

CORPORATE GOVERNANCE

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Sustainable corporate governance

2016 marked the start of a new chapter in the KION Group's history. It has become an even larger and stronger Company, and can now offer its global customers all they need for their intralogistics. With Dematic joining the Group, its portfolio has been dramatically expanded. While it marks the start of a new era, the Group's aspiration remains as steadfast as ever: the KION Group intends to count among the best of the best in its industry. This also applies to the sustainability of its business practices, as the KION Group intends to create added value for its customers through innovative, efficient and safe solutions, driven by an approach focused on meeting stakeholder needs. In short: adding sustainable value.

SUSTAINABILITY STRATEGY

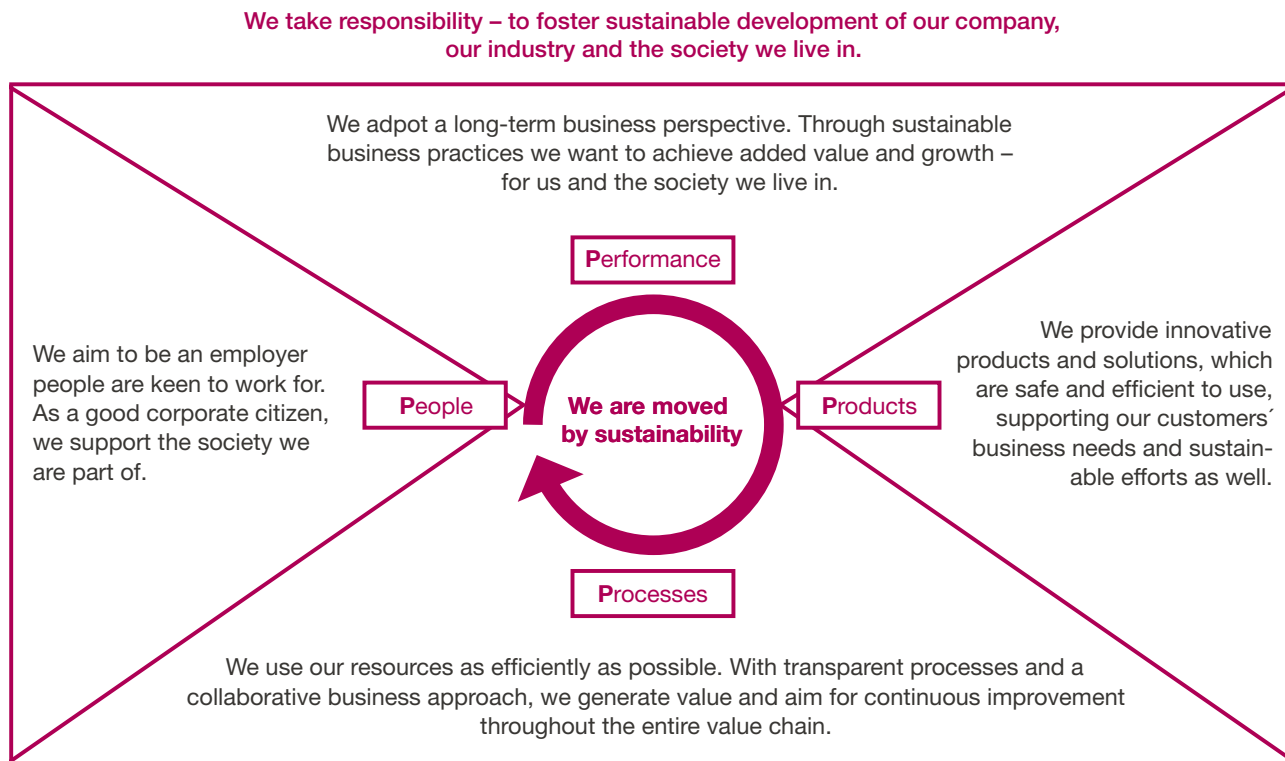
G4-18, G4-19, G4-20, G4-21

The KION Strategy 2020 remains the guiding framework for the KION Group. It aims to achieve growth, profitability, efficient capital investment and increased robustness in economic downturns. The sustainability activities within the Group support this strategy, which is why sustainable and responsible business practices are a core principle of the KION Group's activities. The Company and operating units have always strived to balance environmental, economic and social considerations in its activities. In 2016 this

strategy was embedded even more deeply in the Company to give Group-wide control of sustainability factors through corresponding structures. These new structures also gave rise to a Group-wide internal reporting system, which is a fundamental basis for managing and continuously improving KION's sustainability activities. It also meets the requirements of a transparent reporting system.

At the heart of its sustainability strategy (> **Figure 5**) is the aspiration to take responsibility, and in doing so promote the Company's sustainable development. With clear aims, efficient structures and processes, and an effective reporting system it intends to attain a leading position in its industry in terms of sustainable business practices. Consequently, sustainability should be integral to the way its employees go about their work, combined with the aspiration to continuously improve. To achieve this, it intends to further enable and encourage its employees to act sustainably. Further, the KION Group intends to promote sustainability along its entire value chain, in close collaboration with its suppliers and customers; the KION Group will therefore continue to integrate environmental and social considerations into its business processes – and contribute lasting value to its Company, customers and society in the process.

The sustainability strategy is guided by the principle of 'We are moved by sustainability', brings together the core measures and sets out its approach in each of its four focus areas: Performance, Products, Processes, and People.



Four guiding principles drive implementation

To implement its sustainability strategy, the KION Group established four guiding principles that set out the guidelines for its sustainable approach:

1. We embody sustainability – it is an integral part of our activities, and we strive to make further improvements every day.
2. We champion cost-effective sustainability across the entire value chain – together with business partners and suppliers, we offer customers efficient solutions which also assist them in their sustainability activities.
3. We pursue clear sustainability goals – and achieve them through effective structures, efficient processes and transparent reporting.
4. We enable our employees to drive innovation, which increases our Company's sustainability performance.

We integrate sustainability aspects into our business processes based on these principles, thereby adding long-term value for our Company, our customers and society.

Three-step implementation plan for the Group-wide sustainability management system

Since September 2015 the Sustainability Management head of office department has managed and coordinated the KION Group's and operating units' sustainability activities. To embed the sustainability management system Group-wide, ensure its targeted management and thus make sustainability aspects a visible part of the way it manages its Company, the KION Group takes a three-step approach.

In the first step, in 2016 it produced a Group-wide sustainability strategy and formed the basis for the Group-wide sustainability reporting system. It incorporated both the expectations of its top management team as well as those of a highly diverse range of stakeholders here. At the same time it leveraged the experience gained by Linde Material Handling, as it had already pioneered sustainability within the Group, developing a brand-specific sustainability strategy and establishing the requisite management and reporting structures between 2014 and 2016. The KION Group is now following this proven path at Group level and has defined the material action fields based on a materiality analysis (see [Key challenges for the KION Group](#)). This resulted in the definition of action fields at Group level with clearly assigned responsibilities within the organisation, and an initial set of objectives. The Company is now establishing Group-wide governance structures at its operating units.

Currently, it is also in the process of rolling out the second implementation step: by the end of 2017 it will have defined sustainability KPIs (key performance indicators) and established the

required data management system. This will form the basis of its sustainability management system, including its first comprehensive Group-wide sustainability programme which encompasses all operating units.

The third step focuses on internal and external communication. Its regular sustainability report, which meets the requirements of current statutory regulations, forms the basis of its external communication activities. It also aims to position the KION Group appropriately in the relevant sustainability ratings and rankings. In terms of internal communication, which means informing employees and involving them in the Company's sustainability activities, KION intends to embed its sustainability activities on a broad basis within its Group.

Key challenges for the KION Group

Materiality as the basis for strategy development

The materiality analysis performed by Linde Material Handling EMEA at the start of 2015 formed the basis for the development of the KION sustainability strategy ([> Figure 6](#)). The management team's assumptions at the time, together with the stakeholders' expectations, were reviewed with regard to the KION Group and very largely adopted. This also gave rise to a systematic approach at Group level, which addresses and prioritises the material challenges facing the Group. The units with the highest overall relevance are also the focus of the KION Group's sustainability management ([> Table 2](#)).

Materiality analysis findings

FIGURE 6



It analysed twelve global sustainability challenges according to their relevance in the opinion of its stakeholders as well as the KION Group.

It plans to update and expand on its materiality analysis in 2018 to include its operating units. In doing so, it plans to take into account both its acquisition of Dematic as well as the stronger re-

gional focus of its sustainability programme within its operating units.

Material challenges and related GRI aspects

TABLE 2

Challenges	Aspects	[i]	[a]
Climate Change	Emissions	x	x
	Energy	x	x
	Products and Services (environmental impact)	x	x
	Supplier Environmental Assessment		x
Human Rights	Supplier Assessment for Labor Practices		x
	Supplier Human Rights Assessment		x
	Assessment	x	x
	Forced or Compulsory Labor	x	x
	Child Labor	x	x
	Investment	x	x
	Freedom of Association and Collective Bargaining	x	x
Resource Scarcity	Diversity and Equal Opportunity	x	
	Effluents and Waste	x	x
	Water	x	x
	Materials	x	x
	Products and Services (environmental impact)	x	x
	Supplier Environmental Assessment		x
Demographic Change	Compliance	x	x
	Diversity and Equal Opportunity	x	
	Occupational Health and Safety	x	
	Training and Education	x	
Health	Employment	x	
	Occupational Health and Safety	x	
	Customer Health and Safety	x	x
Diversity and Equal Opportunity	Compliance	x	x
	Training and Education	x	
	Diversity and Equal Opportunity	x	
Urbanisation	Employment	x	
	Emissions	x	x
	Energy	x	x
	Products and Services (environmental impact)	x	x
	Supplier Environmental Assessment		x

i = material within the organisation / a = material outside the organisation

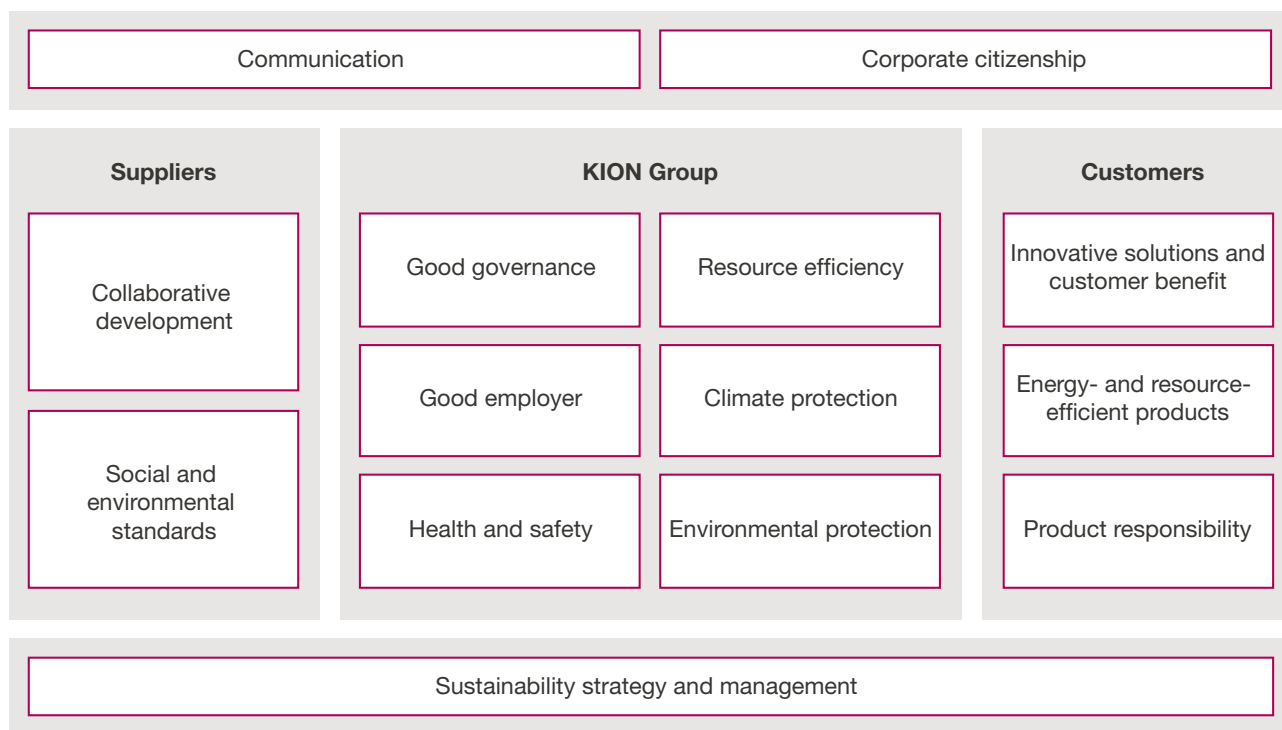
Comprehensive sustainability programme with 14 action fields

The 14 action fields which the Group defined, based on the findings of its materiality analysis, form the structure of its sustainability programme (> **Figure 7**). By the end of 2017 it will set out its sustainability programme in more detail and roll it out in its approved form. At the same time it will also formulate the material KPIs for each action field by which it will manage sustainability within the Group, and which it will gradually communicate publicly, starting with this report. Behind each action field lies a spe-

cific programme with targets, measures and KPIs to develop the Group's sustainability activities on an ongoing basis (> **Table 3**). Responsibility for implementing these measures lies with the person in charge of the action field. Typically, this is the head of the department, as the individual also responsible for integrating sustainability aspects into the processes. The sustainability objectives set out a minimum standard which is binding on the entire KION Group. Individual units may achieve higher standards in their sustainability activities or supplement them as required.

KION sustainability strategy action fields

FIGURE 7



Main objectives

TABLE 3

Objective	Relevant Action field	Planned implementation
Further development of the KION sustainability management system, including the establishment of a sustainability programme encompassing all action fields and the updating and expansion of the materiality analysis	— Sustainability strategy and management	2018
Further development of the HSE management system including the establishment of Group-wide minimum standards and the expansion of the existing Safety Championship – as an internal safety competition – to include environmental and climate-protection aspects	— Climate protection — Environmental protection — Health and safety	2018
Further development of the Group's diversity strategy	— Good employer	2018
Full implementation of the Group's HR strategy	— Good employer	2019
External certification of the occupational health and safety as well as environmental management systems in accordance with international standards (e.g. OHSAS 18001, ISO 14001) in all entities as well as the implementation of an ISO 50001-compliant energy management system at the 25 reporting entities with the greatest energy use	— Environmental protection — Health and safety	2019
Definition and establishment of comprehensive climate-protection, waste-management and resource-efficiency programmes	— Climate protection — Environmental protection — Resource efficiency	2019
Reduction in the accident frequency rate measured by the LTIFR (Lost Time Injury Frequency Rate) to < 10 to further tackle accidents and occupational illness with the aim of safeguarding each individual's long-term capacity to work	— Health and safety	2020

ORGANISATION AND MANAGEMENT

G4-15, G4-34, G4-35, G4-36, G4-56, G4-HR4, G4-HR5, G4-HR6, G4-HR9

The Executive Board of KION GROUP AG is responsible for the operational management of the KION Group. As at the end of 2016, it comprises four members.

The Executive Board maintains a trusting relationship with, and is monitored by, the Company's Supervisory Board. This also advises the Executive Board in its handling of core tasks and major business transactions. The Supervisory Board's size and composition is governed by the German Codetermination Act (MitbestG). KION GROUP AG's Supervisory Board comprises 16 members, consisting of eight shareholder and eight employee representatives.

For further information on the duties and composition of the Executive Board and Supervisory Board of KION GROUP AG, see the [Corporate governance report](#) which is available online as part of the Annual Report 2016.

The Executive Board and Supervisory Board of KION GROUP AG believe that an uncompromising commitment to rigorous corporate governance oriented on best practice standards is essential to the Company's long-term success. Compliance with these principles also promotes the trust that its investors, employees, business partners and the public have in the management and monitoring of the Company.

The KION Group works according to recognised standards of good, responsible corporate governance. The German Corporate Governance Code (DCGK) guides how it manages and controls the Company. The KION Group fulfils all of the DCGK's recommendations aside from one relating to an excess in the D&O insurance policies for Supervisory and Executive Board members. The annual declaration of compliance which it is required to submit in accordance with section 161 of the German Stock Corporate Act (AktG) is accessible on its [corporate website](#). Further information can also be found in the [Corporate governance report](#).

To ensure professional and responsible corporate governance, the Executive Board needs to rely on the risk management system established in the Company to regularly gather in-

formation 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 to identify, assess, report and manage risk. Specific individual risks are then reported by the relevant Group entity using an online reporting tool. Reporting on cross-segment risks and Group-wide risks is carried out by Corporate 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 (see the [Risk report](#) in the Combined Management Report section of the Annual Report 2016).

Sustainability organisation

Clear responsibilities for a sustainable approach

Taking a sustainable approach is linked with clear responsibilities at the KION Group. For this purpose, the overall structure of the KION Group's sustainability management system, as described below, was approved by the KION Group Executive Board at the start of 2017.

While the Executive Board's decisions ensure that the Company's sustainability aspirations are underpinned by specific measures, its Sustainability steering committee will ensure going forward that the Group's sustainability programme is uniform across the Company and continually developed further ([> Figure 8](#)). To do so, it monitors the activities and achievements in each action field, taking corrective action as and when required. The Sustainability steering committee will convene for the first time in autumn 2017, and then meet biannually.

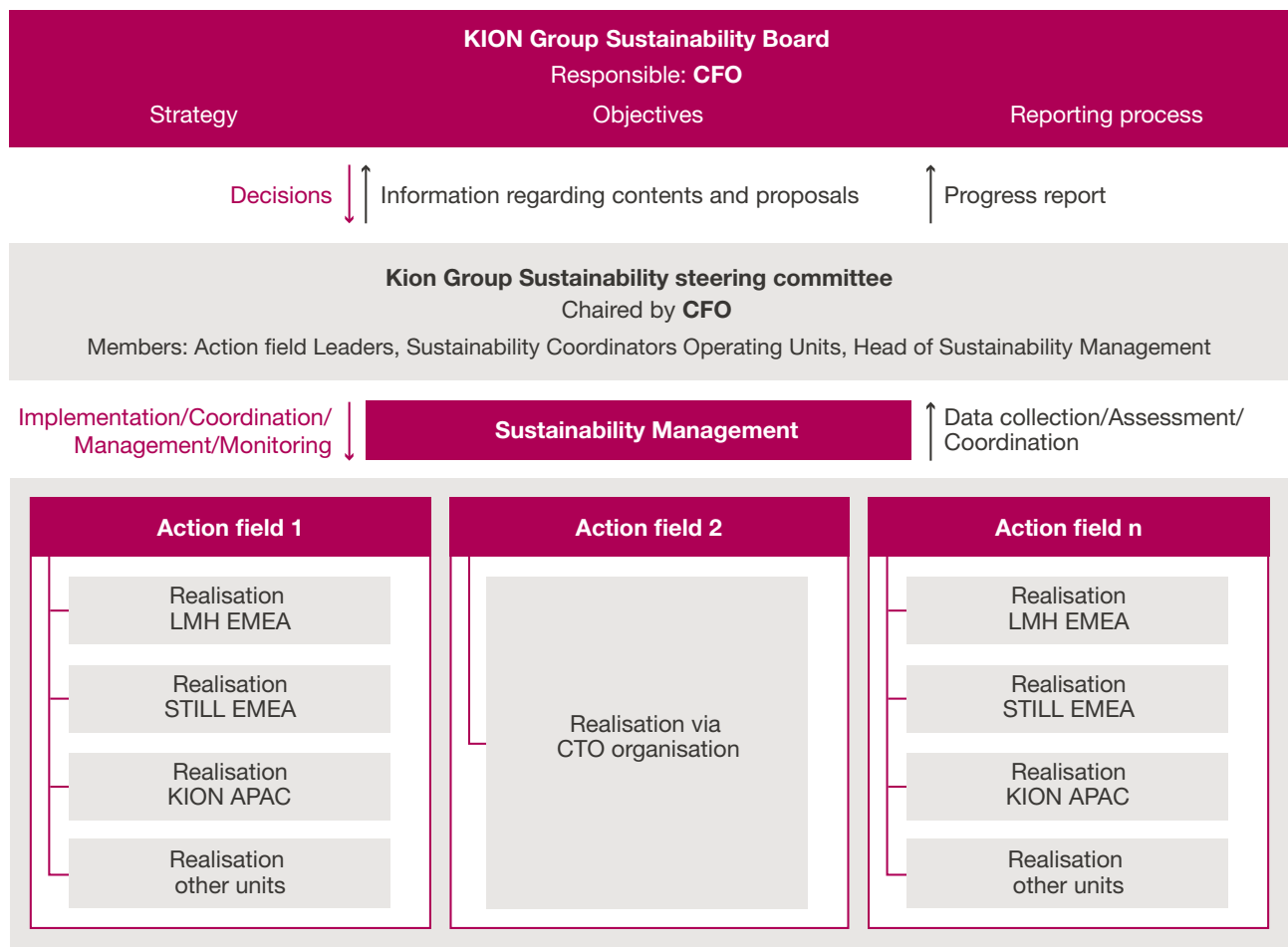
The sustainability programme agreed by the KION Group Sustainability steering committee will subsequently be presented to the KION Group Sustainability Board, which comprises members of the Group Executive Committee (GEC) – members of the KION Group Executive Board and the Presidents of the operating units – for formal adoption. The Sustainability Management head office department controls and coordinates the sustainability programme in the Group, sets sustainability KPI targets and monitors their achievement. It also ensures the individual action fields, units

and activities within the Group are coordinated, and is available to provide support as the specialist in this area. Each person responsible for an action field manages their specific programme, and has full responsibility over their allocated budgets and resources. They are also responsible for implementing the agreed packages of measures, through to their expansion to cover the operating units and subsidiaries, whereby they coordinate their activities with the sustainability coordinators in the operating

units. At an operational level, each unit establishes its own sustainability programmes that correspond to the KION Group action field model, which are in turn broken down to a local level. When the KION Group Sustainability steering committee convenes, both those responsible for the action fields as well as the operating unit coordinators report back on the progress achieved to date, and develop the programme further.

KION Group Sustainability steering committee as a central element of the sustainability organisation

FIGURE 8



Principles and guidelines

Comprehensive sustainability regulations

The KION Group sustainability strategy and the corresponding objectives are based on existing Group-wide standards and codes of conduct which ensure rules and regulations are complied with (> **Table 4**). These include the KION Group Code of Compliance (KGCC), which sets out the guidelines for ethical, value-based and lawful business activities. The KGCC is available in 22 languages and is binding on all of the Group's employees around the world. It sets out clear rules that include clear guidance on correct conduct between employees and their colleagues, as well as on how they deal with customers, partners and the public.

As a German corporation, KION GROUP AG is primarily subject to German law. At the same time, the Company is required to uphold national laws at its global locations. The KGCC provides rules in case of a collision of legal jurisdiction applying for the same circumstances.

If local legislation contains more stringent provisions than German legislation, local laws and regulations apply. If local laws around the world are less stringent than German legislation, the KION Group can decide as a Group whether a more stringent regulation is generally desired, appropriate or legally necessary. These regulations are then laid down and published in internal policies and instructions. The national companies may also issue more stringent internal guidelines to take into consideration local customs or other considerations in a suitable manner. Group policies apply across the Company, unless they infringe or contradict local laws. Its Compliance or Legal departments are the point of contact in all cases of doubt in terms of legal requirements. The **KION Group Code of Compliance** is available on the KION Group's corporate website.

Furthermore, the KION Group's Company-wide compliance programme covers further regulations which apply across the Group (> **Table 4**). These include its primarily internally-focused KION policies on a range of specialist topics, the KION Group Principles of Supplier Conduct, and KION Compliance Principles for external business partners.

Among other things, the Group HSE policy requires as a minimum that every company in the KION Group observes all relevant national laws, codes of conduct and industry standards. In addition, they are to ensure safe working conditions and that employees are trained accordingly. Furthermore, environmental impacts must be avoided as far as possible (see also the section **Environment**).

Additionally, sustainability aspects are embedded in the KION Group **Principles of Supplier Conduct** and Purchasing Terms, which its suppliers and service providers are required to observe. Sustainability aspects, particularly in relation to environmental and resource protection as well as occupational safety, also play a major role when the Company develops new or enhances existing products. For further information, see the sections **Products** and **Employees** in this report.

At Group level, minimum employment standards apply based on the fundamental conventions drawn up by the International Labour Organization (ILO). These include freedom of association, the right to collective bargaining, the elimination of child and forced labour, and a ban on discrimination in respect of employment and occupation. The Group currently monitors its units' compliance with its minimum employment standards by means of a self-assessment as part of annual internal sustainability reporting activities. In the reporting period the KION Group was not notified of any significant incidents or violations of minimum employment standards. Furthermore, the KION Group is committed to ensuring health and safety standards in the workplace and to paying its employees in line with the industry average in their respective country, and at the very least providing them with a living wage. It devoted the **Employees** section of this report to the KION Group's responsibility as an employer.

To ensure that the minimum standards are also complied with by external partners or in joint ventures, contracts typically include a clause based on the KION Group Code of Compliance which, among other things, requires the contracting parties to observe human rights.

Group-wide sustainability principles and guidelines

TABLE 4

Principle/guideline	Scope
Compliance Principles for Independent Partners in KION's sales and service organisation	Commits its sales and service partners to uphold the KION Group's compliance principles
Principles of Supplier Conduct	Set out the principles with which the KION Group expects its suppliers to comply
KION Group Code of Compliance	Its Code of Conduct sets the guidelines for all employees across the KION Group to act lawfully and ethically
HSE policy	Health, safety and environment policy relating to employees, customers and the community at large
Policy on international minimum employment standards	Explanation of the underlying social rights and principles; excludes child and forced labour
Guideline on avoiding conflicts of interest	Describes the principles governing KION's business relationships
Donations Policy	The principles of social involvement set out the focus and requirements for donation and sponsorship activities

In its sustainability communication activities the KION Group strives to meet the requirements of transparent reporting in accordance with the internationally recognised guidelines of the Global Reporting Initiative (GRI). It plans to participate in the Carbon Disclosure Project (CDP), and it is currently reviewing whether to sign up to the UN Global Compact.

Other sustainability reporting commitments mainly exist for individual subsidiaries. In terms of customer benefit, the assessment by EcoVadis is particularly noteworthy. This assessment is performed regularly for key units (e.g. STILL EMEA and Linde Ma-

terial Handling EMEA), and it plans to implement it for others. Furthermore, the KION Group is involved in local programmes through its units. Among them, STILL EMEA is actively involved as part of its Umweltpartnerschaft Hamburg (Environmental Partnership) activities and its membership of the German Environmental Management Association and B.A.U.M.; Linde Material Handling EMEA is active in the Umweltpakt Bayern (Environmental Pact of Bavaria) and in the Blue Competence initiative of the German Mechanical Engineering Industry Association (VDMA).

COMPLIANCE

G4-58, G4-HR2

Embedding compliance principles comprehensively in its daily business is a constant challenge for the management of the KION Group. In this regard, communication activities are particularly important to raise awareness of compliance and to keep employees up to date with regulations. In the reporting year, the KION Group expanded its face-to-face training sessions within the compliance organisation globally, and ramped-up its compliance risk analysis activities at a national level.

The KION Group is also increasingly requiring its business partners to comply with its compliance principles. Current focus areas of the KION Group's compliance activities include anti-corruption, anti-money laundering and anti-terrorist financing, liability of board members and the responsibility of managers, data protection and IT security, as well as foreign trade and export controls.

In fiscal year 2017 its strategic priorities in the area of compliance will be its systematic Group-wide compliance risk analysis, the integration of Dematic together with the establishment of a uniform Code of Conduct, the implementation of the IT-based Business Partner Check tool, and the development of its compliance activities to tackle money laundering.

Compliance organisation

The Executive Board of the KION Group bears overall responsibility for the compliance management system in the Group. The Compliance department reports directly to the CEO of the Group and is headed up by the Chief Compliance Officer. He and his team further develop the compliance management system, provide advice and information on compliance topics and ensure compliance training. The Compliance department supports the operating unit heads in implementing the compliance programme.

At a local level within the units, local and regional compliance representatives are appointed who ensure that operations within the Group company or region comply with statutory and regulatory requirements. Consequently, they serve as the first port of call

for questions or the reporting of possible instances of non-compliance. Together they form the Group-wide compliance team, and their work is managed by the central Compliance department.

Actual or suspected incidents of non-compliance can be reported by telephone, post, e-mail or fax. Furthermore, any employee can also report violations of compliance via a whistleblowing hotline, anonymously if preferred, no matter where in the world they are located. The local compliance representatives report to the Compliance department on a monthly basis – and on an ad-hoc basis in serious cases. The Chief Compliance Officer reports significant incidents and developments directly to the CEO of the KION Group as well as to the Audit Committee of the Supervisory Board.

As part of its work, the KION Group Compliance department works closely with the Legal, Internal Audit and Human Resources departments. The KION Compliance Committee is staffed by the heads of these departments, operating as a cross-functional committee that primarily advises on, examines and, if appropriate, punishes incidents of non-compliance that are reported.

The KION Group compliance management system is based on the IDW PS 980 auditing standard, which focuses on preventing compliance violations. Within the framework of its regular audits as well as through ad-hoc audits, its Group Audit department checks compliance in the subsidiaries with the KION Group's compliance requirements. If its audits confirm cases of non-compliance, it is the task of the Human Resources or Legal department to remedy the violations and sanction those responsible.

In the reporting period, various reports were submitted to the Compliance Committee, including suspected conflicts of interest, misconduct towards employees, unauthorised payments and invitations to events, the sharing of company data, and fraudulent job ads and e-mails. Each individual report was followed up without exception, and notices on the fraudulent job ads were published on the corporate website and sanctions were imposed in case of confirmed wrong conduct.

Since 2016 the KION Group has been expanding its analysis of compliance risks across the Group using a standardised system according to which these risks are assessed and recorded in

all Group entities. This will remain one of the main focus areas of its work next year.

It is currently developing an IT-based Business Partner Check tool to screen its business partners for potential compliance risks (see the [Compliance management system](#) section in the Annual Report 2016).

Extensive training

To the KION Group, employee training is the cornerstone of a good compliance management system. Through this, its employees learn which rules apply to their field of work, which stance the Company and its representatives take on certain business practices, and what behaviour is expected of its employees. It communicates its Company's culture in great detail through its training measures; every new employee at the KION Group is obliged to complete an e-learning course which covers all aspects of the KION Group Code of Compliance. In 2016 it expanded its compliance e-learning course to all Group companies, which resulted in a considerable increase in training compared to the previous year. For employees without a PC, it provides face-to-face training. Those employees who are exposed to particular compliance risks owing to their activities, such as those in the area of pur-

chasing, receive special face-to-face training. The KION Group aims to train all employees regularly on the most critical topics (anti-corruption, competition law, anti-money laundering, data protection, IT security and human rights). Besides findings from its compliance management system, changes to legislation or jurisprudence are also incorporated into its face-to-face training courses.

STAKEHOLDER DIALOGUE

G4-16, G4-24, G4-25, G4-26, G4-27

The KION Group is in regular dialogue with a wide range of stakeholder groups, either directly, via surveys, or at events. This enables it to identify their requirements on the Company at an early stage and incorporate them in decisions.

The KION Group's key stakeholders are customers, employees, investors, shareholders and suppliers. In addition, the KION Group and its operating units are members of numerous industry associations and international institutions. > **Table 5** includes a selection of sustainability-related association activities:

Sustainability-related association activities of the KION Group

TABLE 5

Organisation	Function performed
AFNOR – French Standardisation Association	Chair of the committee UNM85: Chariots de Manutention (industrial trucks)
CEN – European Committee for Standardisation	Chair of assorted committees of the Industrial Trucks – Safety technical committee, including the Sustainability committee
DIN – German Standards Institute	Chair of assorted committees such as Industrial Truck Safety
FEM – European Federation of Material Handling	Executive Board/chairmanship
FGMA – Expert Consortium of German Mechanical Engineering Businesses	Member of the Executive Board
Hertie Foundation	Member of the Executive Board
ISO – International Organization for Standardization	Chair of assorted technical committees, including the Sustainability of Industrial Trucks
VDMA – German Mechanical Engineering Industry Association	Chair of industrial trucks Member of the Blue Competence initiative

As part of implementing its sustainability management system the KION Group also identified its relevant stakeholders. Its Sustainability steering committee is continuing the development of this analysis. As part of the planned expansion of its materiality analysis, the list will be supplemented by its operating units' specific analyses.

The KION Group is in regular dialogue with its stakeholders on a range of topics (> **Table 6**). Of particular significance is the dialogue with customers, as understanding their requirements is

the central factor in the Company's success. To help in this regard, numerous tools along the supply chain ensure active dialogue, which often provides important stimuli for the Company (see the section **Products and Solutions**).

The KION Group Code of Compliance contains clear and stringent regulations on how to deal with political parties and elected officials. Consequently, the KION Group does not maintain any political relationships beyond its association work.

Stakeholder dialogue

TABLE 6

Stakeholders	Format	Selected content
General public	Journal articles, social media, campaign days, the section on sustainability in the KION Group Annual Report 2016	Sustainability management, social aspects, environmental protection, transparent reporting on sustainability
(Industry) associations	Participation in symposiums and working groups, membership of numerous associations such as ISO, DIN, VDMA, FEM	Energy efficiency, product specifications, product safety, product lifecycle sustainability
Financial market	Section on Sustainability in the KION Group Annual Report 2016, answering questions in the context of investor discussions	Sustainability management, social aspects, environmental protection, transparent reporting on sustainability
Legislative bodies/policy makers	Dialogue with authorities, association work	Approvals, inspections
Distributors	Distributors' Board, regular plenary sessions (annual kick-off and year-end events)	Zero Accident Philosophy at Linde Material Handling
Customers	Regular customer visits, service helpdesk, complaints management, customer events, trade fairs and in-house exhibitions, consulting, customer magazines, Internet, LMH Product Clinic, brochures and one-pagers for key account customers	Product features, e.g. efficiency and safety, service offering, ergonomic design of vehicles and systems
Suppliers	Supplier negotiations, supplier audits	KION Group Principles of Supplier Conduct
Local communities	Local events such as the ForkliftCup state preliminary decisions, Training Day, regular exchange with local authorities at the locations	Social and cultural engagement, products, safety standards, LMH as a good employer
Media	Section on Sustainability in the KION Group Annual Report 2016, press events	Sustainability management, social aspects, environmental protection, transparent reporting on sustainability, efficient energy systems, safety technology, sustainability activities
Employees	Management survey, KEEP employee participation programme, suggestion scheme, employee magazine, intranet	Company development

Non-governmental organisations	Dialogue forums with NGOs (e.g. Linde China)	Environmental education
Science and research	Collaborations with education institutions, research projects, information days	Alternative drive technologies, etc.

To enhance dialogue with stakeholders, and to involve non-governmental organisations (NGOs) more closely, since the start of 2017 the KION Group has also supported new, innovative approaches. Among them, it is involved in a feasibility study on SUSTAINALOG, a planned platform designed to strengthen contact between companies and NGOs. It got involved as an increasing number of companies want to integrate NGOs more closely in their stakeholder dialogue activities – in some cases, they are even required to do so by law. However, NGOs do not receive any financial consideration or support in this process, which means further dialogue is often not possible. SUSTAINLOG is intended as a neutral forum for companies and NGOs, ensuring that structured, institutionalised dialogue can take place between these parties.

INTERVIEW WITH HEAD OF SUSTAINABILITY MANAGEMENT

Interview with Dr. Holger Hoppe, Head of Sustainability Management at KION Group, on the Company's mission and objectives in establishing a Group-wide sustainability management system

Dr. Hoppe, KION has set its sights high regarding sustainability. What makes you so confident that you can implement your strategy?

Dr. Hoppe: We have a long tradition of structuring our business activities in line with sustainability principles. In light of this, we recently launched a Group-wide sustainability management system to systematically develop our Company's sustainable focus further. This began with the formulation of our sustainability strategy, the definition of the corresponding action fields, the derivation of initial objectives and benchmarks, and continued right, through to the appointment of people responsible for each action field. Our Company's expertise and values provided an excellent starting point.

The speed and manner in which we implemented these steps fill me with confidence. After all, both of these show that sustainability is already firmly embedded in our Company – that is, in the minds of our employees, who are clearly willing to take responsibility in their work. This starts with the Executive Board, which is responsible for the sustainability strategy and sets transparent objectives, and continues via the managers right down to every individual in the Company.

What are these contributions, specifically? What can the individual achieve?

Dr. Hoppe: It is especially important to integrate sustainability at all levels directly into our business processes. To achieve this, we need leaders who are responsible for these processes. We give them the necessary structures and tools to be able to take sustainability aspects into account in their decisions. We also want to raise the awareness of each individual employee of the overall topic area. After all, the individual can often achieve a great deal! Take the topic of occupational health and safety, for example. Here, Linde Material Handling has established a fundamental



Dr. Holger Hoppe

Head of Sustainability Management at KION Group

measure – the Linde Safety Contact, which precedes every meeting. As part of this, participants can address safety aspects that they notice – from the unchecked ladder in their work area, through to positive experiences on work safety which are worth replicating. The high level of acceptance shows that employees consider this measure to be effective. This is just one of many examples of how sustainability – in this case the topic of safety – originates from the individual employee and has a positive impact. The suggestion scheme also plays an important role here too, as good ideas are usually also ideas that move us forward in terms of sustainability.

What role do the operating units play in your work?

Dr. Hoppe: KION is a young company – but our brands have enjoyed market success for almost 100 years in some cases. In terms of sustainability too, our operating units are already ahead of the Group in many respects. For example, we have already established a sustainability management system at Linde Material Handling EMEA in recent years. Ultimately, sustainability management is about fulfilling our own requirements and considering those of our stakeholders. On the side of the KION Group this includes, for example, our shareholders, our employees in all units, and at our operating units naturally our customers too. We aim to generate added value right across all our business activities.

Linde Material Handling has already reported on this since 2015 in its own sustainability report...

Dr. Hoppe: That's right. This is a pilot project, if you will. We are now harnessing the benefit of these experiences at KION. This is a further reason why we have already achieved a lot in such a short space of time. And Linde Material Handling is not alone. At STILL and our other operating units too, numerous measures are currently running worldwide, which are moving us forward at both a brand and Group level. It is now important to establish uniform standards across the Group to manage our sustainability activities systematically. At the same time, our operating units can implement individual measures, such as to provide targeted support to their customers.

With Dematic joining the family KION has started a new chapter in its history, and has become a full-service supplier of intralogistics solutions for its customers. What does this mean for the sustainability management of the KION Group?

Dr. Hoppe: Firstly, as in all other areas, it is also important to involve Dematic in our activities. Together we are stronger – so we want to drive forward our activities in close collaboration right from the very outset, including in terms of sustainability. Dematic is another important brand in our portfolio – and I'm confident that our colleagues there will provide a many important stimuli.

What do you want KION to have achieved in terms of sustainability with presence of the next report?

Dr. Hoppe: Firstly I am delighted that we are already beginning to create transparency on our activities with this current report. As a Group, we are only at the start of our journey with our sustainability management system. But I believe that it is clear just how seriously we take our commitment to greater sustainability. And if the publication of the next report is due soon owing to EU reporting obligations, we already intend to provide firm evidence of our aspirations in our next report – with the deepening and broadening of our sustainability programme, and reporting on the achievement of our initial targets.