year under review following their engagement by the Annual General Meeting on 12 May 2015. Since the audit of the 2014 separate and consolidated financial statements, the global lead service partner at Deloitte & Touche has been Ms Kirsten Gräbner-Vogel. The separate financial statements and management report and the consolidated financial statements and group management report are discussed by the Audit Committee and then approved by the Supervisory Board.

The independent auditors review the condensed consolidated interim financial statements and the condensed interim group management report for the first half of the year. The Executive Board discusses all interim reports with the Audit Committee before they are published.

2.6 Avoiding conflicts of interest

Conflicts of interest between the governing bodies and other decision-makers in the Company or significant shareholders go against the principles of good corporate governance and are likely to be harmful to the Company. KION GROUP AG and its governing bodies therefore adhere strictly to the Code's recommendations on this subject. The employees of KION GROUP AG and its investees are made aware of the problem of conflicts of interest as part of compliance training and are bound by rules on how to behave in the event of actual or potential conflicts of interest.

The Company attaches high priority to preventing possible conflicts of interest from occurring in the first place and to dispelling any impression that they might exist. This is especially important given the involvement of Weichai Power, whose stake has risen to 38.3 per cent. The Company achieves these aims by avoiding business scenarios or personnel scenarios that could give the impression of a conflict of interest and by taking transparent steps that effectively prevent concerns about conflicts of interest.

The Company's Chief Executive Officer, Mr Gordon Riske, was appointed a non-executive director of Weichai Power with effect from 24 June 2013, for which the Supervisory Board had previously given its consent. Appropriate precautions have been taken to ensure that this role at a major shareholder of the Company does not create a conflict of interest relating personally to Mr Riske. Formal processes have been put in place to ensure that Mr Riske, in his role as a non-executive director of Weichai Power, is not involved in transactions that could give rise to a conflict with the interests of the KION Group. Nor is Mr Riske involved in transactions relating to the exercise of voting rights by Weichai Power or its subsidiaries at the Annual General Meeting of KION GROUP AG. It has been ensured that Mr Riske maintains a strict separation between his duties as a non-executive director of Weichai Power and his duties as Chief Executive Officer of KION GROUP AG and that he fulfils all of his legal obligations in the interests of the Company.

3. Working methods of the Executive Board and Supervisory Board and composition of the committees of the Supervisory Board

The Executive Board and Supervisory Board of KION GROUP AG have a close and trusting working relationship. It focuses on ensuring the sustained success of the Company. The members of the Executive Board regularly attend Supervisory Board meetings, unless the Supervisory Board decides to meet without the Executive Board.

The Executive Board promptly, comprehensively and regularly reports to the Supervisory Board on the performance of the KION Group. Besides the reporting obligations defined by law, the rules of procedure for the Executive Board of KION GROUP AG set out further reporting requirements and reservations of approval in favour of the Supervisory Board.

3.1 Working methods of the Executive Board

Since the appointment of Dr Eike Böhm with effect from 1 August 2015, the Executive Board of KION GROUP AG has comprised four members. It is responsible for managing the Company in the Company's interest, i.e. taking account of shareholders, customers, employees and other stakeholders with the aim of creating sustainable added value. The Executive Board develops the

Company's strategy, discusses it with the Supervisory Board and ensures that it is implemented. Every Executive Board member is responsible for his own area of responsibility and keeps his fellow board members informed of developments on an ongoing basis.
> TABLE 003

Responsibilities of Executive Board members TABLE 003

Member	Responsibilities
Gordon Riske	**CEO of KION GROUP AG** **CEO of STILL GmbH** (since 15 January 2015) **CEO of Linde Material Handling GmbH** (since 15 January 2015) Strategy / Business Development Corporate Communications Corporate Office Internal Audit Compliance KION Warehouse Systems KION Synergies / Platforms (until 31 July 2015) North America Region South America Region Quality (from 15 January until 31 July 2015)
Dr Thomas Toepfer	**CFO of KION GROUP AG** Accounting / Tax / Financial Services Corporate Finance / Investor Relations / M&A Controlling HR / Labour Relations Director Legal IT Purchasing (until 31 July 2015) Data Protection Logistics / Urban (since 15 January 2015) Facility Management / Health Safety Environment (since 15 January 2015)
Dr Eike Böhm (since 1 August 2015)	**CTO of KION GROUP AG** R&D Product Strategy Innovation Production System Quality & Operations Purchasing

Responsibilities of Executive Board members TABLE 003

Member	Responsibilities
Ching Pong Quek	**Member of KION GROUP AG Executive Board / Chief Asia Pacific Officer** Asia Pacific Region
Bert-Jan Knoef (until 14 January 2015)	**Member of KION GROUP AG Executive Board CEO of STILL GmbH** Logistics / Urban
Theodor Maurer (until 14 January 2015)	**Member of KION GROUP AG Executive Board CEO of Linde Material Handling GmbH** Quality Facility Management / Health Safety Environment

Every Executive Board member must disclose potential conflicts of interest to the Supervisory Board immediately and must also inform the other Executive Board members. All transactions between KION GROUP AG and Executive Board members or related parties must be concluded on an arm's-length basis.

Rules of procedure laid down by the Supervisory Board define the areas of responsibility of the Executive Board members and the way in which they work together. The full Executive Board normally meets every 14 days and meetings are chaired by the CEO. Individual Executive Board members sometimes take part via video conference. At the meetings, the board members discuss measures and business that, under the Executive Board's rules of procedure, require the approval of the full Executive Board. Resolutions of the full Executive Board are passed by simple majority unless a greater majority is required by law. The CEO has a casting vote in the event of a tied vote. Resolutions of the Executive Board may also be adopted between meetings. Taking account of the requirements of section 90 AktG, the Executive Board provides the Supervisory Board with regular, timely and comprehensive information on all matters of relevance to the business as a whole relating to the intended operating policy, strategic planning, business performance, financial position, financial performance and business risks. The Chief Executive

Officer discusses these matters regularly with the chairman of the Supervisory Board.

The Executive Board's rules of procedure specify that important transactions are subject to approval by the Supervisory Board. Budget planning, major acquisitions or capital expenditure, for example, require the consent of the Supervisory Board.

The Company is represented by two members of the Executive Board, by one member of the Executive Board acting conjointly with a Prokurist (person with full commercial power of representation), or by two Prokurists.

3.2 Working methods of the Supervisory Board

The Supervisory Board of KION GROUP AG advises and monitors the Executive Board in its management of the Company and reviews its work. The Supervisory Board is fully involved from an early stage in all decisions that are fundamental to KION GROUP AG.

The Supervisory Board of KION GROUP AG consists of 16 members, eight of whom are employee representatives and eight are shareholder representatives. The shareholder representatives are elected by the Annual General Meeting by simple majority.

The Supervisory Board has drawn up rules of procedure for its work. These apply in addition to the requirements of the articles of incorporation and also define the Supervisory Board committees. According to these rules, the chairman of the Supervisory Board coordinates its work and the cooperation with the Executive Board, chairs its meetings and represents it externally. The Supervisory Board meets in person at least twice in each half of a calendar year, and adopts its resolutions at these meetings. Between these meetings, resolutions may also be adopted in writing, by telephone or by other similar forms of voting, provided that the chairman of the Supervisory Board or, in his absence, his deputy, decides on this procedure for the individual case concerned. The Supervisory Board adopts resolutions by a simple majority of the votes cast unless a different procedure is prescribed by law. If a vote is tied, the matter will only be renegotiated if the majority of the Supervisory Board vote in favour of this option. Otherwise the Board must vote again without delay. If this new vote on the same matter also results in an equal number of votes for and against, the chairman of the Supervisory Board has a casting vote.

3.3 Objectives for the composition of the Supervisory Board

The Supervisory Board strives to ensure that its composition is appropriate to its responsibilities and obligations. In particular, this means considering members' individual qualities and skills as well as the specific requirements resulting from the global business activities of KION GROUP AG and its Group companies. The Supervisory Board is therefore of the opinion that the priority in aiming for a board composition based on diversity must be on the expertise of the individual members and on a balanced mix of personal qualities, experience, skills, qualifications and knowledge of all members in line with the requirements of the business. Consequently, it has agreed upon guidelines for the selection of Supervisory Board members in the form of a diversity statement. This also means that the Supervisory Board's aim is to have an appropriate number of women on the Supervisory Board and to comply with the new statutory requirements for the proportion of female members of supervisory boards. Since the appointment of Ms Birgit A. Behrendt and Ms Xu Ping as members of the KION GROUP AG Supervisory Board with effect from 1 January 2015, there have been three female members. The Supervisory Board will also support the inclusion of other female board members who meet the above criteria.

3.4 Working methods and composition of the committees of the Executive Board and Supervisory Board

In the year under review, there were four committees at KION GROUP AG whose tasks, responsibilities and work processes comply with the provisions of the German Stock Corporation Act and the German Corporate Governance Code. The chairman of each committee reports regularly to the full Supervisory Board on the committee's work. The committees have each drawn up rules of procedure that define their tasks and working methods.

Executive Committee

The Executive Committee consists of four shareholder representatives and four employee representatives. Its chairman is always the chairman of the Supervisory Board. It prepares the meetings of the Supervisory Board and is responsible for ongoing matters between Supervisory Board meetings. The Executive Committee also prepares the Supervisory Board's decisions relating to

corporate governance, particularly amendments to the comply-or-explain statement pursuant to section 161 AktG reflecting changed circumstances and the checking of adherence to the comply-or-explain statement. It also prepares documents for the Supervisory Board when Executive Board members are to be appointed or removed and, if applicable, when a new Chief Executive Officer is to be appointed. Documents relating to any matters in connection with Executive Board remuneration are also compiled by the Executive Committee. In addition, the Executive Committee is responsible for resolutions concerning the conclusion, amendment and termination of Executive Board employment contracts and agreements with Executive Board members governing pensions, severance packages, consultancy and other matters and for resolutions on any matters arising as a result of such contracts and agreements, unless they relate to remuneration. The responsibilities of the Executive Committee also include resolutions about the extension of loans to Executive Board members, Supervisory Board members and parties related to them within the meaning of sections 89 and 115 AktG, as well as resolutions to approve contracts with Supervisory Board members outside their Supervisory Board remit. The Executive Committee should – in consultation with the Executive Board – regularly deliberate on long-term succession planning for the Executive Board.

The Executive Committee met five times in 2015. The main topics discussed by the Executive Committee in 2015 were those concerning the Company's Annual General Meeting and the efficiency and governance initiatives. The Executive Committee also discussed the expansion of the Executive Board.

In 2015, the members of the Executive Committee were:
Dr John Feldmann (chairman)
Joachim Hartig (deputy chairman)
Dr Alexander Dibelius
Denis Heljic
Johannes P. Huth (until 31 July 2015)
Jiang Kui
Olaf Kunz
Kay Pietsch
Hans Peter Ring (from 1 August 2015)

Mediation Committee

The Mediation Committee comprises the chairman of the Supervisory Board, his deputy, an employee representative and a shareholder representative. If the two-thirds-of-votes majority required by section 27 (3) and section 31 (3) MitbestG is not reached in a vote by the Supervisory Board on the appointment of an Executive Board member, the Mediation Committee must propose candidates for the post to the Supervisory Board within one month. The chairman of the Supervisory Board does not have a casting vote on the candidates proposed. The Mediation Committee did not need to be convened in 2015.

In 2015, the members of the Mediation Committee were:
Dr John Feldmann (chairman)
Özcan Pancarci (deputy chairman from 1 January 2016)
Joachim Hartig (deputy chairman, until 31 December 2015)
Johannes P. Huth (until 31 July 2015)
Kay Pietsch
Hans Peter Ring (from 1 August 2015)

Audit Committee

The Audit Committee has four members, who are elected by the Supervisory Board. Its purpose is to assist the Supervisory Board in performing its task of monitoring accounting processes, compliance matters and reporting. These responsibilities encompass monitoring the quality and integrity of the consolidated and separate financial statements (as well as related disclosures), the internal control mechanisms, risk management and the internal audit system. The Audit Committee also reviews the work carried out by the independent auditors and checks that the independent auditors are qualified and independent. It is also responsible for engaging the independent auditors, determining the focus of the audit and agreeing the fee. In addition, the Audit Committee exercises the rights in investee companies set forth in section 32 (1) MitbestG.

The Audit Committee met seven times in 2015. The main topics discussed by the Audit Committee in 2015 were the 2015 annual financial statements, the quarterly financial statements, the budget and the regular subject of the key elements of corporate governance within the Company.

In 2015, the members of the Audit Committee were:
Hans Peter Ring (chairman)
Kay Pietsch (deputy chairman)
Dr John Feldmann
Alexandra Schädler

The chairman of the Audit Committee, Hans Peter Ring, is an independent member and has the required expertise in the areas of accountancy or auditing specified in sections 100 (5) and 107 (4) AktG.

Nomination Committee

The Nomination Committee has four members, all of whom are shareholder representatives and are elected by the shareholder representatives on the Supervisory Board. The Nomination Committee's only task is to propose new candidates for the Supervisory Board to the Company's Annual General Meeting. Accordingly, the committee's activities in 2015 focused on the criteria and the selection process for finding suitable candidates to succeed Mr Johannes P. Huth as a member of the Supervisory Board. To this end, the Nomination Committee held a meeting and different members of the committee met potential candidates and then adopted resolutions at meetings or by way of written resolution. In accordance with the committee's recommendation, Mr Wolfgang Faden was appointed to the Supervisory Board as a new shareholder representative until the Company's next Annual General Meeting. In December 2015, following the recommendation of the Nomination Committee, the Supervisory Board resolved to propose to the Company's Annual General Meeting in May 2016 that Dr Christina Reuter be elected to succeed Mr Faden as a shareholder representative on the Company's Supervisory Board.

In 2015, the members of the Nomination Committee were:
Dr John Feldmann (chairman)
Dr Alexander Dibelius (deputy chairman from 1 August 2015)
Dr Johannes P. Huth (deputy chairman until 31 July 2015)
Birgit A. Behrendt (from 1 August 2015)
Jiang Kui

4. Targets for the proportion of women

Germany's 'Act for the equal participation of women and men in managerial positions in the private and public sectors' came into force on 24 April 2015. The Act requires the supervisory boards of companies that are listed or subject to equal shareholder/employee representation to define a target for the percentage of female executive board members. Also under the new legislation, executive boards must set the targets for increasing the proportion of women at the two management levels immediately below the executive board. Supervisory/executive boards must set time limits within which the targets are to be achieved. The time limits must not exceed five years. The first targets must be achieved by 30 June 2017.

The Executive Board and Supervisory Board of KION GROUP AG studied the new legal requirements carefully. As the Supervisory Board is not planning any changes to the composition of the KION GROUP AG Executive Board at present, the target for the proportion of female Executive Board members was set at 0 per cent and applies until 30 June 2017.

The Executive Board of KION GROUP AG has set the target for the proportion of women at 10 per cent for the first management level immediately below the Executive Board and at 30 per cent for the second level of management below the Executive Board. The targets for both levels are also to be achieved by 30 June 2017.

EXECUTIVE BOARD AND SUPERVISORY BOARD SHAREHOLDINGS AND DIRECTORS' DEALINGS

1. Shareholdings

As at 31 December 2015, the shares in KION GROUP AG or related financial instruments held directly or indirectly by all members of the Executive Board and Supervisory Board equated to less than 1 per cent of all the shares issued by the Company.

2. Directors' dealings

Pursuant to section 15a of the German Securities Trading Act (WpHG), members of the Executive Board and the Supervisory Board and related parties are obliged to disclose transactions involving shares in the Company or related financial instruments (such as derivatives) if the value of these transactions reaches €5,000 or more within one calendar year. > TABLE 004

Transactions disclosed pursuant to section 15a WpHG in 2015 TABLE 004

Buyer/seller	Type of transaction	Share price (€)	Number of shares	Total value (€)
Gordon Riske	Sale	35.90	137,000	4,950,610.00

Disclosures relevant to acquisitions, section 315 (4) HGB

The disclosures relevant to acquisitions pursuant to section 315 (4) HGB together with the explanatory report form an integral part of the group management report.

1. Composition of subscribed capital

The subscribed capital (share capital) of KION GROUP AG amounted to €98.9 million as at 31 December 2015. It is divided into 98.9 million no-par-value bearer shares. The share capital is fully paid up. All of the shares in the Company give rise to the same rights and obligations. Each share confers one vote and entitlement to an equal share of the profits. The rights and obligations arising out of the shares are defined by legal provisions. As at 31 December 2015, the Company held 160,050 shares in treasury. The primary intention is to offer these treasury shares to staff as part of the KION Employee Equity Programme (KEEP).

2. Restrictions on voting rights or the transfer of shares

There are generally no restrictions with respect to voting rights or the transfer of shares in the Company. In accordance with the legal provisions applicable to bearer shares, all of the shares in the Company can be traded freely.

The Executive Board understands that the two major shareholders of KION GROUP AG, Superlift Holding S.à r.l. ('Superlift') and Weichai Power (Luxembourg) Holding S.à r.l. ('Weichai Power') had entered into a shareholder agreement in which they both undertook to coordinate their voting at the Annual General Meeting of the Company in respect of certain resolutions. Furthermore, the Executive Board understands that Superlift and Weichai Power had come to an arrangement in the shareholder agreement to grant each other a mutual right of first offer in respect of the shares held by the other shareholder, but this arrangement expired in the course of 2014. These agreements have lapsed as Superlift sold all of its shares in the Company during 2015.

KION GROUP AG has no rights arising from the treasury shares that it holds (section 71b AktG).

3. Direct or indirect shareholdings in the Company that represent more than 10 per cent of the voting rights

As far as the Company is aware, only Weichai Power directly or indirectly held more than 10 per cent of the voting rights in KION GROUP AG as at 31 December 2015 and its shareholding was 38.3 per cent.

- Pursuant to the German Securities Trading Act, the shareholding held by Weichai Power is deemed to belong to the following other companies: > TABLE 005

Companies and countries to which Weichai Power is deemed to belong TABLE 005

Company	Registered office
Shandong Heavy Industry Group Co., Ltd.	Jinan, People's Republic of China
Weichai Group Holdings Limited	Weifang, People's Republic of China
Weichai Power Co., Ltd.	Weifang, People's Republic of China
Weichai Power Hong Kong International Development Co., Ltd.	Hong Kong, People's Republic of China

Other	Registered office
People's Republic of China	Beijing, People's Republic of China

Since the reporting date, there may have been further changes to the aforementioned shareholdings of which the Company is unaware. As the shares in the Company are bearer shares, the

Company only learns about changes to the size of shareholdings if they are notifiable pursuant to the WpHG or other regulations.

4. Shares with special rights that confer authority to exert control over the Company

There are no shares with special rights that confer the authority to exert control over the Company.

5. Type of voting right controls in cases where employees hold some of the Company's capital and do not exercise their control rights directly

There are no cases where employees hold some of the Company's capital and do not exercise their control rights directly themselves.

6. Appointment and removal of members of the Executive Board; amendments to the articles of incorporation

Members of the Company's Executive Board are appointed and removed in accordance with the provisions of sections 84 and 85 AktG and section 31 MitbestG. Pursuant to article 6 (1) of the articles of incorporation of the Company, the Executive Board must have a minimum of two members. The Supervisory Board determines the number of Executive Board members. Pursuant to section 84 AktG and section 6 (3) of the Company's articles of incorporation, the Supervisory Board may appoint a Chief Executive Officer and a deputy.

Section 179 (1) sentence 1 AktG requires that amendments to the articles of incorporation be passed by resolution of the Annual General Meeting. In accordance with article 23 of the articles of incorporation in conjunction with section 179 (2) sentence 2 AktG, resolutions at the Annual General Meeting on amendments to the articles of incorporation are passed by simple majority of the votes cast and by simple majority of the share capital represented in the voting unless a greater majority is specified as a mandatory requirement under statutory provisions. The option to stipulate a larger majority than a simple majority in any other cases has not been exercised in the articles of incorporation.

The Supervisory Board is authorised in article 10 (3) of the articles of incorporation to amend the articles of incorporation provided that such amendments relate solely to the wording.

7. Authority of the Executive Board to issue or buy back shares

The Extraordinary General Meeting on 13 June 2013 authorised the Company, in the period up to 12 June 2016, to acquire for treasury up to 10 per cent of all the shares in issue at the time of the resolution or in issue on the date the authorisation is exercised, whichever is the lower. Together with other treasury shares in the possession of the Company or deemed to be in its possession pursuant to section 71a et seq. AktG, the treasury shares bought as a result of this authorisation must not exceed 10 per cent of the Company's share capital at any time. The Company may sell the purchased treasury shares through a stock exchange or by means of an offer to all shareholders. It may also sell the shares in return for a non-cash consideration, in particular in connection with the acquisition of a business, parts of a business or equity investments. In addition, the treasury shares may be offered to employees of the Company or of an affiliated company as part of an employee share ownership programme. The treasury shares can also be retired. Share buyback for trading purposes is prohibited. The authorisation may be exercised on one or more occasions, for the entire amount or for partial amounts, in pursuit of one or more aims, by the Company, by a Group company or by third parties for the account of the Company or the account of a Group company. At the discretion of the Executive Board, the shares may be purchased through the stock exchange, by way of a public purchase offer made to all shareholders or by way of a public invitation to shareholders to tender their shares.

The Company again made use of this authorisation in 2015, purchasing 70,000 shares in the period 10 September to 30 September 2015. During the reporting year, 73,512 of the shares acquired that were still in treasury were used as part of the KEEP Employee Equity Programme for the employees of the Company and certain Group companies.

On the basis of a resolution of the Company's Annual General Meeting on 19 May 2014, the Executive Board is authorised, subject to the consent of the Supervisory Board, to increase the Company's share capital by up to €9.89 million by issuing up to 9.89 million new no-par-value ordinary bearer shares for cash and/or non-cash contributions on one or more occasions up to and including 18 May 2019 (2014 Authorised Capital).

On the basis of a resolution of the Company's Annual General Meeting on 19 May 2014, the Executive Board is also authorised, to issue, on one or more occasions until 18 May 2019, bearer and/or registered convertible bonds, warrant-linked bonds, profit-sharing rights and/or income bonds with or without conversion rights, warrants, mandatory conversion requirements or option obligations, or any combinations of these instruments, which can be perpetual and/or fixed-term (also referred to jointly as 'debt instruments'), for a total par value of up to €800 million. To enable shares to be allocated to the holders/beneficial owners of the convertible bonds, warrant-linked bonds, profit-sharing rights and/or income bonds with conversion rights, warrants, mandatory conversion requirements or option obligations issued, on the basis of the Executive Board's authorisation, by KION GROUP AG or a German or non-German company in which KION GROUP AG directly or indirectly holds the majority of voting rights and capital, the share capital was conditionally increased by up to €9.89 million through the issue of up to 9.89 million new, no-par-value bearer shares in KION GROUP AG (2014 Conditional Capital).

Restrictions were placed on the issuance of new shares and debt instruments in accordance with the resolutions adopted by the Company's Annual General Meeting on 19 May 2014. Together, the proportion of the Company's share capital attributable to the shares issued on the basis of the 2014 Authorised Capital and the total number of shares issued to service the debt instruments issued on the basis of the aforementioned authorisation must not exceed 10 per cent of the Company's share capital, either on the effective date of the authorisation or the date on which it is exercised. This 10 per cent limit includes shares that are issued during the term of the authorisation based on the 2014 Authorised Capital, those that are issued, are required to be issued or may be issued from the 2014 Conditional Capital to service debt instruments, or shares that have been or will be issued on the basis of a different authorisation, or are still required to be issued to service a debt instrument or may be issued to do so.

In accordance with the resolutions adopted by the Company's Annual General Meeting on 19 May 2014, new shares and debt instruments can be issued for cash or non-cash contributions. They must be offered for subscription to existing shareholders. Pursuant to section 186 (5) AktG, the new shares can also be acquired by one or more banks provided they undertake to offer them to existing shareholders for subscription (indirect pre-emption right). However, subject to the consent of the Supervisory Board, the Executive Board is authorised to disapply some or all of the pre-emption rights of existing shareholders in the following cases:

- in order to remove fractional amounts from shareholders' pre-emption rights;
- where new shares are issued for cash during a capital increase and the price at which the new shares are issued is not significantly lower (as defined by section 186 (3) sentence 4 AktG) than the market price for shares in the Company with the same rights, or if debt instruments are issued for cash and the Executive Board reaches a view after due examination that the issue price is not significantly lower than their theoretical market value determined according to recognised principles of financial mathematics (section 186 (3) sentence 4 AktG states that pre-emption rights can be excluded provided the capital increase is less than 10 per cent of share capital);
- where necessary in order to grant the same pre-emption rights to holders/beneficial owners of conversion rights or warrants and/or holders/beneficial owners of mandatory convertible bonds issued or to be issued by KION GROUP AG or a company in which it has a majority shareholding as those to which they would be entitled after exercising conversion rights or warrants or meeting conversion obligations;
- where new shares are issued during capital increases in return for non-cash contributions, particularly for the acquisition of a business, parts of a business or equity investments or if debt instruments are issued in return for non-cash capital contributions and the exclusion of pre-emption rights is in the interest of the Company.

If new shares are issued from the 2014 Authorised Capital, the Executive Board is also authorised, subject to the consent of the Supervisory Board, to exclude shareholders' pre-emption rights in order to allot shares to people who are employees or directors of the Company or its Group companies. This exclusion of pre-emption rights is limited to a maximum of 5 per cent of share capital, both on the effective date of this authorisation and at the time it is exercised.

When profit-sharing rights and/or income bonds with no conversion rights, warrants, mandatory conversion obligations or option obligations are issued in return for cash or non-cash capital contributions, the Executive Board is authorised, subject to the consent of the Supervisory Board, to exclude all pre-emption rights of shareholders, provided these profit-sharing rights and/or income bonds have a debt-like structure and do not give rise to rights to membership of the Company or entitle the holder to a share of the proceeds of any liquidation and the coupon rate is not based on levels of net income, distributable profit or dividends. In this case, the coupon rate and issue price of the profit-sharing rights and/or income bonds must also correspond to the market terms and conditions for comparable forms of finance prevailing at the time they are issued.

Subject to the consent of the Supervisory Board, the Executive Board is authorised to determine the further details of the capital increase relating to the 2014 Authorised Capital and its implementation, particularly the rights conferred by the shares and their terms and conditions of issue. In relation to debt instruments, it is authorised to determine further details about their issuance, terms of issue and the supply of shares or to determine them by mutual consent with the governing bodies of any majority-held company that is issuing the debt instruments.

8. Material agreements that the Company has signed and that are conditional upon a change of control resulting from a takeover bid, and the consequent effects

In the event of a change of control resulting from a takeover bid, certain consequences are set out in the following contracts concluded between Group companies of KION GROUP AG and third parties (effective through 31 December 2015):

- Covenant agreement dated 14 February 2013 in connection with the €450,000,000, 6.75 per cent senior secured notes maturing in 2020 issued by KION Finance S.A., concluded between Deutsche Trustee Company Limited as trustee, KION Finance S.A. and KION Group GmbH (now KION Material Handling GmbH).

In the event that a third party (with the exception of KKR and Goldman Sachs, companies affiliated with them or funds or limited partnerships/partnerships owned by them or that are advised or managed by them) acquires beneficial ownership of more than 50 per cent of all shares in KION GROUP AG, KION GROUP AG will be obliged to submit an offer to acquire the aforementioned debt instruments at a price of 101 per cent of their nominal value. This offer must remain valid for a minimum of 30 days from the date of the change of control.

- Senior facility agreement dated 23 December 2006 (and amended on several occasions thereafter), concluded between KION Group GmbH (now named KION Material Handling GmbH) and, among others, the London branch of UniCredit Bank AG.

In the event that a third party (with the exception of KKR and Goldman Sachs, companies affiliated with them or funds or limited partnerships/partnerships owned by them or that are advised or managed by them) acquires beneficial ownership of more than 50 per cent of all shares in KION GROUP AG, any loan facilities drawn down would be immediately repayable and any that had not been drawn down would be automatically cancelled.

- Senior facilities agreement dated 28 October 2015, concluded between KION GROUP AG and, among others, the London branch of UniCredit Bank AG.

In the event that a person, companies affiliated with this person, or persons acting in concert within the meaning of section 2 (5) German Securities Acquisition and Takeover Act (WpÜG) acquire(s) control over more than 50 per cent of the Company's voting shares, the lenders may demand that the loans drawn down be repaid and may cancel the loan facilities under the senior facilities agreement.

On 15 February 2016, KION GROUP AG used funds from a syndicated loan agreement concluded on 28 October 2015 in order to repay both the corporate bond of €450.0 million and the remaining liabilities under the syndicated loan of 23 December 2006. This makes the provisions in relation to the eventuality of a change of control redundant.

- KION Material Handling GmbH has entered into an agreement with Volkswagen AG for the supply of internal combustion engines. This agreement includes a provision under which either party may terminate the agreement without notice if there is a change in ownership involving more than 50 per cent of the shares in either case.

9. Compensation agreements that the Company has signed with the Executive Board members or employees that will be triggered in the event of a takeover bid

No such agreements have been concluded between the Company and its current Executive Board members or employees.

Remuneration report

This remuneration report forms an integral part of the group management report for KION GROUP AG. In accordance with statutory requirements and the recommendations of the German Corporate Governance Code as amended 5 May 2015 (DCGK), the report explains the main features and structure of the remuneration system used for the Executive Board and Supervisory Board of KION GROUP AG and also discloses the remuneration of the individual members of the Executive Board and Supervisory Board for the work that they carried out on behalf of the Company and its subsidiaries in 2015. The report also reflects the requirements of German accounting standard (GAS) 17.

KION GROUP AG considers that transparency and clarity surrounding both the remuneration system itself and the remuneration of the individual members of the Executive Board and Supervisory Board are fundamental to good corporate governance.

EXECUTIVE BOARD REMUNERATION

Remuneration system

The Supervisory Board of KION GROUP AG is responsible for setting and regularly reviewing the total pay of the individual members of the Executive Board. According to the rules of procedure for the Supervisory Board, the Executive Committee prepares all Supervisory Board resolutions pertaining to remuneration.

The remuneration system described below has applied to the members of the KION GROUP AG Executive Board since 29 June 2013, the day after KION GROUP AG's successful IPO and listing on the Frankfurt Stock Exchange. It was approved by the Annual General Meeting of KION GROUP AG on 19 May 2014 with a majority of 98.77 per cent. The Supervisory Board of the former KION Holding 1 GmbH had approved this system by adopting a resolution at its meeting on 25 April 2013 in connection with the Company's conversion into a public limited company. This resolution was based on the recommendation of what was then the Human Resources Committee.

Essential features of the Executive Board remuneration system

The remuneration of the Executive Board of KION GROUP AG is determined in accordance with the requirements of the German Stock Corporation Act and the DCGK and is focused on the Company's long-term growth. It is determined so as to reflect the size and complexity of the KION Group, its business and financial situation, its performance and future prospects, the normal amount and structure of executive board remuneration in comparable companies and the internal salary structure. The Supervisory Board also takes into account the relationship between the Executive Board remuneration and the remuneration paid to senior managers and the German workforce of the Company as a whole, including changes over the course of time. To this end, the Supervisory Board has decided how the relevant benchmarks are to be defined. Other criteria used to determine remuneration are the individual responsibilities and personal performance of each member of the Executive Board. To review the Executive Board's remuneration, the Supervisory Board draws on remuneration comparisons, particularly comparisons with MDAX companies, and on recommendations from an external remuneration consultant who is independent both of the Executive Board and of the KION Group. The Supervisory Board regularly reviews the structure and appropriateness of Executive Board remuneration.

The total remuneration of the Executive Board comprises a non-performance-related salary and non-performance-related non-cash benefits, performance-related (variable) remuneration and pension entitlements. When setting the variable remuneration, the emphasis is on creating a measurement basis covering a number of years, thus providing the members of the Executive Board with an incentive to contribute to the sustained and long-term growth of the Company. The system specifically allows for possible positive and negative developments.

The regular cash remuneration for a particular year, consisting of a non-performance-related fixed annual salary and performance-related (variable) remuneration, has a heavy emphasis on performance. If the targets set by the Supervisory Board are completely missed, only the fixed salary is paid. Taking account of the cap on one-year and multiple-year variable remuneration, the cash remuneration consists of the following components in the event that the targets are significantly exceeded and the share price goes up sufficiently:

- 15 per cent fixed annual salary,
- 24 to 27 per cent one-year variable remuneration,
- 58 to 61 per cent multiple-year variable remuneration.

The variable components of the cash remuneration make up no more than 85 per cent, of which approximately two-thirds are multiple-year components. Both the one-year and the multiple-year components are linked to key performance indicators used by the KION Group to measure its success. The remuneration system is thus closely tied to the success of the Company and, with a high proportion of multiple-year variable remuneration, has a long-term focus aimed at promoting the KION Group's growth.

The pension entitlements consist of entitlements in respect of retirement, invalidity and surviving dependants' benefits.

Non-performance-related remuneration

The Executive Board members of KION GROUP AG receive non-performance-related remuneration in the form of a fixed annual salary (basic remuneration) and additional benefits. The fixed annual salary is paid at the end of each month in twelve equal instalments, the last payment being made for the full month in which the Executive Board service contract ends. The Supervisory Board reviews the basic remuneration at regular intervals and makes adjustments if appropriate.

The additional benefits essentially comprise use of a company car and the payment of premiums for accident insurance with benefits at a typical market level.

Additional special benefits have been agreed for Mr Quek because he has been sent from Singapore to China on foreign assignment.

Under this arrangement, Mr Quek's remuneration is structured as if he were liable for taxes and social security contributions in Singapore. KION GROUP AG pays the taxes and social security contributions that Mr Quek incurs in China and Germany over and above the taxes that would theoretically apply in Singapore. In 2015, this additional amount totalled €1,167 thousand (2014: €404 thousand). The additional benefits also agreed with Mr Quek include the cost of trips home to Singapore for him and his family, a company car, rental payments in Xiamen, China, and private health insurance. In 2015, the additional benefits for Mr Quek amounted to a total of €158 thousand (2014: €108 thousand). These additional benefits will be granted for as long as Mr Quek's designated place of work is Xiamen or until his service contract with KION GROUP AG ends.

Performance-related remuneration

The performance-related remuneration components consist of a variable remuneration component measured over one year (short-term incentive) and a variable remuneration component measured over several years in the form of a rolling performance share plan with a three-year term (long-term incentive).

One-year variable remuneration

The one-year variable remuneration is a remuneration component linked to the business profitability and productivity of the KION Group in the relevant financial year. Its amount is determined by the achievement of the following targets:

- earnings before interest, tax and amortisation (EBITA), weighting of 30 per cent,
- return on capital employed (ROCE), weighting of 30 per cent,
- revenue, weighting of 20 per cent and
- net debt, weighting of 20 per cent.

The target values for the financial components are derived from the annual budget and specified by the Supervisory Board.

No bonus is paid if target achievement is 75 per cent or less (lower target limit). In cases where the targets are significantly exceeded, the bonus can be doubled at most (capped at 200 per cent). If the targets derived from the annual budget are achieved in full, target achievement is 100 per cent. The target achievement levels for the weighted targets (EBITA, ROCE, revenue and net debt) are added together to give the total target achievement.

The individual performance of the Executive Board members is assessed by the Supervisory Board, which applies a discretionary performance multiple with a factor of between 0.8 and 1.2. When deciding what factor to apply, the Supervisory Board looks at the extent to which the Executive Board members have achieved the individual targets set by the Supervisory Board at the start of the year. This factor enables the Supervisory Board to increase or reduce the bonus, calculated on the basis of the total target achievement for the financial targets derived from the budget, by

a maximum of 20 per cent depending on the assessment of individual performance. The one-year variable remuneration is capped at 200 per cent of the contractual target bonus and is paid after the Annual General Meeting relating to the year in question.

In the event that an Executive Board member is not entitled to remuneration for the entire year on which the calculation is based, the remuneration is reduced pro rata temporis.

Multiple-year variable remuneration

For the members of the Executive Board, multiple-year variable remuneration has been agreed in the form of a performance share plan. A very similar plan is offered to the Group's senior managers. The basis of measurement has been defined as the total shareholder return (TSR) for KION shares compared with the STOXX® Europe Total Market Index (TMI) Industrial Engineering Index and return on capital employed (ROCE). Each has a weighting of 50 per cent. The annual tranches granted under the plan have a term (performance period) of three years and are paid at the end of the term, provided the defined targets have been achieved.

At the start of a performance period, a conditional entitlement to a certain target number of performance shares is granted. This preliminary number is calculated by dividing the allocation value set out (in euros) in the service contract for the particular Executive Board member by the fair value of one performance share at the time of grant. At the end of the performance period, the preliminary number of performance shares is adjusted depending on achievement of the two targets (relative TSR and ROCE) to give the final number of performance shares.

In respect of the ROCE target, there is no entitlement if target achievement is 75 per cent or less. If the target is significantly exceeded (target achievement of 135 per cent or more), the entitlement is capped at 150 per cent. Regarding the relative TSR target, there is no entitlement if KION shares do not outperform the STOXX® Europe TMI Industrial Engineering Index. If the KION shares outperform this index by 15 per cent or more, the entitlement is capped at 150 per cent. If KION shares outperform the STOXX® Europe TMI Industrial Engineering index by 10 per cent and the ROCE targets defined each year on the basis of the budget are achieved, total target achievement will be 100 per cent.

The amount paid for each tranche is determined by the final number of performance shares multiplied by the price of KION shares (average price over the preceding 60 trading days) at the end of the performance period.

Executive Board members' individual performance is also taken into account in the multiple-year variable remuneration. At the start of the performance period, the Supervisory Board defines individual targets for the three-year period. Depending on achievement of these targets, the Supervisory Board can apply a discretionary factor to make a final adjustment to the calculation of the amount to be paid out at the end of the performance period by plus or minus 20 per cent, although the maximum payment may not exceed 200 per cent of the allocation value.

The plan is a cash-settled long-term incentive plan that does not include the right to receive any actual shares. Under the requirements of German accounting standard (GAS) 17 and IFRS 2, the total expense arising from share-based payments and the fair value of the performance share plan on the date of granting must be disclosed. > TABLE 006

The total expense in 2015 amounted to €11,203 thousand (2014: €4,782 thousand). This does not include an amount of €531 thousand already recognised as an expense in 2014 in connection with the termination agreements of Mr Knoef and Mr Maurer.

Upper limits on remuneration

In accordance with the DCGK, remuneration is subject to upper limits on the amounts payable, both overall and also in terms of the variable components. The upper limit on the total cash remuneration to be paid, consisting of the fixed annual salary plus the one-year and multiple-year variable remuneration, equals 1.7 times the target remuneration (2014: 1.7 times) – excluding the non-performance-related non-cash remuneration and other benefits paid in that financial year. Both the one-year and multiple-year variable remuneration are capped at 200 per cent of the target value.

Pension entitlements

KION GROUP AG grants its Executive Board members direct entitlement to a company pension plan consisting of retirement, invalidity and surviving dependants' benefits.

Performance Share Plan 2013

TABLE 006

	Fair value of the performance share plan on the date of grant (in thousand €)	Number of performance shares granted[1]	Fair value per performance share on date of grant (in €)	Expense for share-based remuneration in 2014 (in thousand €)	Expense for share-based remuneration in 2015[2] (in thousand €)
Gordon Riske	1,500	73,710	20.35	860	1,790
Bert-Jan Knoef[3]	1,000	49,140	20.35	573	613
Theodor Maurer[3]	1,000	49,140	20.35	573	613
Ching Pong Quek	830	40,786	20.35	476	1,821
Dr Thomas Toepfer	1,000	49,140	20.35	573	1,194
Total	**5,330**	**261,916**		**3,055**	**6,031**

1 The target number of performance shares is calculated by dividing the allocation value by the fair value of one performance share. In this calculation, the number of performance shares is rounded to the nearest whole number where necessary.
2 The amount shown for Mr Quek includes a flat-rate allowance of 50 per cent as part of a tax equalisation agreement. The amounts for Mr Knoef and Mr Maurer include the expenses recognised in the 2014 figure in connection with their departure.
3 Resigned from office on 14 January 2015; Executive Board service contract ended on 31 March 2015

Performance Share Plan 2014

	Fair value of the performance share plan on the date of grant (in thousand €)	Number of performance shares granted[1]	Fair value per performance share on date of grant (in €)	Expense for share-based remuneration in 2014 (in thousand €)	Expense for share-based remuneration in 2015[2] (in thousand €)
Gordon Riske	1,500	54,427	27.56	486	1,095
Bert-Jan Knoef[3]	1,000	36,284	27.56	324	335
Theodor Maurer[3]	1,000	36,284	27.56	324	335
Ching Pong Quek	830	30,116	27.56	269	1,044
Dr Thomas Toepfer	1,000	36,284	27.56	324	730
Total	**5,330**	**193,395**		**1,727**	**3,539**

1 The target number of performance shares is calculated by dividing the allocation value by the fair value of one performance share. In this calculation, the number of performance shares is rounded to the nearest whole number where necessary.
2 The amount shown for Mr Quek includes a flat-rate allowance of 50 per cent as part of a tax equalisation agreement. The amounts for Mr Knoef and Mr Maurer include the expenses recognised in the 2014 figure in connection with their departure.
3 Resigned from office on 14 January 2015; Executive Board service contract ended on 31 March 2015

Performance Share Plan 2015 TABLE 006

	Fair value of the performance share plan on the date of grant (in thousand €)	Number of performance shares granted[1]	Fair value per performance share on date of grant (in €)	Expense for share-based remuneration in 2015[2] (in thousand €)
Gordon Riske	1,500	53,210	28.19	696
Dr Eike Böhm	806	28,576	28.19	193
Bert-Jan Knoef[3]	83	2,956	28.19	116
Theodor Maurer[3]	83	2,956	28.19	116
Ching Pong Quek	830	29,443	28.19	578
Dr Thomas Toepfer	1,000	35,474	28.19	464
Total	**4,302**	**152,615**		**2,164**

1 The target number of performance shares is calculated by dividing the allocation value by the fair value of one performance share. In this calculation, the number of performance shares is rounded to the nearest whole number where necessary.
2 The amount shown for Mr Quek includes a flat-rate allowance of 50 per cent as part of a tax equalisation agreement. The amounts for Mr Knoef and Mr Maurer include the expenses recognised in the 2014 figure in connection with their departure.
3 Resigned from office on 14 January 2015; Executive Board service contract ended on 31 March 2015. The fair value of the performance share plan on the date of grant was recognised pro rata temporis up to 31 March 2015.

The Chief Executive Officer has a defined benefit entitlement that was granted in his original service contract and was transferred to his Executive Board service contract when the Company changed its legal form. The amount of the entitlement is dependent on the number of years of service and amounts to a maximum of 50 per cent of the most recent fixed annual salary awarded in the original service contract after the end of the tenth year of service.

The present value of the previous defined benefit plan for the ordinary members of the Executive Board was transferred as a starting contribution for a new defined contribution pension plan when the Company changed its legal form. The new plan is structured as a cash balance plan and is also applied to new Executive Board members.

For each of the other ordinary members of the Executive Board, a fixed annual contribution of €150 thousand (€124.5 thousand for Mr Quek) is paid into their pension accounts for the duration of the member's period of service on the Executive Board. Interest is paid on the pension account at the prevailing statutory guaranteed return rate for the life insurance industry (applicable maximum interest rate for the calculation of the actuarial reserves of life insurers pursuant to section 2 (1) German Regulation on the Principles Underlying the Calculation of the Premium Reserve (DeckRV)) until an insured event occurs. If higher interest is generated by investing the pension account, it will be credited to the pension account when an insured event occurs (surplus). The standard retirement age for the statutory pension applies. Executive Board members are entitled to early payment of the pension no earlier than their 62nd birthday. In the event of invalidity or death while the Executive Board member has an active service contract, the contributions that would have been made until the age of 60 are added to the pension account, although only a maximum of ten annual contributions will be added. When an insured event occurs, the pension is paid as a lump sum or, following a written request, in ten annual instalments.

Termination benefits

In line with the DCGK, all Executive Board service contracts provide for a severance payment equivalent to no more than two years' annual remuneration payable in the event of the contract being terminated prematurely without good cause. The amount of annual remuneration is defined as fixed salary plus the variable remuneration elements, assuming 100 per cent target achievement and excluding non-cash benefits and other additional benefits, for the last full financial year before the end of the Exec-

utive Board service contract. If the Executive Board service contract was due to end within two years, the severance payment is calculated pro rata temporis. If a service contract is terminated for good cause for which the Executive Board member concerned is responsible, no payments are made to the Executive Board member in question. The Company does not have any commitments for the payment of benefits in the event of a premature termination of Executive Board contracts following a change of control.

Executive Board members are subject to a post-contractual non-compete agreement of one year. In return, the Company pays the Executive Board member compensation for the duration of the non-compete agreement amounting to 100 per cent of his final fixed salary. Other income of the Executive Board member is offset against the compensation.

In the event that Mr Riske's appointment is not extended for reasons for which he is not responsible and he has not reached the standard retirement age for the statutory pension or in the event that Mr Riske resigns for good cause before the end of his appointment or suffers permanent incapacity after his period of service as a result of sickness, he will receive transitional benefits of €276 thousand per annum on the basis of previous contracts. During his current term of office, the amount of the transitional benefits will rise by €12 thousand each year up to a maximum amount of €300 thousand per annum. Severance payments in the event of early termination of his appointment without good cause, compensation for the post-contractual non-compete agreement, pension benefits that Mr Riske receives due to his previous work for other employers and income from other use of his working capacity (with the exception of remuneration for work as a member of a supervisory or advisory board or a board of directors) will be offset against these transitional benefits.

If an Executive Board member suffers temporary incapacity, he will receive his full fixed salary for a maximum period of six months plus the one-year variable remuneration. In the event of temporary incapacity for a further six months, the Executive Board member will receive 80 per cent of his fixed salary, but only up to a point at which the service contract is terminated.

If an Executive Board member ceases to be employed by the Company as a result of death, the Executive Board member's family will be entitled to the fixed monthly remuneration for the month in which the service contract ends and for the three subsequent months, but only up to the point at which the service contract would otherwise have come to an end.

Remuneration for members of the Executive Board in 2015

In accordance with the recommendations of the DCGK, as amended on 5 May 2015, the remuneration of Executive Board members is presented in two separate tables. Firstly, the benefits granted for the year under review, including the additional benefits and – in the case of variable remuneration components – the maximum and minimum remuneration achievable are shown. > TABLE 007

Secondly, > TABLE 008 shows the total remuneration allocated/earned, comprising fixed remuneration, short-term variable remuneration and long-term variable remuneration, broken down by reference year.

Benefits granted pursuant to the DCGK

The total remuneration granted to Executive Board members for 2015 was €9,535 thousand (minimum: €3,194 thousand, maximum: €15,877 thousand) (2014: €11,840 thousand). Of this amount, €2,098 thousand (2014: €2,840 thousand) was attributable to fixed non-performance-related remuneration components, €6,372 thousand (minimum: €31 thousand, maximum: €12,713 thousand) (2014: €7,911 thousand) to variable one-year and multiple-year performance-related remuneration components, €211 thousand (2014: €175 thousand) to non-performance-related non-cash remuneration and other non-performance-related benefits, and €854 thousand (2014: €914 thousand) to the pension expense. The figure shown for one-year variable remuneration is based on a target achievement rate of 100 per cent (minimum: 0 per cent for target achievement of 75 per cent or less, maximum: 200 per cent for target achievement of 135 per cent or more). The figure shown for multiple-year variable remuneration is the fair value of the performance share plans at the date of grant, representing full target achievement (minimum: zero payment, maximum: 200 per cent of the contractual allocation value).

The additional benefits were measured at the value calculated for tax purposes. > TABLE 007

Benefits granted in 2015

			Gordon Riske CEO of KION GROUP AG			
in thousand €			2014	2015	2015 (min.)	2015 (max.)
Non-performance-related components		Fixed remuneration	800	800	800	800
		Non-cash remuneration and other benefits [1]	19	21	21	21
		Total	**819**	**821**	**821**	**821**
Performance-related components	Short-term incentive	One-year variable remuneration [2,3]	700	700	0	1,400
	Share-based long-term incentive	**Multiple-year variable remuneration [2,4]**	**1,500**	**1,500**	**0**	**3,000**
		Performance share plan (1 Jan 2014 – 31 Dec 2016)	1,500			
		Performance share plan (1 Jan 2015 – 31 Dec 2017)		1,500	0	3,000
		Total	**3,019**	**3,021**	**821**	**5,221**
		Pension expense [5]	510	622	622	622
		Total remuneration	**3,529**	**3,643**	**1,443**	**5,843**
Reconciliation to total remuneration as defined by section 314 (1) no. 6a HGB in conjunction with GAS 17						
		Minus the one-year variable remuneration granted	–700	–700		
		Plus the expected one-year variable remuneration (allocation)	700	795		
		Minus the pension expense	–510	–622		
		Plus the adjustment of the one-year variable remuneration for the previous year	53	159		
		Total remuneration as defined by section 314 (1) no. 6a HGB in conjunction with GAS 17	**3,072**	**3,275**		

1 Non-performance related, non-cash remuneration and other benefits include expenses and/or benefits in kind, such as the use of a company car and housing costs.
2 The amount shown for Mr Quek includes a flat-rate allowance of 50 per cent (2014: 30 per cent) as part of a tax equalisation agreement.
3 The figure shown for one-year variable remuneration is based on a target achievement rate of 100 per cent (minimum: 0 per cent for target achievement of 75 per cent or less, maximum: 200 per cent for target achievement of 135 per cent or more). The value for Mr Knoef and Mr Maurer is the value defined in their termination agreements.
4 Fair value on the date of grant
5 Service cost (IAS)

TABLE 007

	Dr Eike Böhm CTO of KION GROUP AG Since 1 August 2015				Bert-Jan Knoef Member of KION GROUP AG Executive Board Until 14 January 2015			
	2014	2015	2015 (min.)	2015 (max.)	2014	2015	2015 (min.)	2015 (max.)
	–	208	208	208	500	19	19	19
	–	14	14	14	19	1	1	1
	–	**223**	**223**	**223**	**519**	**20**	**20**	**20**
	–	167	0	333	400	16	16	16
	–	**806**	**0**	**1,611**	**1,000**	**13**	**0**	**26**
	–				1,000			
	–	806	0	1,611		13	0	26
	–	**1,195**	**223**	**2,167**	**1,919**	**48**	**35**	**61**
	–				102	4	4	4
	–	**1,195**	**223**	**2,167**	**2,021**	**52**	**39**	**65**
	–	–167			–400	–16		
	–	189			400	16		
	–				–102	–4		
	–				71	9		
	–	**1,217**			**1,990**	**57**		

Benefits granted in 2015 (continued)

			Theodor Maurer Member of KION GROUP AG Executive Board Until 14 January 2015			
in thousand €			2014	2015	2015 (min.)	2015 (max.)
Non-performance-related components		Fixed remuneration	500	19	19	19
		Non-cash remuneration and other benefits [1]	18	1	1	1
		Total	**518**	**20**	**20**	**20**
Performance-related components	Short-term incentive	One-year variable remuneration [2,3]	400	16	16	16
	Share-based long-term incentive	**Multiple-year variable remuneration [2,4]**	**1,000**	**13**	**0**	**26**
		Performance share plan (1 Jan 2014 – 31 Dec 2016)	1,000			
		Performance share plan (1 Jan 2015 – 31 Dec 2017)		13	0	26
		Total	**1,918**	**48**	**35**	**61**
		Pension expense [5]	104	4	4	4
		Total remuneration	**2,022**	**52**	**39**	**65**
Reconciliation to total remuneration as defined by section 314 (1) no. 6a HGB in conjunction with GAS 17						
		Minus the one-year variable remuneration granted	–400	–16		
		Plus the expected one-year variable remuneration (allocation)	400	16		
		Minus the pension expense	–104	–4		
		Plus the adjustment of the one-year variable remuneration for the previous year	53	9		
		Total remuneration as defined by section 314 (1) no. 6a HGB in conjunction with GAS 17	**1,970**	**57**		

1 Non-performance related, non-cash remuneration and other benefits include expenses and/or benefits in kind, such as the use of a company car and housing costs.
2 The amount shown for Mr Quek includes a flat-rate allowance of 50 per cent (2014: 30 per cent) as part of a tax equalisation agreement.
3 The figure shown for one-year variable remuneration is based on a target achievement rate of 100 per cent (minimum: 0 per cent for target achievement of 75 per cent or less, maximum: 200 per cent for target achievement of 135 per cent or more). The value for Mr Knoef and Mr Maurer is the value defined in their termination agreements.
4 Fair value on the date of grant
5 Service cost (IAS)

TABLE 007

	Ching Pong Quek Member of KION GROUP AG Executive Board/ Chief Asia Pacific Officer				Dr Thomas Toepfer CFO of KION GROUP AG			
	2014	2015	2015 (min.)	2015 (max.)	2014	2015	2015 (min.)	2015 (max.)
	540	552	552	552	500	500	500	500
	108	158	158	158	12	17	17	17
	648	**710**	**710**	**710**	**512**	**517**	**517**	**517**
	432	498	0	996	400	400	0	800
	1,079	**1,245**	**0**	**2,490**	**1,000**	**1,000**	**0**	**2,000**
	1,079				1,000			
		1,245	0	2,490		1,000	0	2,000
	2,158	**2,453**	**710**	**4,196**	**1,912**	**1,917**	**517**	**3,317**
	97	107	107	107	101	117	117	117
	2,255	**2,560**	**817**	**4,303**	**2,013**	**2,034**	**634**	**3,434**
	–432	–498			–400	–400		
	432	566			400	455		
	–97	–107			–101	–117		
	109	195			32	91		
	2,268	**2,716**			**1,944**	**2,062**		

Allocation pursuant to the DCGK

The total remuneration allocated to / earned by Executive Board members for 2015 was €15,199 thousand (2014: €8,156 thousand). Of this amount, €2,098 thousand (2014: €2,840 thousand) was attributable to fixed non-performance-related remuneration components, €12,036 thousand (2014: €4,227 thousand) to variable one-year and multiple-year performance-related remuneration components, €211 thousand (2014: €175 thousand) to non-performance-related non-cash remuneration and other non-performance-related benefits, and €854 thousand (2014: €914 thousand) to the pension expense.

The figure shown for one-year variable remuneration is based on a preliminary total target achievement rate of about 114 per cent calculated using preliminary earnings figures at the beginning of 2016. In departure from this, the value for Mr Knoef and Mr Maurer was the value defined in their termination agreements. This preliminary variable remuneration for each Executive Board member is also subject to adjustment by the Supervisory Board in line with the individual performance of the Executive Board member. This adjustment may vary by plus or minus 20 per cent of the variable remuneration.

As part of the multiple-year remuneration, the first payment from the 2013 tranche of the performance share plan will

Allocation in 2015

			Gordon Riske		Dr Eike Böhm	
			CEO of KION GROUP AG		CTO of KION GROUP AG	
					Since 1 August 2015	
in thousand €			2014	2015	2014	2015
Non-performance-related components		Fixed remuneration	800	800	–	208
		Non-cash remuneration and other benefits [1]	19	21	–	14
		Total	**819**	**821**	**–**	**223**
Performance-related components	Short-term incentive	One-year variable remuneration [2]	859	795	–	189
	Share-based long-term incentive	**Multiple-year variable remuneration**	**0**	**3,000**	**–**	**0**
		Performance share plan (29 Jun 2013 – 31 Dec 2015)		3,000	–	
		IPO bonus tranche 1 (29 Jun 2013 – 29 Jun 2014)			–	
		IPO bonus tranche 2 (29 Jun 2013 – 31 Dec 2014)			–	
		Total	**1,677**	**4,616**	**–**	**412**
		Pension expense [3]	510	622	–	
		Total remuneration	**2,187**	**5,238**	**–**	**412**

1 Non-performance related, non-cash remuneration and other benefits include expenses and / or benefits in kind, such as the use of a company car and housing costs.
2 The figure shown for one-year variable remuneration for 2014 is the actual amount paid out, which differs from the estimated value listed in the 2014 consolidated financial statements.
3 Service cost (IAS)

be made in spring 2016 on the basis of the achievement of the long-term targets that were defined in 2013 at the start of the performance period. The value shown for 2015 is also calculated on the basis of a preliminary total target achievement rate of 122 per cent and is subject to the performance-based adjustment by a discretionary performance multiple made by the Supervisory Board for individual Executive Board members. As is the case for the one-year variable remuneration, this performance-based adjustment may vary by plus or minus 20 per cent.

The additional benefits were measured at the value calculated for tax purposes. > TABLE 008

The total payments made to former members of the Executive Board in 2015 in connection with the termination of their Executive Board service contracts amounted to €8,423 thousand. An appropriate provision was recognised for these payments in 2014.

These payments consisted of a non-performance-related salary and non-performance-related non-cash benefits, performance-related remuneration and pension entitlements.

Mr Knoef's total amount of €4,381 thousand breaks down into a non-performance-related component of €4,031 thousand, a performance-related component without a long-term incentive of €84 thousand, a performance-related component with a long-term incentive – for the 2013 tranche based on a preliminary

TABLE 008

	Bert-Jan Knoef		Theodor Maurer		Ching Pong Quek		Dr Thomas Toepfer	
	Member of KION GROUP AG Executive Board		Member of KION GROUP AG Executive Board		Member of KION GROUP AG Executive Board / Chief Asia Pacific Officer		CFO of KION GROUP AG	
	Until 14 January 2015		Until 14 January 2015					
	2014	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**
	500	19	500	19	540	552	500	500
	19	1	18	1	108	158	12	17
	519	**20**	**518**	**20**	**648**	**710**	**512**	**517**
	409	16	409	16	626	566	491	455
	0	**1,255**	**0**	**1,255**	**0**	**2,490**	**1,434**	**2,000**
		1,255		1,255		2,490		2,000
							755	
							679	
	928	**1,290**	**926**	**1,290**	**1,274**	**3,766**	**2,437**	**2,971**
	102	4	104	4	97	107	101	117
	1,029	**1,294**	**1,031**	**1,294**	**1,371**	**3,873**	**2,538**	**3,088**

total target achievement – of €164 thousand and pension expenses of €101 thousand.

Mr Maurer's total amount of €4,042 thousand breaks down into a non-performance-related component of €3,686 thousand, a performance-related component without a long-term incentive of €84 thousand, a performance-related component with a long-term incentive – for the 2013 tranche based on a preliminary total target achievement – of €164 thousand and pension expenses of €107 thousand.

The table below shows the pension contributions (additions to the plan) attributable to each individual Executive Board member and their separate present values. > TABLE 009

In addition to the remuneration described above for Mr Knoef and Mr Maurer, the total remuneration paid to former members of the Executive Board amounted to €230 thousand in 2015 (2014: €210 thousand). Provisions for defined benefit obligations to former members of the Executive Board or their surviving dependants amounting to €8,758 thousand (2014: €6,082 thousand) were recognised in accordance with IAS 19.

In the year under review, no advances were made to members of the Executive Board, and there were no loans.

Pensions TABLE 009

in thousand €	Service cost 2015	Service cost 2014	Present value (DBO) 31 Dec 2015	Present value (DBO) 31 Dec 2014
Gordon Riske	622	510	5,308	4,562
Dr Eike Böhm			76	
Bert-Jan Knoef[1]	4	102		1,906
Theodor Maurer[1]	4	104		638
Ching Pong Quek	107	97	317	427
Dr Thomas Toepfer	117	101	436	523

1 Resigned from office on 14 January 2015; the present value (DBO) as at 31 December 2015 was recognised under provisions for defined benefit obligations to former members of the Executive Board or their surviving dependants in accordance with IAS 19.

SUPERVISORY BOARD REMUNERATION

Remuneration system

The Supervisory Board's remuneration is defined in article 18 of KION GROUP AG's articles of incorporation. Members of the Supervisory Board receive fixed remuneration plus reimbursement of out-of-pocket expenses. The annual remuneration amounts to €45,000 for ordinary members of the Supervisory Board, €75,000 for the deputy chairman of the Supervisory Board and €105,000 for the chairman of the Supervisory Board.

Additional remuneration is paid for being a member or chairman of a committee, although this does not apply in the case of the Nomination Committee or the Mediation Committee pursuant to section 27 (3) German Codetermination Act (MitbestG). The annual remuneration for members of a committee is €8,000, while the chairman of a committee receives double this amount.

If a member of the Supervisory Board or one of its committees does not hold their position for a full financial year, remuneration is reduced pro rata temporis.

The members of the Supervisory Board receive an attendance fee of €1,250 per day for meetings of the Supervisory Board

and its committees, although they only receive this amount once if they attend more than one meeting on the same day.

The Company reimburses each member for any VAT incurred in connection with his or her remuneration.

A D&O insurance policy without an excess has been taken out for the members of the Supervisory Board.

Remuneration paid to members of the Supervisory Board in 2015

The total remuneration paid to the Supervisory Board in 2015 was €1,209,342. Of this amount, €1,056,325 was attributable to remuneration for activities carried out by the Supervisory Board. The remuneration paid for committee work (including attendance fees) totalled €153,017. The following table shows the breakdown of remuneration paid to each Supervisory Board member for 2015: > TABLE 010

In 2015, no company in the KION Group paid or granted any remuneration or other benefits to members of the Supervisory Board for services provided as individuals, such as consulting or brokerage activities. Nor were any advances or loans granted to members of the Supervisory Board.

Supervisory Board remuneration TABLE 010

	Fixed remuneration	Committee remuneration	Attendance fee	Total remuneration
Dr John Feldmann (chairman)	€105,000	€24,000	€16,250	€145,250
Joachim Hartig (deputy chairman)	€75,000	€8,000	€12,500	€95,500
Birgit Behrendt	€45,000	–	€7,500	€52,500
Holger Brandt	€45,000	–	€13,750	€58,750
Dr Alexander Dibelius	€45,000	€8,000	€10,000	€63,000
Wolfgang Faden	€18,863	–	€2,500	€21,363
Denis Heljic	€45,000	€8,000	€15,000	€68,000
Johannes P. Huth	€38,240	€6,798	€7,315	€52,353
Jiang Kui	€65,838	€11,704	€14,631	€92,173
Olaf Kunz	€45,000	€2,674	€15,000	€62,674
Jörg Milla	€7,521	–	€1,250	€8,771
Özcan Pancarci	€45,000	–	€13,750	€58,750
Kay Pietsch	€45,000	€16,000	€21,250	€82,250
Hans Peter Ring	€45,000	€19,353	€13,750	€78,103
Alexandra Schädler	€45,000	€8,000	€20,000	€73,000
Tan Xuguang	€65,838	–	€1,829	€67,666
Hans-Peter Weiß	€41,178	–	€11,250	€52,428
Xu Ping	€65,838	–	€10,973	€76,811
Total	**€888,316**	**€112,529**	**€208,498**	**€1,209,342**