

Corporate Governance and Remuneration Report: committed to a transparent management structure

Panalpina is committed to a transparent management structure that is governed by international Corporate Governance principles. This Corporate Governance Report complies with the revised Directive of the SIX Swiss Exchange and therefore serves to provide investors with key information regarding Corporate Governance in an accessible format. Section 5 of this report also serves as a Compensation Report as recommended by *economiesuisse* in its Swiss Code of Best Practice for Corporate Governance guidelines.

1 Group structure and shareholders

1.1 Group structure

1.1.1 Operational group structure

Panalpina's business activities are primarily regionally oriented. The operating structure is divided into the following four regional units:

- Europe/Africa/Middle East/CIS
- Asia Pacific
- North America (USA and Canada)
- Central and South America

For strategic and organizational reasons, the region Europe/Africa/Middle East/CIS has been divided into two sub-regions with Europe on the one side and Africa/Middle East/CIS on the other. A similar regional split also exists in Asia Pacific with China/Taiwan forming an independent sub-region. Each of the aforementioned regions was managed by its own Regional CEO.

Effective January 1, 2009, Panalpina integrated the regional management layer into its Head Office structure.

Secondary, the business activities are subdivided into the following business segments:

- Air Freight
- Ocean Freight
- Supply Chain Management (logistics and overland transportation activities)

Supplementary information can be taken from the segmental reporting section of the Consolidated Financial Statements (pages 112–113).

1.1.2 Listed companies within the scope of consolidation

Panalpina World Transport (Holding) Ltd. (PWT), the ultimate holding company of the Panalpina Group, is the only listed company within the scope of consolidation. PWT has its

registered office in Basel, Switzerland. The PWT shares are exclusively listed on the SIX Swiss Exchange. The market capitalization on the closing date amounted to CHF 1,475 million (25,000,000 registered shares at CHF 59.00 per share).

The PWT shares are traded under Valor no. 216808/ ISIN CH0002168083, symbol PWTN.

1.1.3 Non-listed companies within the scope of consolidation

The main subsidiaries and associated companies are disclosed in the Consolidated Financial Statements (pages 145–147) itemized by registered office, nominal capital, equity interest in percent, investment and method of consolidation.

1.2 Significant shareholders

The Ernst Göhner Foundation, Zug, Switzerland, is the main shareholder of PWT, with an equity participation of 43.5%.

With regard to other significant shareholders, during the reporting year various disclosures were made in the Swiss Commercial Gazette, in media releases and on the SIX online publication platform (implemented as of November 12, 2008). The various notifications (listed by shareholder and transaction date) are summarized as follows:

Viking Global Equities, Greenwich, USA
 13.03.2008: decrease of share capital to 3.86%
 27.03.2008: decrease of share capital to less than 3%

Farallon Capital Management L.L.C., San Francisco, USA
 18.03.2008: increase of share capital to 3.28%
 29.04.2008: decrease of share capital to 3.02%
 04.06.2008: decrease of share capital to less than 3%
 20.08.2008: increase of share capital to 3.10%
 09.09.2008: decrease of share capital to less than 3%

Deccan Value Advisors LP, Greenwich, USA

27.03.2008: increase of share capital to 5.00%

Panalpina World Transport (Holding) Ltd., Basel, Switzerland

03.04.2008: increase of share capital to 3.03%

15.08.2008: increase of share capital to 5.02%

The respective treasury shares were purchased as a result of PWT's share buyback program (referenced in section 2.3) and its share and option program (referenced in section 5.1).

Merrill Lynch, New York, USA

30.04.2008: increase of share capital to 3.04%

26.06.2008: decrease of share capital to less than 3%

11.07.2008: increase of share capital to 3%

30.07.2008: decrease of share capital to less than 3%

06.08.2008: increase of share capital to 3.02%

18.09.2008: decrease of share capital to less than 3%

19.09.2008: increase of share capital to 3.14%

23.09.2008: decrease of share capital to less than 3%

The Bank of New York Mellon Corporation, New York, USA

11.04.2008: decrease of share capital to less than 3%

Lone Pine Capital LLC, Greenwich, USA

27.05.2008: decrease of share capital to 4.92%

01.07.2008: decrease of share capital to less than 3%

Artisan Partners Limited Partnership, Milwaukee, USA

05.08.2008: increase of share capital to 3.03%

Select Equity Group Inc., New York, USA

08.08.2008: increase of share capital to 3.55%

19.09.2008: increase of share capital to 5.13%

17.10.2008: decrease of share capital to 4.84%

25.11.2008: decrease of share capital to less than 3%

The Children's Investment Master Fund, George Town, Grand Cayman, Cayman Islands

21.01.2008: increase of share capital to 4.55%

22.09.2008: decrease of share capital to less than 3%

Capital Group Companies, Los Angeles, USA

29.10.2008: increase of share capital to 3.51%

17.11.2008: increase of share capital to 5.05%

After the balance sheet date the following disclosure notice was published:

The Income Fund of America Inc., Los Angeles, USA

12.12.2009: increase of share capital to 3.2%

1.3 Cross-shareholdings

No cross-shareholdings exist between PWT and any other company.

2 Capital structure

2.1 Capital

On the closing date, the ordinary share capital of PWT amounted to CHF 50,000,000 and is divided into 25,000,000 registered shares, with a nominal value of CHF 2.00 each.

2.2 Authorized and conditional share capital

The extraordinary Shareholders' Meeting of PWT held on August 23, 2005 agreed with the Board of Directors' proposal to create an authorized share capital up to a maximum aggregate amount of CHF 6,000,000 by issuing a maximum of 3,000,000 registered shares with a nominal value of CHF 2.00 each. At the Shareholders' Meeting of May 15, 2007 the authorized share capital was renewed at the same value until May 15, 2009.

The Board of Directors is authorized to exclude the pre-emptive rights of shareholders and to convey them to third parties, provided that such new shares are to be used for the take-over of entire enterprises, divisions or assets of enterprises or participations or for the financing of such transactions. The Board of Directors has not yet made use of this authorization.

No decision has been made regarding the creation of conditional capital.

2.3 Change in capital over the past three years

With the exception of the share split introduced at the IPO, there has been no change in the share capital structure during the years 2005 through 2008.

In August 2007, the Board of Directors initiated a share buyback program. Under this program, shares amounting to 5% of the share capital (1,250,000 shares) have been repurchased. The buyback program was concluded on September 2, 2008. The proposal of the Board of Directors to the Annual General Meeting to reduce the share capital and cancel the repurchased shares was postponed.

2.4 Shares and participation certificates

On the closing date, 25,000,000 fully paid-in PWT registered shares with a nominal value of CHF 2.00 each were issued. On this date, no participation certificates were issued.

2.5 Dividend-right certificates

On the closing date no dividend-right certificates had been issued.

2.6 Limitations on transferability and nominee registrations

2.6.1 Limitations on transferability for each share category; indication of statutory group clauses and rules for granting exceptions

Acquirers of PWT shares are entered into the share register as shareholders with voting rights upon provision of proof of the acquisition of the shares and provided that they expressly declare that they hold the shares in their own name and for their own account.

The Articles of PWT specify that any shareholder may exercise voting rights to a maximum of 5% of the total number of shares recorded in the commercial register. This limitation for registration in the share register shall also apply to persons who hold shares fully or in part through nominees within the meaning of the Articles. Furthermore, this limitation for registration in the share register also applies to registered shares that are acquired through the exercising of preemptive rights, warrants and conversion rights. The Board of Directors is empowered to allow exemptions from the limitation for registration in the share register in particular cases.

The Articles make provision for group clauses.

The limitations on transferability do not apply to the shares held by the Ernst Göhner Foundation because it held PWT shares prior to the implementation of the limitations (so-called grandfathering).

2.6.2 Reasons for granting exceptions in the year under review

No exceptions were granted during the reporting year.

2.6.3 Admissibility of nominee registrations; indication of any percent clauses and registration conditions

The Articles of PWT specify that the Board of Directors may register nominees with voting rights in the share register up to a maximum of 2% of the share capital recorded in the commercial register. Nominees are persons who do not expressly declare in their application that they hold the shares for their own account and with whom the company has entered into an agreement to this effect.

The Board of Directors is empowered to register nominees with voting rights exceeding 2% of the share capital recorded in the commercial register as long as the respective nominees inform PWT of the names, addresses,

nationalities (registered office in the case of legal entities) and the shareholdings of those persons for whose account they hold 2% or more of the share capital recorded in the commercial register.

The Articles make provision for group clauses.

2.6.4 Procedure and conditions for canceling statutory privileges and limitations on transferability

A resolution of the General Shareholders Meeting of PWT on which at least two-thirds of the voting shares represented agree is required for any abolition or change of the provisions relating to transfer limitations.

2.7 Convertible bonds and warrants/options

There were no convertible bonds outstanding on the closing date.

The only issued options relate to the share and option participation program for members of the Board of Directors, the Executive Board and a further 223 senior managers of Panalpina. For further details please refer to section no. 5.1.

3 Board of Directors

3.1 Members of the Board of Directors

On the closing date the Board was composed of seven persons.

Three members of the Board of Directors (Rudolf W. Hug, Wilfried Rutz and Roger Schmid) are also members of the Board of Trustees (*Stiftungsrat*) of PWT's main shareholder, the Ernst Göhner Foundation.

The biographies of the members are as follows:

Rudolf W. Hug, Chairman. Swiss citizen. Born in 1944. Re-elected in 2008 (until 2011).

Rudolf W. Hug holds a PhD in law from the University of Zurich and a MBA from INSEAD, Fontainebleau (France). In 1985, he participated in the Executive Program of the Graduate School of Business at Stanford University. From 1977 to 1997, he worked in several positions for Schweizerische Kreditanstalt (today Credit Suisse). During the period from 1987 to 1997, he ran the international division and served as a member of the Executive Board of Credit Suisse and Credit Suisse First Boston. Since 1998, Rudolf W. Hug has been active as an independent management consultant. Rudolf W. Hug was appointed Chairman of the Board of Directors on May 15, 2007 following the retirement of his predecessor.

Wilfried Rutz, Vice Chairman. Swiss citizen. Born in 1939. Re-elected in 2007 (until 2010).

Wilfried Rutz holds a university degree in economics as well as a PhD from the University of St. Gall. From 1992 to 2004, he acted as CEO of the Debrunner Koenig Group. Further he has been a member of the board of several Swiss companies in the private and the public sector. Since 2003, he has been a Member of the Board of Directors of PWT and in 2005 he was elected as Vice Chairman.

Günther Casjens, Member of the Board of Directors. German citizen. Born in 1950. Re-elected in 2008 (until 2011).

Günther Casjens is a trained forwarding and shipping merchant. From 1974 to 2004, he held several positions at Hapag-Lloyd, in 1983 as Deputy Director of Europe/Far East Services, in 1987 as Managing Director North America Services, and in 1988 as Managing Director North and South America Services. In 1990, Günther Casjens became a deputy member of the Executive Board of Hapag-Lloyd, and from 1991 to 2004, he was member of the Executive Board of Hapag-Lloyd. From 2004 to 2008, Günther Casjens was Managing Partner and Chief Executive Officer of Nordcapital Holding GmbH & Cie KG. Since 2008, he has been an independent investment consultant.

Yuichi Ishimaru, Member of the Board of Directors. Japanese citizen. Born in 1939. Re-elected in 2008 (until 2011).

Yuichi Ishimaru holds a bachelor degree in economics from Keio University. He has worked for the Marubeni Corporation since 1963. From 1995 to 1998, Yuichi Ishimaru has been member of the Board of Directors of Marubeni Corporation and served as COO for Marubeni America Corporation, New York. From 1998 to 2000, Yuichi Ishimaru served as CEO for Europe and Africa for Marubeni Europe PLC, London. Since 2001, he also holds a position as Executive Vice President of Marubeni Corporation, and since 2003 he has acted as a special advisor to Marubeni Corporation.

Glen R. Pringle, Member of the Board of Directors. American citizen. Born in 1947. Re-elected in 2008 (until 2011).

Glen R. Pringle holds a Bachelor of Arts degree from the University of Alabama (College of Arts and Sciences). After his studies, Glen R. Pringle worked as State Director of Sales for CENCO Instrument Company. Thereafter he worked at WVMI/WBIL Radio Station as a manager of sales. Starting 1986, Glen R. Pringle held the position of Development Director for the Alabama Development Office until 1995, when he became the Development Director of Retirement Systems of Alabama.

Günter Rohrmann, Member of the Board of Directors. German citizen. Born in 1939. Elected in 2008 (until 2011).

Günter Rohrmann is a trained forwarding and shipping merchant. He started his forwarding career at Seaboard World Airline in 1961. From 1962 to 1982, he held several positions at Air Express International (AEI) and in 1982 he became the Vice President Operations USA. From 1985 to 1989, he was COO and the following year he became the CEO of the AEI Group. From 2000 to 2002, he was the Vice Chairman of Danzas AEI Inc. Günter Rohrmann became COO DHL GCS Global Customer Solutions from 2002 to 2005. In 2005, he was appointed as CEO DHL Emerging Markets and in 2007 he became a consultant for DHL Emerging Markets. Since the beginning of 2008, he has been an independent management consultant working on a variety of industry projects.

Roger Schmid, Member of the Board of Directors. Swiss citizen. Born in 1959. Re-elected in 2007 (until 2010).

Roger Schmid holds a university degree in law as well as a PhD in law from the University of Zurich. From 1991 to 1995, he was Legal Counsel and Director at Bank Leu, a subsidiary of Credit Suisse. Since 2003, he has been a member of the Board of Directors. Roger Schmid works as an Executive Director of the Ernst Göhner Foundation.

All the members of the Board are non-executive members and do not actively perform any managerial functions at PWT or any of the Group companies. Nor have they held any executive positions within the past three years prior to this reporting year.

None of the members of the Board of Directors has a substantial business relationship with PWT or any of its group companies.

3.2 Other activities and vested interests

Rudolf W. Hug, Member of the Board of Trustees (*Stiftungsrat*) of the Ernst Göhner Foundation, Zug and Member of the Board of Directors of the following companies: Swiss Post, Berne; Orell Füssli Holding AG, Zurich; Micronas Semiconductor Holding AG, Zurich; Deutsche Bank (Schweiz) AG, Geneva; Allreal Holding AG, Baar.

Wilfried Rutz, Chairman of the Board of Trustees (*Stiftungsrat*) of the Ernst Göhner Foundation, Zug.

Günther Casjens, Member of the Advisory Board at Deutsche Bank AG, Hamburg, Corporate Adviser of Temasek Group, Singapore.

Roger Schmid, Member of the Board of Trustees and Executive Director of the Ernst Göhner Foundation, Zug, Member of the Board of Directors of Verwaltungs- und Privatbank (Schweiz) AG, Zurich, and AIG Private Equity Ltd., Zug.

Other than these, the members of the Board of Directors do not hold other material offices, nor do they carry out any other principal activities that affect the Group.

3.4 Elections and terms of office

3.4.1 Principles of the election procedure and limitations on the terms of office

The Articles of PWT do not make provision for the general renewal of office for the Board of Directors. The period of office shall be individually determined for each member at the time of his election. The members of the Board of Directors are elected at the General Meeting of Shareholders with a 3-year period of office. They may be reelected at any time. The Organizational Regulations of PWT specify an age limit of 72 years for the members of the Board of Directors.

3.4.2 The first election and remaining term of office for each member of the Board of Directors

The timing of the first election and the remaining term of office for each member of the Board of Directors is specified under section no. 3.1.

3.5 Internal organizational structure

The Board of Directors is responsible for the ultimate management of the company and monitoring of the Executive Board. It represents the company externally and is responsible for all matters which have not been transferred to another executive body of the Company by the Swiss Code of Obligations or the Articles. In line with the Articles, the Board of Directors has established Organizational Regulations that transfer certain management responsibilities to the Executive Board.

3.5.1 Allocation of tasks within the Board of Directors

The Board of Directors self-constitutes and appoints its Chairman and Vice Chairman. The Chairman (in his absence the Vice Chairman) directly supervises the business affairs and activities of the Executive Board and is entitled to regularly attend Executive Board meetings. The Corporate Auditor as well as the Corporate Secretary, in his capacity as secretary to the Board of Directors, are directly subordinated to the Chairman of the Board of Directors.

3.5.2 Member list, tasks and areas of responsibility for each committee of the Board of Directors

Three committees exist under the Board of Directors.

The *Audit Committee* consists of the following members of the Board of Directors: Wilfried Rutz (Chairman), Günther Casjens and Roger Schmid. The Audit Committee supports the Board of Directors with the review of the company's financial statements, the supervision of the financial accounting standards and reporting, the review of the effectiveness of the Internal Control System (ICS) and with the efficiency of external and internal audit procedures including risk management. The Audit Committee reviews the consolidated annual financial statements as well as the published interim financial statements and submits an application to the Board of Directors for approval. It regularly maintains contact with the Group Auditor and the Corporate Auditor. On this basis, it adopts the detailed reports of the Group Auditors and semi-annual reports of Corporate Audit. It is therefore in the position to audit the quality, effectiveness and interaction between the control systems, to determine the audit priorities, to introduce proposed measures and to monitor their implementation. The Audit Committee determines the organization of Corporate Audit, adopts the internal audit charter and approves the annual planning/scope of internal audit.

In the field of risk management, the Audit Committee approves the detailed and weighted risk map of the Executive Board and adopts the necessary measures for risk control and risk mitigation and reports the respective outcome to the Board of Directors on a yearly basis. The risk map itself covers any strategic, financial, operational, legal and compliance risks that could significantly impact the company's ability to achieve its business goals and financial targets. Identified risks are weighted and prioritized by the Executive Board according to their significance and likelihood of occurrence. For each risk, specific risk mitigation measures – including their current status – are defined and responsibilities are allocated. The risk map, which is compiled by the Risk Review Committee, chaired by the Corporate Secretary, for review by the Executive Board and subsequent approval by the Audit Committee, contains risks identified and assessed by the respective corporate functions, selected country management, Corporate Audit and the group auditors. The annual risk map also features risks which have increased or decreased in the course of the reporting year.

During the reporting year the Audit Committee held six half-day meetings and one telephone conference. During Audit Committee meetings, direct discussions took place with representatives of the Group Auditors and Corporate Audit. Representatives from the Group Auditors were present at

three of these meetings and the Corporate Auditor attended four of the above mentioned meetings. At these meetings, the Executive Board was regularly represented by the CEO, the CFO and the Corporate Secretary.

Until the establishment of the Legal Committee, during the reporting year the Audit Committee also oversaw both the governmental investigations and related proceedings, which have been initiated against the company and the company's compliance policies and procedures. Related to this specific task the Audit Committee held 14 meetings or telephone conferences with the participation of outside counsel. During these conferences the Executive Board was represented by the CEO and Corporate Secretary.

The *Compensation & Nomination Committee* consists of the following members of the Board of Directors: Rudolf W. Hug (Chairman), Wilfried Rutz and Yuichi Ishimaru. It monitors the selection process for members of the Board of Directors and the Executive Board and determines the overall remuneration and terms of employment for members of the Board of Directors and the Executive Board as well as for highly compensated employees. Regarding the compensation of the members of the Executive Board (overall remuneration including target bonus), the Committee makes a decision subject to the final approval of the Board of Directors, whereas the application for the compensation of the Board members is prepared and submitted to the Board of Directors. The Committee each year decides on the bonus compensation for the CEO and the other members of the Executive Board for the previous year based on recommendations of the Chairman (for the CEO and the CEO for other Executive Board members). Furthermore, the Committee regularly reviews the Group's proposed management share and option programs and submits proposals to the Board of Directors. During the reporting year, the Compensation & Nomination Committee held one telephone conference and four meetings of approximately two hours each. The Executive Board was regularly represented at these meetings by the CEO, the Chief HR Officer and the Corporate Secretary.

The *Legal Committee* consists of the following members of the Board of Directors: Rudolf W. Hug (Chairman) and Roger Schmid. It oversees the company's handling of major legal matters, in particular, the ongoing governmental investigations against the company and related proceedings as well as the development of the company's compliance policies and procedures. Since its establishment in October 2008, the Legal Committee has held seven meetings or telephone conferences with the participation of outside counsel. The Executive Board was represented at these conferences by the CEO, the CFO and the Corporate Secretary.

The Committees generally meet prior to Board of Directors meetings. The chairmen of the committees inform and update the Board of Directors on the topics discussed and decisions made during such meetings. They submit proposals for approval related to decisions that fall within the scope of the Board of Directors.

Objectives, organization, duties and the cooperation with the Board of Directors are defined in the Terms of Reference of the respective committees which are reviewed and adopted by the Board of Directors.

The overall responsibility of the Board of Directors is not affected by these committees.

3.5.3 Working methods of the Board of Directors and its committees

During the reporting year, the Board of Directors held two telephone conferences, four half-day meetings and one full day meeting. The Executive Board was represented by the CEO, the CFO and the Corporate Secretary at these meetings. In urgent cases, telephone conferences or decisions by circular may be organized in order for decisions to be taken.

At every meeting, the Executive Board updates the Board of Directors on business and key financial developments, as well as information on debtor management. On a quarterly basis, detailed consolidated financial statements on the group, regional and business segment levels are reported to the Board of Directors in accordance with IFRS standards. The Board of Directors is furnished in time with an agenda, detailed meeting documentation related to topics on the agenda and minutes.

3.6 Definition of areas of responsibility

In line with the law and the Articles, the Board of Directors has transferred the responsibility to develop and implement the group strategy, as well as the responsibility to supervise business and financial development of the Group's subsidiaries, to the Executive Board.

The Organizational Regulations adopted by the Board of Directors, which are accessible on the company's website, govern the cooperation between the Board of Directors, the Chairman and the Executive Board. It contains a detailed catalogue of duties and competencies which determine the financial thresholds within which the Board of Directors and the Executive Board can efficiently execute their daily business. The Organizational Regulations, which are accessible on Panalpina's website, also outline the reporting duties of the Executive Board on Group and Holding level.

The main responsibilities of the Board of Directors on Group level include the determination of the business strategy on the basis of the proposals of the Executive Board, the approval of major Group policies and organizational structures including topics related to Corporate Governance and Compliance, the approval of the annual operational and investments budgets, the approval of any extraordinary additional investment applications as well as financial planning. Further responsibilities include decisions regarding mergers and acquisitions and major human resources and remuneration decisions following recommendations and preparatory work of its Compensation and Nomination Committee.

3.7 Information and control instruments vis-à-vis the senior management

The Executive Board informs the Board of Directors of business developments in a written format on a monthly basis and a detailed update is provided at each Board of Directors meeting. Elements of this reporting include monthly financial reports, consolidated quarterly regional and business segment results according to IFRS (with actual figures, previous years' figures, quarter results and budget figures as well a comparison with the financial guidance), the reporting of business development in all regions and business segments (including focus on problematic organizations), the development of shipments, volumes and tonnages, the debtors' and creditors' reports (including DSO/DPO) as well as the net working capital. Further information regarding personnel and organizational changes, extraordinary events and the activities of analysts, investors and competitors form part of the regular reporting. Moreover, the Board of Directors annually reviews and approves the Group's targets for the individual regions and business segments and adopts the respective report of the Executive Board.

The Chairman of the Board of Directors occasionally attends Executive Board meetings and regularly receives the minutes of the Executive Board meetings. The CEO and individual members of the Executive Board regularly join meetings of the Board of Directors as well as meetings of its committees. In addition, individual Executive Board members and other senior executives attend specific topic discussions pertaining to their particular field of expertise when required. Furthermore, specific meetings of the Board of Directors are dedicated to a detailed review of major markets, business segments and the Group's development according to predefined schedule. For further details please refer to sections 3.5.2 and 3.5.3. The Audit Committee of the Board of Directors monitors and assesses the activities of the Corporate Auditor as well as his cooperation with the Group Auditor.

The Audit Committee receives the Corporate Auditor's half-year reports and also adopts the comprehensive annual Risk Map of the Executive Board. The Audit Committee approves the proposed risk control and risk mitigation measures as well as the annual planning/scope of the internal audit, which also is also based on the Risk Map. For further detail please refer to section 3.5.2.

4 Executive Board

4.1 Members of the Executive Board

The biographies of the Executive Board members are as follows:

Monika Ribar, CEO, Swiss citizen. Born in 1959. Member of the Executive Board since 2000 and CEO since October 2006.

Monika Ribar joined the Group in 1991. She held several positions within the Group's controlling, IT and global project management departments. From 2000 to 2005, she held the position of the CIO (Chief Information Officer) of the Group and was member of the Executive Board. In 2005 Monika Ribar was appointed as CFO of the Group and her appointment as CEO was announced in June 2006. She officially took office as CEO in October 2006. Apart from individual Executive Board members, the Head of Corporate Communications, Corporate Compliance, Corporate Development and Corporate IT also report directly to her. She holds a university degree in Finance and Controlling from the University of St. Gall. She participated in the Executive Program of the Graduate School of Business at Stanford University, Palo Alto, California in 1999.

Marco Gadola, Chief Financial Officer, Swiss citizen. Born in 1963. Joined Panalpina as a member of the Executive Board in September 2008. Responsible for Corporate Finance, Controlling and Investor Relations.

Marco Gadola is a finance and economics expert with many years' experience in international companies. Before joining Panalpina he was Group CFO and Executive Vice President Operations of Straumann Holding, a world leading Swiss-based dental and oral technology company; prior to that he was Group CFO of the Swiss-based international consumer foods company Hero. He also held leading management positions at the Hilti Group, which manufactures and sells products for the construction and building industries. Furthermore, both at Straumann and at Hero Marco Gadola oversaw production, logistics, investor relations and information technology worldwide, and played a leading part in the acquisition and integration of companies.

Marco Gadola has a Masters Degree in Business Administration and Economics from the University of Basel (Switzerland). He also completed the Accelerated Management Development Programme at the London School of Economics.

Christoph Hess, Corporate Secretary & General Counsel, Swiss citizen. Born in 1955. Member of the Executive Board since October 2006. Responsible for Corporate Legal Services and Insurance.

Christoph Hess joined the Group's head office in 1994 as Secretary of the Board of Directors and the Executive Board. In this capacity he also manages both the Group's Legal and Insurance departments. He also managed Corporate Communications until August 2008. Christoph Hess holds a degree in law from the University of Basel and has been admitted to the bar in Switzerland.

Sandro Knecht, Chief Marketing & Sales and Supply Chain Management Officer, Swiss Citizen. Born in 1966. Member of the Executive Board since April 2008. Responsible for Global Key Account Management, Key Industry Verticals, Supply Chain Management and Marketing & Customer Relationship Management.

Sandro Knecht joined the Group in 1982 for an apprenticeship at Panalpina Zurich and graduated in 1985 from the Zurich Business School. Thereafter he completed an internship at Panalpina Bradford, UK. He had his first management assignment as Marketing & Sales Executive from 1987 to 1989 at Panalpina Switzerland. Between 1989 and 2000, he worked for Panalpina USA as Assistant Vice President and Marketing & Sales Manager for Panalpina Greenville/Spartanburg. In 1993, he was promoted to Vice President & Business Unit Manager for Panalpina Atlanta. From 2000 to 2006, he acted as Managing Director for Panalpina United Kingdom & Ireland based in London. In January 2007, he was promoted to Regional CEO Europe and Member of the Global Management Board. He completed senior management courses with Krauthammer International in New York and Washington DC, and completed the "Managing Corporate Resources" program at IMD Lausanne.

Alastair Robertson, Chief Human Resources Officer, British citizen. Born in 1960. Member of the Executive Board since April 2008. Responsible for Human Resources.

Alastair Robertson joined the Group in 2007 as Head of Global Human Resources. Before joining Panalpina he had been a Vice President at Tetra Pak since 1996, where he held various positions in the field of Human Resources: between 1999 and 2001 as Vice President Human

Resources Americas and from 2002 to 2004 as Vice President Human Resources Europe and Africa. From 1992 to 1996, he worked for W. H. Smith in the field of Personnel, Development and Training and between 1989 and 1992 he was with Graham Builders Merchants as Manager Human Resources Management, Training and Development. He previously served in the military, where he attained the rank of Major and served in numerous countries. Alastair Robertson holds a MBA in Strategy and Marketing from the University of Huddersfield, Bradford (UK). He also attended the Royal School of Military Engineering, UK and the Royal Military Academy, UK.

Dominik Tichelkamp, Chief Product & Procurement Officer, German citizen. Born in 1963. Member of the Executive Board since April 2008. Responsible for Air Freight, Ocean Freight and Overland Transport

Dominik Tichelkamp joined the Group in 2006 as Head of Corporate Ocean Freight at our headquarters in Basel, Switzerland. Before joining Panalpina he was Managing Director with Volkswagen Transport from 2004 to 2006, where he started his automotive career in 1991 as Assistant to the Management of the Volkswagen Transport team in Wolfsburg, Germany. From 1992 to 1994, he worked as Transport Manager with Volkswagen de Mexico. Upon his return to Wolfsburg he managed the "Material Transports Europe" division until 1996 after which he took over the responsibility for "Material Transports Worldwide". From 2000 to 2004 he was Director Logistics with Audi Hungaria Kft in Győr/Hungary. Prior to his studies from 1989–1991 he held a position as a liner agent with Nedlloyd Lines, based in London (UK) after having completed his apprenticeship as a ship broker in Bremen. Dominik Tichelkamp holds a degree in transportation and Economics from the German Foreign Trade and Transport Academy eV (DAV), Bremen (Germany).

Karl Weyeneth, Chief Operating Officer, Swiss citizen. Born in 1964. Member of the Executive Board since April 2008. Responsible for worldwide Operations, Security and HSE, Business Processes & Quality, Agent Relations and Panprojects.

Karl Weyeneth joined the Group in 2007 as Regional CEO for North America, where he was responsible for the development and results of the subsidiaries in USA and Canada. He is a professional with 13 years' leadership and management experience in logistics, including freight management, 3PL and contract logistics. Before joining Panalpina he was President and CEO Americas of Hellmann Worldwide Logistics, Inc. (USA) and prior to this he was Executive Vice President and CFO of Danzas Management

Latin America (USA), where he attained profound experience in all finance matters. He holds a Bachelor in Economics and Business Administration from the University of Berne, Switzerland.

4.2 Other activities and vested interests

Monika Ribar: Member of the Board of Directors of Bank Julius Bär Ltd., Zurich; Member of the Board of Directors of Logitech International SA, Romanel/Morges.

4.3 Management contracts

No management contracts exist with any third party outside the Group.

5 Compensation, shareholdings and loans

5.1 Content and method of determining the compensation and the share-ownership programs

Both the compensation and principles governing the share and option programs for Board of Directors and the Executive Board are determined and approved by the Board of Directors based on the proposal of the Compensation and Nomination Committee. The Committee regularly updates the Board of Directors during the Board of Directors meetings, applies for changes in the remuneration system as required and annually reports the bonus allocation of individual Executive Board members. Members of the Executive Board do not attend respective discussions regarding decisions related to their own remuneration.

Remuneration of the Executive Board members and other 500 executive positions is based on a job and salary banding which itself is the result of multiple market data surveys compiled from companies comparable by size and geographical reach.

The Committee has further engaged external expert advice regarding the company's share and option program. These advisors also have other company mandates.

The members of the Board of Directors receive a fixed annual compensation. Moreover and for the first time in 2009 part of each Board member's remuneration will be in free shares of the company to the value of CHF 50,000. The corresponding number of shares will be based on the share's closing price on April 30, 2009 and will have a one-year restriction period.

The salary package for the members of the Executive Board consists of a fixed basic salary, lump sum vehicle and general expense allowances, additional pension contributions

and a target bonus. 50% of the target bonus depends on various Group Key Performance Indicators (KPIs), such as development of group gross profit, Days Sales Outstanding (DSO), cargo volumes, EBITDA margin and Net Working Capital intensity, while 50% depends on the achievement of measurable individual performance targets. Individual performance targets are defined for the CEO by the Chairman and for other Executive Board members by the CEO. Each Executive Board member is subject to a formal performance appraisal process. For each reporting year performance targets are jointly determined and a year end performance assessment is carried out. The maximum target bonus of the CEO equals 100% of the annual basic salary, whereas maximum target bonuses of other Executive Board members equal between 50% and 67% of their respective annual basic salaries depending on their function. All bonus payments are cut if the respective group or individual performance targets have not been reached. For 2008 the Compensation and Nomination Committee has cut group bonus payments for Executive Board members by 40%.

The Compensation and Nomination Committee annually reports to the Board of Directors on bonus payments to the members of the Executive Board.

In 2009 the target bonus scheme for Executive Board members (reflecting fiscal 2008) will be adjusted to focus on the company's sustainable mid and long-term success. Only 60% of the bonuses – which continue to be set by the achievement of annually reviewed Group KPI's and individual performance targets – will be paid out in cash whereas the remainder will be paid out in company shares with a restriction period of one year. This number of shares will be matched by the company after this restriction period. These shares will thereafter be subject to a one year vesting period. Furthermore, a long-term incentive plan will be introduced which rewards long-term value creation measured by economic profit. Under this plan, which has a five year cycle, the individual Executive Board member is entitled to an equal share of the respective pool after the expiry of the 5 year plan period.

The members of the Board of Directors and of the Executive Board had the opportunity of voluntarily participating in the share and option programs introduced in 2005 and continued each year until 2008.

Under the share and option program introduced in June of the reporting year, which conceptually followed former programs, the members of the Board of Directors and of the Executive Board were offered the purchase of a maximum of 2020 registered shares at a purchase price of 75% of the closing price on the Swiss stock exchange at

the defined cut-off date of April 30, 2008 (CHF 132.00). In line with former programs, the sale of the subscribed shares is restricted for one year. With every subscribed share one option is attained, which is allocated to the extent of $\frac{1}{3}$ after a vesting period of one, two, and three years, respectively and entitles the participant to purchase an additional share at the price of CHF 132.00. Options may be exercised as of allocation and until June 15, 2014, after which they expire.

Neither the members of the Board of Directors nor the members of the Executive Board will be eligible to participate in the aforementioned share and option program as of 2009.

Employment agreements with Executive Board members stipulate a notice period of 12 months. They do not contain "golden parachutes" in case of a change of control nor severance payments after termination of employment.

Further information related to both overall and individual remuneration of the Board of Directors and Executive Board members as well shares and options held by these persons at the closing date including a comparison with the previous year are reflected in the audited Notes to the Consolidated Financial Statements (pages 140–142) according to article 663 bbis CO.

The overall remuneration of the Board of Directors has not changed in comparison to the previous year. The Board fee of the Chairman was, however, increased slightly by decision of the Board of Directors in view of his significant involvement in company matters, particularly in regards to the ongoing investigations. The remuneration of the CEO has been reduced due to the aforementioned decrease in group bonus, which also affected all other Executive Board members. The overall remuneration of the other Executive Board members cannot be compared with the previous year as five additional members joined the Executive Board and two former members left during the reporting year.

6 Shareholders' participation

6.1 Voting rights and representation restrictions

Each share carries one vote at the General Meeting of Shareholders. The Articles state that when exercising voting rights, no shareholder may directly or indirectly represent more than 5% of the total shares issued by the Company for own and represented shares.

The Articles provide for group clauses.

The voting right restrictions are not applicable to representatives of the corporate body (*Organvertreter*) as well as the independent proxy holder of voting rights (*Unabhängiger Stimmrechtsvertreter*). In order to facilitate the exercise of voting rights of deposited shares, the Board of Directors is entitled to enter into agreements with banks which deviate from the voting restrictions.

The voting restrictions do not apply to the shares held by the Ernst Göhner Foundation, because it held PWT shares prior to the introduction of the voting restrictions (grandfathering).

Any abolition or change of the provisions relating to the restrictions on voting rights requires a resolution of the General Meeting of Shareholders on which at least two-thirds of the voting shares represented agree.

A written proxy entitles a shareholder to be represented at the General Meeting of Shareholders by his/her legal representative, or by another shareholder with the right to vote, or by the representative of the corporate body (*Organvertreter*), or by the independent proxy holder of voting rights (*unabhängiger Stimmrechtsvertreter*) or by the proxy holder of deposited shares (*Depotvertreter*).

6.2 Statutory quorums

In principle, the legal rules on quorums apply. Supplementary to the quorums legally listed, a two-thirds majority of the shares represented at the General Meeting of Shareholders is required for the following resolutions:

- any abolition or change of the provisions relating to transfer restrictions;
- any abolition or change of the provisions relating to the restriction of voting rights;
- the transformation of registered shares into bearer shares;
- the dissolution of the company by way of liquidation;
- the removal of two or more members of the Board of Directors;
- the abolition of the respective provision in the Articles as well as the repeal or relief of the stated quorum. A resolution to increase the quorum as set forth in the Articles must be based on the consent of the increased quorum.

6.3 Convocation of the General Meeting of Shareholders

There are no provisions deviating from the law.

6.4 Agenda

Shareholders who individually or together with other shareholders represent shares in the nominal value of CHF 1 million may request that an item be placed on the agenda. Such request must be made in writing to PWT at least 60 days prior to the General Meeting of Shareholders.

6.5 Inscriptions into the share register

Registered shares can only be represented by shareholders (or nominees) who have been entered into the PWT share register. Shareholders (or registered nominees) who cannot personally attend the General Meeting of Shareholders are entitled to nominate a representative according to the provisions in the Articles, who represents them by written proxy.

For the purpose of determining voting rights, the share register is closed for registration from the date upon which the General Meeting of Shareholders has been called (date of invitation) until the day after the General Meeting of Shareholders has taken place.

7 Changes of control and defense measures

7.1 Duty to make an offer

No opting-out or opting-up provisions exist.

7.2 Clauses on changes of control

Neither the contracts of the members of the Board of Directors nor of the Executive Board have a change of control clause.

8 Auditors

8.1 Duration of the mandate and term of office of the lead auditor

The mandate to act as statutory and Group Auditors was taken over by KPMG, Zurich during the reporting year. The entry into the Commercial Register was made on July 10, 2008.

The lead auditor, Regula Wallimann, took up office subsequent to the General Meeting of Shareholders on May 6, 2008.

8.2 Auditing fees

According to financial accounting, invoices for auditing fees for the financial year amounted to CHF 4,010,706.

8.3 Additional fees

The auditors KPMG were compensated an additional amount of CHF 350,000 for further services rendered in the financial year. KPMG was mandated in the reporting year in particular for the completion and submission of tax returns in various countries.

8.4 Informational instruments pertaining to the external audit

The Group Auditors are supervised and controlled by the Audit Committee. The Group Auditors report to the Audit Committee and periodically the lead auditor participates in the meetings. During these meetings, the Group Auditors present a detailed audit plan for the current year including risk based audit priorities, the audit scope, proposals regarding audit fees, organization and timing as well as updates and status of the results of the Internal Control System (ICS). In subsequent meetings they present interim audit findings with respective statements and recommendations later followed by a detailed audit report. Presentations also contain references to upcoming changes in legislation and IFRS standards. The main criteria for the selection of Group Auditors include independence, network capabilities, industry and IT experience of the audit team, a risk-based audit approach, a central process management as well as the integration of Corporate Audit and risk management functions. The Audit Committee annually assesses the performance of the Group Auditors and determines the audit fees (refer to section 3.5).

9 Information policy

Panalpina regularly updates its Internet website at www.panalpina.com, informing the public of any major events, organizational changes and (quarterly) financial results. Press releases are accessible to all visitors to the website; alternatively subscriptions can be made so that the latest press releases are automatically forwarded via e-mail. Furthermore, all publications such as the Annual Report (including the Corporate Governance and Compensation Report), customer magazine and sales brochures are available online. The dates of the General Meeting of Shareholders as well as dates of publication of the quarterly financial results are printed in the Annual Report and appear in the Financial Calendar on the website (under *Investor Relations*). The minutes of shareholder meetings are available online.



www.panalpina.com/corpgov