

## **Statement of corporate governance as of 31 December 2018\***

The corporate governance statement issued in accordance with Section 289f of the HGB contains relevant information regarding management practices, a description of the procedures of the most important corporate bodies as well as the declaration of compliance pursuant to Section 161 of the German Stock Corporation Act.

The Board of Management and the Supervisory Board of Jungheinrich AG are devoted to good, transparent and responsible corporate governance, which is aimed at raising the company's value on a sustainable basis. The way in which the company is managed and controlled by the Board of Management and Supervisory Board is described below.

### **Board of Management**

Jungheinrich AG is divided into five Board of Management divisions. The Board of Management currently consists of four individuals: Dr Lars Brzoska as chairman of the Board of Management (in addition Engineering) as well as Christian Erlach (Marketing & Sales), Dr Volker Hues (Finance) and Dr Klaus-Dieter Rosenbach (Logistics Systems) as members of the Board of Management.

The Board of Management leads the stock corporation on its own responsibility. It conducts business in accordance with statutory regulations, the articles of association of Jungheinrich AG, the rules of procedure for the Board of Management, the resolutions of the Supervisory Board and the annual general meeting, the German Corporate Governance Code (unless a resolution was passed to deviate from its recommendations) as well as in accordance with its contracts of employment. The Board of Management generally passes resolutions with a simple majority. In the event of an equal number of votes, the CEO shall have the casting vote. The rules of procedure for the Board of Management contain certain transactions that require approval by the Supervisory Board.

The Board of Management regularly coordinates the strategic alignment of Jungheinrich AG with the Supervisory Board, and takes responsibility for the implementation thereof. In doing so, the Board of Management takes care to ensure that the management instruments used in the company are effective and efficient. The planning, controlling and risk management systems used to manage the company therefore occupy a key role in corporate governance.

The Board of Management regularly informs the Supervisory Board, promptly and comprehensively, about all important issues in respect of business development, the risk situation, risk management, compliance and planning. Deviations from planning and the defined objectives are also reported and explained to the Supervisory Board.

## **Supervisory Board**

The Supervisory Board appoints the members of the Board of Management and monitors their work. The Supervisory Board performs this activity in accordance with the law, the articles of association of Jungheinrich AG, the rules of procedure for the Supervisory Board and the Board of Management, the German Corporate Governance Code (unless a resolution was passed to deviate from its recommendations), and any resolutions by the Supervisory Board and the annual general meeting. The Supervisory Board and the Board of Management work together intensively and with trust for the benefit of the company. The Supervisory Board meets at least twice during each calendar half-year, and generally meets with the entire Board of Management or individual members thereof, and without them if required.

In accordance with the German Co-Determination Act 1976, the Supervisory Board of Jungheinrich AG comprises 12 Supervisory Board members, six of whom represent the shareholders and six the employees. The members of the Supervisory Board are named in the annual report. The chairman of the Supervisory Board and the chairman's deputy are elected from within the Supervisory Board.

The Supervisory Board makes decisions by means of resolutions. Resolutions are passed by means of a simple majority of the votes cast, unless other majorities are expressly stipulated by law. The voting procedure is as follows: if there is an equal number of votes, and if this is the case again after holding another vote on the same resolution, the chairman shall have two votes in this new vote.

The chairman of the Supervisory Board regularly discusses upcoming topics with the Board of Management, sometimes outside of meetings of the Supervisory Board and its committees.

The Supervisory Board convened on five occasions in 2018.

## **Committees**

The Supervisory Board has created the following three committees from among its members to prepare and supplement its work:

- The Joint Committee (according to Section 27, Paragraph 3, of the German Co-Determination Act)
- The Finance and Audit Committee
- The Personnel Committee

The respective committee chairman generally reports on the material results of the committee meetings to the entire Supervisory Board in the next Supervisory Board meeting.

## **Joint Committee**

The Joint Committee is currently made up of Hans-Georg Frey (Chairman), Markus Haase (Deputy Chairman), Birgit von Garrel and Andreas Wolf.

The Joint Committee did not convene in 2018.

## **Finance and Audit Committee**

The Finance and Audit Committee is currently made up of Dr Ulrich Schmidt (Chairman), Antoinette P. Aris (Deputy Chairwoman) and Steffen Schwarz.

Among other things, the Finance and Audit Committee prepares the decisions of the Supervisory Board on the determination of the annual financial statements and the approval of the consolidated financial statements. It deals with the monitoring of accounting, the accounting process, the effectiveness of the internal control system, the risk management system, the internal audit system, audit services, in particular the proposal regarding the choice of auditor, the issuing of the audit assignment to the auditor, the independence of the auditor, the determination of audit focal areas and the agreed fee, as well as the additional services to be rendered by the auditor, and compliance. It also helps the Supervisory Board to prepare and implement the efficiency audit of the Supervisory Board. Furthermore, the chairman of the committee discusses the half-year financial reports with the Board of Management. The committee prepares the Supervisory Board resolution on the annual Corporate Governance Code declaration pursuant to Section 161 of the German Stock Corporation Act.

The Finance and Audit Committee convened five times in 2018, thereof on one extraordinary occasion.

## **Personnel Committee**

The Personnel Committee is currently made up of Hans-Georg Frey (Chairman), Markus Haase (Deputy Chairman), Rolf Uwe Haschke, Wolff Lange and Andreas Wolf. The Personnel Committee primarily prepares the personnel decisions of the Supervisory Board, in particular the appointment and dismissal of members of the Board of Management including the appointment of the CEO, as well as decisions relating to the compensation structure and the setting and review of the total compensation of individual members of the Board of Management. The Personnel Committee decides on certain transactions instead of the Supervisory Board, taking into account the legal provisions and the stipulations in the rules of procedure for the Supervisory Board and the Board of Management. The committee also focuses on the Group's executives in terms of succession planning.

The Personnel Committee convened on five occasions in 2018.

## **Accounting and audit services**

Accounting for the Jungheinrich Group has been performed in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. The audits of the annual financial statements and the consolidated financial statements is performed by an independent auditor elected by the Annual General Meeting. The 2018 Annual General Meeting elected, at the proposal of the Supervisory Board, KPMG AG Wirtschaftsprüfungsgesellschaft, Hamburg, as the auditor for the annual and consolidated financial statements for the 2018 financial year.

It has been agreed with the auditor that they shall immediately report all findings and events relevant to the tasks of the Supervisory Board that arise during the audit and that they inform the Supervisory Board or make a note in the audit report if, in the course of carrying out the audit, they determine that the declaration on the German Corporate Governance Code issued by the Board of Management and the Supervisory Board is incorrect.

## **Transparency**

Informing the public in a uniform, comprehensive and timely manner is of particular importance to Jungheinrich AG. Jungheinrich AG reports on the state of business and its results in its annual report, at the press conference for the financial statements, in the half-year financial report and in the quarterly reports as of 31 March and 30 September.

The planned dates for important recurring events and publications during the financial year – such as the annual general meeting, annual report, half-year financial report and quarterly reports – have been summarised in a financial calendar. The calendar is published sufficiently in advance and made permanently available on the website of Jungheinrich AG.

Furthermore, information is also provided through press releases and ad-hoc notifications as far as this is required by law. In addition, transactions with preferred shares of Jungheinrich AG, conducted by members of management and closely associated persons ("managers' transactions"), are published in accordance with legal requirements. The same applies to notifications on voting rights. All reports and notifications may be viewed online at [www.jungheinrich.com](http://www.jungheinrich.com).

## **Equal participation of women and men in management positions**

As a result of the “Law on the equal participation of men and women in management positions in the private and public sectors”, which came into force on 1 May 2015, Jungheinrich AG is required to set targets for women in management positions. This is a binding regulation for publicly listed companies subject to the German Co-Determination Act. Aside from the legal requirements, it is necessary, both for social and economic reasons, to support all managers regardless of their gender,

particularly with regard to the demographic change and the associated lack of specialists and managers in Germany.

In November 2017 and in accordance with Section 76, Paragraph 4, of the German Stock Corporation Act, the Board of Management passed a resolution that applies until 30 June 2022 not to fall below the quotas for women at the first and second management levels below the Board of Management, which are 5 per cent and 15 per cent respectively. The first management level in the Jungheinrich Group is referred to as the management levels (ML) E and 1, while the second management level is referred to as ML 2. As at the reporting date on 31 May 2017, the quota was 5.9 per cent for the ML E and 1, while it was 15.5 per cent for the ML 2. The Board of Management reserves the right to adjust these quotas in accordance with the Group's development.

There are currently no women on the Board of Management of Jungheinrich AG. There are no plans to have a specific quota of women on the Board of Management of Jungheinrich AG. However in the 2018 financial year, Sabine Neuß was appointed a member of the Board of Management of Jungheinrich AG with effect from 1 January 2020, taking on responsibility for Engineering.

Four of the twelve current Supervisory Board members are female, two of whom represent the employees and two the shareholders. This means that the legal quota has been met for the Supervisory Board.

It is of particular importance to Jungheinrich that it attracts highly qualified female managers to the company. However, when recruiting new employees, the principle of performance is paramount, meaning that the person with the best qualifications for the position in question will be employed, regardless of gender, age or ethnic background.

### **Diversity concept**

A balance between experience and qualification as well as expertise and diversity is important to the company when filling positions on the Board of Management or the Supervisory Board. We take a broad view on diversity, embracing not only age, gender and nationality, but also other factors such as professional qualifications and experience. These factors are not linked to an explicitly written down diversity concept. In fact, when filling positions on these corporate bodies, the mandatory exercise of the respective tasks has to be ensured.

### **Declaration regarding the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act**

The Board of Management and Supervisory Board hereby declare:

"Jungheinrich AG has complied with the recommendations of the Government Commission's German Corporate Governance Code dated 7 February 2017 and

published by the German Federal Ministry of Justice in the official section of the German Federal Gazette on 24 April 2017 since its last declaration of compliance in December 2017, and will continue to do so, with the following exceptions:

**1. The company's D&O insurance policy does not include a deductible for the members of the Supervisory Board (Item 3.8 of the Code).**

The D&O insurance policy is a Group insurance policy for the company's board members (Board of Management and Supervisory Board) as well as for a large number of the Group's employees in Germany and abroad. Differentiating between employees and board members in principle was deemed improper in the past. Nevertheless, in view of the German law on the appropriateness of management board compensation, the company's insurance policy was supplemented by a deductible for the members of the Board of Management in line with the sum specified by the law and the Code. However, the legislator expressly renounced mandating the introduction of a corresponding deductible for supervisory board members. Only the Code includes a recommendation to this effect. Therefore, the Supervisory Board does not see any reason to deviate from its current practice. The Supervisory Board's deliberations in this connection are based on the conviction that the prime objective is to recruit to the Supervisory Board suitable individuals whose experience is beneficial to the Supervisory Board's work in the company's interests. These goals would be counteracted if the recruited Supervisory Board members satisfying these requirements merely had limited insurance coverage for their work.

**2. The compensation of the members of the Board of Management and Supervisory Board is not published in itemised or individualised form (Items 4.2.4, 4.2.5 and 5.4.6 of the Code).**

The company is still not implementing the Code's recommendation to present the remuneration of the members of the Board of Management or Supervisory Board in itemised or individualised form in the notes or the management report. These are corporate bodies and so disclosure by individual board member is irrelevant. Furthermore, the company believes that the benefits of such disclosure to the public and investors are not significant enough to disregard the associated disadvantages – including the right to privacy of each of the board members. Ultimately, per its resolution dated 24 May 2016, the annual general meeting again waived the obligation of the members of the Board of Management to provide individualised disclosure for a period of five years.

**3. A nomination committee for proposing suitable Supervisory Board candidates to the annual general meeting will not be established (Item 5.3.3 of the Code).**

In light of the company's nature, which can be likened to that of a family-owned company, the Supervisory Board believes that such a committee is dispensable. Two Supervisory Board members are seconded by the registered shareholders. The

candidates proposed to the annual general meeting for the four remaining shareholder representative positions are chosen in close coordination with the holders of ordinary shares.

**4. The company renounces the determination of an age limit and tenure limit for Supervisory Board members (Item 5.4.1 of the Code).**

An age limit can lead to rigid rules, which may counteract the company's goal of recruiting extremely experienced individuals to work on the Supervisory Board. Therefore, the flexibility to make decisions on a case-by-case basis has been given preference over a rigid limit. The Supervisory Board deems it inappropriate to limit the tenure of the members of the Supervisory Board.

**5. The company has not created a skills profile for the whole of the Supervisory Board nor published the Supervisory Board members' CVs (Item 5.4.1 of the Code).**

The Supervisory Board of Jungheinrich AG meets the diversity criteria required by law and the Code. Many of the Supervisory Board members have international business experience. The candidates that will be proposed to the annual general meeting for the four shareholder representative positions are determined in close coordination with the holders of ordinary shares, ensuring that only suitable candidates are proposed to the annual general meeting, who cover as many of the skills that the company requires as possible. For this reason, the Supervisory Board does not deem it appropriate for Jungheinrich, as a family-owned company, to also create a skills profile for the full Supervisory Board. The CVs of Supervisory Board members are not published in order to protect their privacy.

**6. The Supervisory Board's composition may not meet the criteria set forth in Item 5.4.2 of the Code regarding the number of independent Supervisory Board members.**

The Supervisory Board of Jungheinrich AG consists of a total of twelve members, six of whom are elected by the employees. Two Supervisory Board members are seconded by the registered shareholders. The candidates proposed to the annual general meeting for the four remaining shareholder representative positions are chosen in close coordination with the holders of ordinary shares. Only the ordinary shareholders are entitled to cast votes at the annual general meeting. The process for filling the shareholder representative positions reflects the fact that the company is a family-owned business.

**7. The "cooling off" period in accordance with Item 5.4.4 of the Code, pertaining to Board of Management members transferring to the Supervisory Board, will not be used.**

As has already been publicised, the ordinary shareholders unanimously expressed their wish at the Annual General Meeting that the current Chairman of the Board of

Management directly transfers to the Supervisory Board and takes over the role of Chairman of the Supervisory Board as soon as the current Chairman of the Supervisory Board leaves, i.e. without the “cooling-off” period prescribed in the Code. In the opinion of the ordinary shareholders, this will ensure the continued positive development of the company.

Hamburg, December 2018"

\* Note: the corporate governance statement was updated in September 2019. It is generally not amended during the year.