

CORPORATE GOVERNANCE

36	CORPORATE GOVERNANCE REPORT
36	Comply-or-explain statement pursuant to section 161 (1) AktG
36	Corporate governance practices
39	Working methods of the Executive Board and Supervisory Board and composition of the committees of the Supervisory Board
43	Diversity

Corporate governance report

Also constitutes the declaration on corporate governance pursuant to section 289f and section 315d HGB

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 a commitment, born from responsibility for the Company, to rigorous corporate governance in accordance with the accepted 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 the German Corporate Governance Code (the 'Code') as amended on 7 February 2017 and the content of the declaration on corporate governance required by section 289f and section 315d of the German Commercial Code (HGB). For this reason, the Executive Board and the Supervisory Board of KION GROUP AG have combined the two statements below in accordance with section 3.10 of the Code. The declaration on corporate governance pursuant to section 289f and section 315d HGB is part of the combined management report. According to section 317 (2) sentence 6 HGB, the information provided in accordance with section 289f and section 315d HGB does not have to be reviewed by the auditor.

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

Section 161 (1) of the German Stock Corporation Act (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.

The Executive Board and Supervisory Board submitted the Company's previous comply-or-explain statement on 13/18 December 2017.

Both decision-making bodies again considered the recommendations of the amended Code in detail and, on 3/12 December 2018, issued the following comply-or-explain statement of KION GROUP AG as required by section 161 (1) AktG:

Since issuing the last declaration of conformity in December 2017, KION GROUP AG has complied with all but one of the recommendations of the German Corporate Governance Code (the 'Code') as amended on 7 February 2017 and intends to do so in the future.

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

Frankfurt am Main, 3/12 December 2018

For the Executive Board:

Gordon Riske

Anke Groth

For the Supervisory Board:

Dr John Feldmann

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

2. Corporate governance practices

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 2018, 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. The Supervisory Board's Audit Committee, which was set up to support this task, received regular reports on the standard accounting processes, on changes to the regulatory environment and the internal control and risk management systems, and on the audit of financial statements and the effectiveness of this, 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.

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 and combined 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 combined 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 rigorously to broad-ranging compliance standards is essential to sustained financial success. That is why a detailed 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 all employees 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 that all employees should receive regular training on the most important compliance subjects, in particular anti-corruption, liability of senior management/directors' and officers' liability, data protection and IT security, communications, competition law, and foreign trade/export controls. Compliance activities are also focused on these areas.

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. He has delegated the performance of compliance duties to the Chief Compliance Officer. The presidents of the Operating Units are responsible for compliance within the operating business, while the functional managers are responsible for core administrative processes in the departments at the Group's headquarters. Ultimate responsibility for the compliance management system of course remains with the Chief Executive Officer 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.

Actual or suspected incidents of non-compliance can be reported anonymously or otherwise by calling a 24-hour compliance hotline or by email, post or fax.

As part of its work, the compliance department at KION GROUP AG cooperates closely with the legal, internal audit and human resources departments. The KION compliance committee, which is staffed by the heads of these departments and chaired by the Chief Compliance Officer, operates as a cross-functional committee that primarily advises on, examines and, if appropriate, punishes incidents of non-compliance that are reported.

2.5 Audit of the financial statements

The Company's independent auditors, which are appointed by means of a resolution of the Annual General Meeting, audit the separate financial statements prepared by the Executive Board of KION GROUP AG, the consolidated financial statements and the combined management report. Since the audit of the 2014 separate and consolidated financial statements, Ms Kirsten Gräbner-Vogel has been the global lead service partner at the appointed independent auditors, Deloitte GmbH Wirtschaftsprüfungsgesellschaft (Deloitte). The separate financial statements, the consolidated financial statements and the combined

management report are discussed by the Audit Committee and then reviewed and approved by the Supervisory Board.

The independent auditors review the condensed consolidated interim financial statements, the condensed interim group management report for the first half of the year and the non-financial report. The Executive Board discusses the two quarterly statements and the half-year interim report 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 may be harmful to the Company. KION GROUP AG and its governing bodies therefore adhere strictly to the recommendations of the German Corporate Governance Code 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. 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.

The Company attaches high priority to preventing possible conflicts of interest from occurring in the first place. This is especially important given the involvement of Weichai Power, whose stake has risen to 45 per cent. The Company achieves these aims by avoiding business scenarios or personnel structures that could give the impression of a conflict of interest and by taking transparent steps and issuing clear communications.

The Company's Chief Executive Officer, Mr Gordon Riske, was appointed a non-executive director of Weichai Power Co., Ltd., with effect from 24 June 2013. On 14 June 2018, the term of his appointment was extended to 31 December 2020, for which the Supervisory Board had previously given its consent. Appropriate precautions have been taken to ensure that this role at a parent company 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 Co., Ltd., 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 Co., Ltd., 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 focused 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

The Executive Board of KION GROUP AG now comprises five members, having been extended from four members with effect from 1 October 2018. 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 or her own area of responsibility and keeps the other board members informed of developments on an ongoing basis. > **TABLE 003**

Responsibilities of Executive Board members **TABLE 003**
as at 31 December 2018

Member	Responsibilities
Gordon Riske	CEO of KION GROUP AG LMH EMEA STILL EMEA KION Americas Corporate Office Corporate Communications Corporate Strategy Internal Audit Corporate Compliance KION Invest
Dr Eike Böhm	CTO of KION GROUP AG Product & Technology Strategy Product Development Industrial Trucks Product Development Supply Chain Solutions Module & Component Development Procurement Quality Production System KPDO Initiative
Anke Groth	CFO of KION GROUP AG Corporate Accounting/Tax Corporate Controlling Corporate Finance/M&A Investor Relations Financial Services Corporate HR/Labour Relations Director Legal Health, Safety & Environment Logistics/Urban
Ching Pong Quek	Chief Asia Pacific Officer of KION GROUP AG KION APAC
Susanna Schneeberger	CDO of KION GROUP AG Dematic Software Development KION Group IT Data Protection Digital Campus Mobile Automation

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 Chief Executive Officer. 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 Chief Executive Officer 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.

In accordance with its articles of association, the Company is represented by two members of the Executive Board or by one member of the Executive Board acting conjointly with a Prokurist (person with full commercial power of representation).

3.2 Working methods of the Supervisory Board

The Supervisory Board of KION GROUP AG appoints the members of the Executive Board and advises and monitors the Executive Board in its management of the Company. 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 association 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 the meetings of the Supervisory Board 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. In 2018, there were six Supervisory Board meetings in total. The focus of the Supervisory Board's advisory activities is detailed in the Supervisory Board's report to the Annual General Meeting. 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. The Supervisory Board has the efficiency of its work and processes reviewed by an external party at regular intervals.

3.3 Working methods and composition of the committees of the Supervisory Board

KION GROUP AG's Supervisory Board had four standing committees in the year under review. Their 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 minutes of the committee meetings are made available to all Supervisory Board members. The standing 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 four times in 2018. The main topics discussed and deliberated upon by the Executive Committee in 2018 concerned the creation of a new, fifth Executive Board role and the associated appointment of Ms Susanna Schneeberger as Chief Digital Officer and the extension of the term of Dr Eike Böhm as Chief Technology Officer of KION GROUP AG. Topics related to the Annual General Meeting, governance and the review of the efficiency of the Supervisory Board were also addressed.

Members of the Executive Committee as at 31 December 2018:

Dr John Feldmann (chairman)
Özcan Pancarci (deputy chairman)
Dr Alexander Dibelius
Jiang Kui
Olaf Kunz
Jörg Milla
Hans Peter Ring
Claudia Wenzel

Mediation Committee

The Mediation Committee comprises the chairman of the Supervisory Board, his deputy, an employee representative and a shareholder representative. It only convenes in exceptional cases. 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 2018.

Members of the Mediation Committee as at 31 December 2018:

Dr John Feldmann (chairman)
 Özcan Pancarci (deputy chairman)
 Jörg Milla
 Hans Peter Ring

Audit Committee

The Audit Committee comprises four members. Its primary purpose is to monitor financial reporting (including non-financial reporting), the accounting process, the effectiveness of the internal control system, the risk management system, the internal audit system, the auditing of the financial statements and compliance, thereby supporting the Supervisory Board in its task of monitoring the Company's management. 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 five times in 2018. The main topics discussed by the Audit Committee in 2018 were the 2017 annual financial statements, the quarterly statements, the interim report, the budget, the Company's sustainability report and the regular subject of the key elements of corporate governance and risk control systems within the Company.

Members of the Audit Committee as at 31 December 2018:

Hans Peter Ring (chairman)
 Alexandra Schädler (deputy chairwoman)
 Dr John Feldmann
 Jörg Milla

The chairman of the Audit Committee, Hans Peter Ring, is an independent member of the Supervisory Board and has the required expertise in the areas of accountancy and 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. The Nomination Committee met once in 2018 to discuss the appointment of Dr Michael Macht to the Supervisory Board.

**Members of the Nomination Committee
as at 31 December 2018:**

Dr John Feldmann (chairman)
 Dr Alexander Dibelius (deputy chairman)
 Birgit A. Behrendt
 Jiang Kui

4. Diversity

One of the main concerns of good corporate governance is to ensure that appointments to the Executive Board and Supervisory Board are appropriate to the specific needs of the business. Key criteria in this regard include the professional and personal skills and qualifications of the members of the Executive Board and Supervisory Board as well as diversity in the composition of both boards, an appropriate degree of female representation and the independence of the Supervisory Board.

Composition of the Supervisory Board

The Supervisory Board has laid down specific requirements and objectives for its composition in recognition of its responsibilities and obligations and taking into account the business needs of KION GROUP AG. Besides having the minimum professional skills required to be a Supervisory Board member, as specified by law and the highest courts, all members of the Supervisory Board of KION GROUP AG should meet the following criteria:

- Identification with the fundamental values and beliefs of KION GROUP AG
- Positive attitude towards the basic principles of responsible corporate governance
- Personal integrity and a responsible approach to dealing with potential conflicts of interest
- Ability to devote the expected amount of time required and compliance with the limit on the number of mandates that may be held at any one time

Other targets set by the Supervisory Board with regard to its composition are a standard age limit of no more than 70 at the time of appointment/election and a maximum limit for length of membership of four terms of office. All of the current Supervisory Board members meet these requirements.

In addition, the Supervisory Board has defined what it considers to be an adequate number of independent Supervisory Board members. Accordingly, five shareholder representatives on the Supervisory Board should be independent within the meaning of section 5.4.2 of the Code. These five members are currently Ms Behrendt, Dr Reuter, Dr Dibelius, Dr Feldmann and Mr Ring. As regards the employee representatives, the Supervi-

sory Board believes their role as representatives of the employees does not, per se, compromise their independence.

The Supervisory Board is of the opinion that the priority in aiming for a board composition based on diversity is the expertise of the individual members and a balanced mix of personal qualities, experience, skills, qualifications and knowledge in line with the requirements of the business. This is the basis on which the Supervisory Board has drawn up its profile of skills and expertise. The following profile of skills and expertise defines the knowledge acquired through professional practice (experience) and theoretical/academic knowledge (expertise) that should be represented on the Supervisory Board:

- Experience
 - Automotive industry, components and drive technologies
 - Intralogistics
 - Automation, particularly automation in intralogistics
 - Service/aftersales business, particularly in intralogistics
 - Development of international marketing strategies and product portfolio strategies
- Expertise
 - Development and assessment of technology
 - Service/aftersales business models and technological developments in this area
 - Digitalisation and automation
- In-depth understanding of the markets in EMEA, the Americas and Asia
- Experience
 - Management of companies with an international presence, including the development of corporate cultures and organisational structures
 - Supervisory board membership in companies with an international presence
 - Acquisitions and strategic alliances

■ Experience and expertise

- Corporate governance and compliance principles as well as their implementation in at least two of the regions relevant to the Company
- Accounting and auditing
- Capital markets and international finance.

Each of these fields of competence is currently covered by at least six members of the Supervisory Board.

As 31.25 per cent of its members are female (five of 16), the Supervisory Board meets the statutory requirements regarding gender representation on supervisory boards pursuant to section 96 (2) AktG. The shareholder representatives and the employee representatives are agreed that attaining the objectives in relation to diversity, in particular the objectives relating to the involvement of women and people from different cultural backgrounds, is considered to be in the interests of KION GROUP AG and a task that forms part of the collective responsibility of the entire Supervisory Board. The Supervisory Board therefore supports the inclusion of additional female members and members from different cultural backgrounds who meet the above criteria insofar as the skills requirements are met.

When proposing candidates to the Annual General Meeting in future, the Nomination Committee and Supervisory Board will take all of the aforementioned targets into account and strive to ensure that the profile of skills and expertise is still achieved. The Nomination Committee and Supervisory Board have no influence on the composition of the group of employee representatives on the Supervisory Board because the employees in Germany are free to choose whom they elect.

Composition of the Executive Board

Against the background of the aforementioned diversity considerations as well as demographic requirements and strategic operating challenges, the Supervisory Board strives for diversity at Executive Board level, not only in terms of appropriate female representation but also in respect of experience, skills, expertise, cultural background and personality. Ultimately, however, the Supervisory Board is guided exclusively by the skills and qualifications of the persons concerned when making appointments to the Executive Board.

When implementing these objectives during the process of appointing successors or recruiting for a new position, the Supervisory Board draws up a shortlist of candidates who appear to be suitable for the Company as a result of their strategic management experience, expertise, skills and qualifications. Demographic criteria (including the standard retirement age of 65 for Executive Board members) and diversity criteria are then also taken into account, depending on the existing composition of the Executive Board. However, these criteria are of a subordinate nature when making a final decision on the person to appoint. The Supervisory Board therefore set the target for the minimum proportion of women on the Executive Board of KION GROUP AG at 0 per cent, to be achieved by 31 December 2021. The specification of this type of target is required by Germany's 'Act for the equal participation of women and men in managerial positions in the private and public sectors'.

Following the departure of Dr Thomas Toepfer, the Supervisory Board applied these principles when it appointed Ms Anke Groth as a member of the Executive Board with effect from 1 June 2018. Furthermore, it created a new, fifth Executive Board role, reassigning responsibilities in the process, and appointed Ms Susanna Schneeberger as a member of the Executive Board with effect from 1 October 2018. The proportion of women on the Executive Board of KION GROUP AG was therefore 40 per cent as at 31 December 2018.

Appointments to management positions below the level of the Executive Board of KION GROUP AG

When selecting candidates for senior management levels, the Executive Board generally considers that it is under an obligation to make such selections on the basis of diversity, capability, character and experience. As regards the number of women appointed to senior management positions in the Company, the Executive Board is striving in its implementation of the new KION 2027 strategy to increase the current proportion of women in management positions. In this context, the Executive Board set the target at 10 per cent for the first management level below the Executive Board of KION GROUP AG and at 30 per cent for the second management level, to be achieved by 31 December 2021. The specification of this type of target is required by Germany's 'Act for the equal participation of women and men in managerial positions in the private and public sectors'.

In 2018, as part of the HR initiative under the KION 2027 strategy, a dedicated diversity programme was launched whose initial areas of activity were defined in workshops involving participants drawn from various Operating Units and sites. The end of 2018, for example, saw the start of the Female Mentoring Programme, in which the Company's high-potential female employees are systematically coached by managers from the highest management level in the Company.