

RYDER SYSTEM INC  
Form DEF 14A  
March 18, 2019

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 14A

(RULE 14a-101)

INFORMATION REQUIRED IN STATEMENT  
SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement  Confidential, for Use of the Commission Only  
(as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under § 240.14a-12

Ryder System, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Ryder System,  
Inc.  
11690 N.W. 105  
Street  
Miami, Florida  
33178

**NOTICE OF 2019 ANNUAL MEETING OF SHAREHOLDERS**

**Time:** 10:00 a.m. Eastern Daylight Time

**Date:** May 3, 2019

**Place:** Ryder System, Inc. Headquarters

11690 N.W. 105th Street

Miami, Florida 33178

**Purpose:**

1. To elect eleven directors for a one-year term expiring at the 2020 Annual Meeting of Shareholders.
2. To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered certified public accounting firm for the 2019 fiscal year.
3. To approve, on an advisory basis, the compensation of our named executive officers.
4. To approve the 2019 Equity and Incentive Compensation Plan.
5. To approve amendments to our Restated Articles of Incorporation and By-Laws to remove supermajority voting provisions on shareholder action by written consent.
6. To vote, on an advisory basis, on a shareholder proposal on an independent board chairman.
7. To consider any other business that is properly presented at the meeting.

**Who May Vote:** You may vote if you were a record owner of our common stock at the close of business on March 8, 2019.

**Proxy Voting:** Your vote is important. You may vote:

- via Internet;
- by telephone;
- by mail, if you received a paper copy of these proxy materials; or
- in person at the meeting.

By order of the Board of Directors,

Robert D. Fatovic  
Executive Vice President, Chief Legal Officer and Corporate Secretary  
Miami, Florida  
March 18, 2019

This proxy statement and the form of proxy, along with our Annual Report on Form 10-K for the year ended December 31, 2018 and the shareholder letter, were first sent or given to shareholders on or about March 18, 2019. **IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING TO BE HELD ON FRIDAY, MAY 3, 2019.**

Ryder's proxy statement and Annual Report are available online at: <http://www.proxyvote.com>



TABLE OF CONTENTS

	Page
<u>PROXY SUMMARY</u>	<u>1</u>
<u>INFORMATION ABOUT OUR ANNUAL MEETING</u>	<u>6</u>
<u>ELECTION OF DIRECTORS (PROPOSAL 1)</u>	<u>7</u>
<u>CORPORATE GOVERNANCE</u>	<u>14</u>
<u>BOARD OF DIRECTORS</u>	<u>15</u>
<u>AUDIT COMMITTEE</u>	<u>19</u>
<u>COMPENSATION COMMITTEE</u>	<u>20</u>
<u>CORPORATE GOVERNANCE AND NOMINATING COMMITTEE</u>	<u>22</u>
<u>FINANCE COMMITTEE</u>	<u>25</u>
CORPORATE RESPONSIBILITY AND SUSTAINABILITY	<u>25</u>
<u>RISK MANAGEMENT</u>	<u>26</u>
<u>RELATED PERSON TRANSACTIONS</u>	<u>28</u>
RATIFICATION OF INDEPENDENT PUBLIC ACCOUNTING FIRM (PROPOSAL 2)	<u>29</u>
<u>AUDIT COMMITTEE REPORT</u>	<u>31</u>
<u>SECURITY OWNERSHIP OF OFFICERS AND DIRECTORS</u>	<u>32</u>
<u>SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	<u>32</u>
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS</u>	<u>33</u>
<u>COMPENSATION DISCUSSION AND ANALYSIS SUMMARY</u>	<u>33</u>
<u>COMPENSATION DISCUSSION AND ANALYSIS</u>	<u>38</u>
<u>COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION</u>	<u>50</u>
<u>EXECUTIVE COMPENSATION</u>	<u>50</u>
<u>DIRECTOR COMPENSATION</u>	<u>61</u>
<u>ADVISORY VOTE ON EXECUTIVE COMPENSATION (PROPOSAL 3)</u>	<u>64</u>
MANAGEMENT PROPOSAL TO APPROVE THE 2019 EQUITY AND INCENTIVE COMPENSATION PLAN (PROPOSAL 4)	<u>65</u>
MANAGEMENT PROPOSAL TO APPROVE AMENDMENTS TO OUR RESTATED ARTICLES OF INCORPORATION AND BY-LAWS TO REMOVE SUPERMAJORITY VOTING PROVISIONS ON SHAREHOLDER ACTION BY WRITTEN CONSENT (PROPOSAL 5)	<u>74</u>
SHAREHOLDER PROPOSAL ON INDEPENDENT BOARD CHAIRMAN (PROPOSAL 6)	<u>75</u>
<u>OTHER MATTERS</u>	<u>78</u>
APPENDIX A - 2019 EQUITY AND INCENTIVE COMPENSATION PLAN	<u>A-1</u>
APPENDIX B - PROPOSED ARTICLES OF AMENDMENT TO RYDER SYSTEM, INC. RESTATED ARTICLES OF INCORPORATION	<u>B-1</u>
APPENDIX C - PROPOSED AMENDMENT TO RYDER SYSTEM, INC. BY-LAWS	<u>C-1</u>

## Proxy Summary

## PROXY SUMMARY

This proxy summary provides selected highlights of some of the information contained elsewhere in this proxy statement. Please read the entire proxy statement before voting.

## ANNUAL MEETING

Date: May 3, 2019  
10:00 a.m.  
Time: Eastern Daylight  
Time  
Ryder System,  
Inc.  
Headquarters,  
Place: 11690 N.W.  
105th Street,  
Miami, Florida  
33178

Record Date: March 8, 2019

## Voting:

Each share of the Company's common stock held by you at the close of business on March 8, 2019 (the record date) is entitled to one vote on each matter that is properly submitted for a vote at the Annual Meeting.

## How:

Online	By Phone	By Mail	In Person With proof of ownership and a valid photo ID
www.proxyvote.com	1.800.690.6903	Completing, signing and returning your proxy card	

## VOTING MATTERS AND BOARD RECOMMENDATIONS

Matter	Board Recommendation	Page
No. 1 Election of Directors	FOR each Director Nominee	<u>7</u>
No. 2 Ratification of PricewaterhouseCoopers LLP as Independent Auditor	FOR	<u>29</u>
No. 3 Advisory Vote on Executive Compensation	FOR	<u>64</u>
No. 4 Management Proposal to Approve the 2019 Equity and Incentive Compensation Plan	FOR	<u>65</u>
No. 5 Management Proposal to Remove Supermajority Voting Provisions for Shareholder Action by Written Consent	FOR	<u>74</u>
No. 6 Advisory Vote on Shareholder Proposal on an Independent Board Chairman	AGAINST	<u>75</u>

## Proxy Summary

## 2018 FINANCIAL HIGHLIGHTS

Record total revenue increased 15% to \$8.4 billion and record operating revenue\* increased 11% to \$6.7 billion compared to 2017. Total revenue and operating revenue grew across all three business segments reflecting new business and higher volumes.

EBT increased 10% from the prior year primarily due to higher operating results in all business segments.

Adjusted return on capital (ROC)\* increased 70 basis points from 4.2% in the prior year to 4.9% primarily due to higher pre-tax earnings.

For more information relating to the Company's 2018 financial performance, please review our 2018 Annual Report on Form 10-K.

Earnings per share (EPS) from continuing operations decreased 65% to \$5.21 primarily due to the one-time benefit of the Tax Cuts and Jobs Act (Tax Reform) in the prior year. Comparable EPS\* increased 28% to \$5.79 primarily due to lower tax rate from tax reform and improved operating performance.

We grew ChoiceLease by a record 9,600 vehicles and delivered our seventh consecutive year of lease fleet growth.

Commercial rental revenue increased 18% from the prior year due to stronger demand as well as higher pricing.

Operating revenue, comparable EPS and adjusted ROC are non-GAAP financial measures. For a reconciliation of total revenue to operating revenue, GAAP EPS to comparable EPS, and our non-GAAP elements of our adjusted \*ROC to the corresponding GAAP measure as well as the reasons why management believes these measures are useful to shareholders, refer to the "Non-GAAP Financial Measures" section on pages 57-65 of our Annual Report on Form 10-K for the year ended December 31, 2018.

## BOARD AND GOVERNANCE HIGHLIGHTS

## BOARD OF DIRECTORS

Name	Age	Director Since	Professional Background	Independent	Committee Memberships
John M. Berra	71	2003	Retired EVP of Emerson Electric Company	X	Compensation & Governance
Robert J. Eck	60	2011	Retired CEO of Anixter International, Inc.	X	Compensation & Finance
Robert A. Hagemann	62	2014	Retired CFO of Quest Diagnostics Incorporated	X	Audit (Chair) & Finance
Michael F. Hilton	64	2012	President & CEO of Nordson Corporation	X	Compensation & Governance
Tamara L. Lundgren	61	2012	President & CEO of Schnitzer Steel Industries, Inc.	X	Audit & Governance
Luis P. Nieto, Jr.	63	2007	Retired President of the Consumer Foods Group for ConAgra Foods Inc.	X	Audit & Finance (Chair)
David G. Nord	61	2018	Chairman, President & CEO of Hubbell Incorporated	X	Compensation & Finance
Robert E. Sanchez	53	2013	Chair & CEO of Ryder System, Inc.		
Abbie J. Smith	65	2003	Professor of Accounting at the University of Chicago Booth School of Business	X	Audit & Finance
E. Follin Smith	59	2005		X	

			Retired EVP, CFO & Chief Administrative Officer of Constellation Energy Group, Inc.		Compensation (Chair) & Governance
Dmitri L. Stockton	54	2018	Retired Chairman, President & CEO of GE Asset Management	X	Compensation & Finance
Hansel E. Tookes, II	71	2002	Retired President of Raytheon International	Lead Independent Director	Audit & Governance (Chair)

Active Shareholder Engagement:

Our Board and management have a long-standing commitment to engaging with our shareholders and soliciting their perspectives on key performance, governance and compensation matters. As described in further detail below, our current governance and compensation programs reflect changes we have made as a result of this feedback. The key elements of our shareholder engagement process are set forth below.

4 We engage in continuous outreach with shareholders throughout the year and regularly report feedback to our Board.

We routinely review governance and voting policies of our largest shareholders who publish their policies and, each year, we reach out to shareholders representing at least half of our outstanding shares to seek and discuss their feedback on corporate governance, our compensation programs and any other matters of interest. After the 2018 annual meeting, we reached out to our largest shareholders constituting over 53% of our outstanding shares to request feedback on our governance profile and compensation structure.

Proxy Summary

<sup>4</sup> Our Board and management review and evaluate shareholder input to identify issues and concerns that may require Board attention or changes to our policies, practices or disclosure.

In addition to our annual outreach, our CEO, CFO and Investor Relations team meet frequently with shareholders and the investment community regarding our strategy and performance. Depending on the topics the investor wishes <sup>4</sup> to discuss, our meetings with shareholders may also include our Lead Independent Director and Chair of the Corporate Governance and Nominating Committee and the Chair of the Compensation Committee.

Key Changes in Recent Years Based on Shareholder Feedback:

In recent years, in response to shareholder feedback, we have undertaken significant changes to our corporate governance and executive compensation practices and disclosures, including:

<sup>4</sup> Proposing to remove the last-remaining supermajority voting provision in our Restated Articles of Incorporation and <sup>4</sup> By-Laws (for action by written consent) at our 2019 Annual Meeting.

<sup>4</sup> Providing shareholders with the right to act by written consent with procedural safeguards to protect the interests of all shareholders.

<sup>4</sup> Appointing two new Board members in 2018 as part of our Board evaluation, succession planning and refreshment process.

<sup>4</sup> Modifying our executive compensation program, including by (i) moving from long-term performance targets of less than three years to three-year performance periods and (ii) changing our stand-alone total shareholder return (“TSR”) <sup>4</sup> performance metric to a TSR modifier that adjusts payouts, either upward or downward, to reflect our performance against our custom peer group.

Governance Highlights:

<sup>4</sup> All directors are independent (except the CEO/Chair)

<sup>4</sup> None of our directors serve on more than three other public company boards

<sup>4</sup> No related person transactions in 2018

<sup>4</sup> Strong focus on CEO succession planning

<sup>4</sup> Comprehensive Corporate Sustainability Report published in 2019

<sup>4</sup> Strong Lead Independent Director role, who chairs meetings of the independent directors at every Board meeting and who oversees the annual Board evaluation, CEO succession planning and search process for new directors, among other responsibilities

<sup>4</sup> Regular executive sessions in conjunction with each regularly scheduled Board meeting  
<sup>4</sup> Strong Board oversight of risk management and compliance process

<sup>4</sup> Annual Board and committee evaluations

<sup>4</sup> Minimum stock ownership requirements for directors and executive officers

<sup>4</sup> Robust code of ethics and enterprise risk management system

<sup>4</sup> Average Board tenure is 8.9 years; 25% of the directors on the Board have a tenure of less than six years and seven of twelve directors are women or minorities

EXECUTIVE COMPENSATION HIGHLIGHTS

Changes to our Executive Compensation Program in 2018

<sup>4</sup> The Compensation Committee made several changes to our executive compensation program in 2018 intended to further align our compensation program with the objectives articulated by our shareholders, including:

Setting fixed performance targets for each three-year long-term grant at the beginning of the three-year period.

Replacing the annual ROC metric in the long-term incentive plan (“LTIP”) with a three-year ROC/Cost of Capital (“COC”) spread metric designed to incentivize ROC spread improvement over the full performance period, which will be measured at the end of such three-year period.

Shifting from a standalone TSR performance metric to a TSR performance results modifier, which reduces earned performance-based awards if TSR performance is below the median of Ryder's TSR peer group and increases awards for above median performance. No TSR modifier will be applied to increase payouts if Ryder's absolute TSR is



negative.

Adding a new strategic revenue growth metric to incentivize growth in areas which shareholders told us are key to creating long-term shareholder value. The 2018 performance targets are now based on a three-year compound

[Table of Contents](#) Ryder System, Inc. | 2019 Proxy Statement 3

---

## Proxy Summary

average growth rate established at the grant date. Performance will be compared to this target at the end of the three-year performance period to determine payouts.

Replacing a portion of the stock option allocation in our LTIP with restricted stock awards in order to enhance executive stock ownership and serve as a retention tool for our named executive officers ("NEOs"), consistent with market and peer group practices.

These changes were the result of the Committee's comprehensive review of our executive compensation program following our 2017 annual meeting, which included significant shareholder outreach by the Board and management to better understand and address shareholder perspectives. We believe these changes have been well received by our shareholders as reflected by our 2018 say on pay vote of approximately 95% of the total votes cast by our shareholders. As described above, following our 2018 annual meeting we continued to solicit our shareholders' perspectives and contacted our largest shareholders representing over 53% of our outstanding shares. Feedback received was positive and no concerns with our compensation program were expressed.

### Policies that Promote Significant and Long-Term Ownership and Sustainable Shareholder Value Creation

In 2018, 87% of our CEO's target compensation was composed of "at risk" compensation. CEO compensation is a mix of base salary (13%), short-term incentives (20%) and long-term incentives (67%), which we believe provides compensation opportunities measured by a variety of time horizons to appropriately balance our near-term and long-term strategic goals.

A variety of distinct performance metrics tied to our financial and strategic objectives are used in our short-term and long-term incentive plans. We believe this "portfolio" approach to performance metrics encourages executives to focus on overall, sustainable Company performance.

Equity incentive programs and stock ownership guidelines are designed to align management and shareholder interests by providing vehicles for executive officers to maintain ownership positions in the Company.

In 2017, the Compensation Committee increased stock ownership requirements from four to six times base salary for the CEO, and from two to three times base salary for all other NEOs.

Stock ownership requirements for the Board were also increased from five to six times each director's total annual cash retainer.

Starting in 2018, the Compensation Committee replaced performance-based cash awards with performance-based restricted stock rights in order to increase shareholder alignment.

In 2018, the Compensation Committee, after an evaluation by the Committee's independent compensation consultant and consultation with management, approved changes to the compensation peer group and TSR custom peer group to improve operational alignment and ensure appropriate comparisons.

### Priority on Risk Management and Sound Compensation Practices

We incorporate several risk mitigation policies into our compensation program, including:

The Compensation Committee's ability to use "negative discretion" to align appropriate payouts to Company and individual performance;

Anti-hedging and anti-pledging policies; and

Clawback policy applicable to performance-based incentive awards.

Our equity plan, as amended in 2016, as well as our cash severance and annual cash incentive awards, all require "double-trigger" vesting upon a change of control. Our new equity plan, up for approval at the Annual Meeting (Proposal 4), retains this same requirement.

### Rigorous Goals

Goals for our performance-based awards are approved by our independent directors and take into account our historical performance, current strategic initiatives and the macroeconomic environment in which we operate. For

2018:

target operating revenue\* was \$6.59 billion, an increase from our 2017 actual operating revenue of \$5.79 billion.  
target comparable earnings per share\* (EPS) was \$5.73, an increase of 26% from the comparable EPS results in 2017 of \$4.53.

Table of Contents Ryder System, Inc. | 2019 Proxy Statement 4

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Proxy Summary

target 2018 ROC\* for the 2016-2018 and 2017-2019 LTIPs was 4.88%, which was significantly higher than 2017 actual ROC performance of 4.22% and was a particularly challenging target given the weak conditions in our used vehicle sales business.

4 When setting these targets for 2018, we took into account the targeted vehicle growth in our contractual businesses, which we expect will drive long-term shareholder value, as well as the challenges in our used vehicle sales business, which we anticipated would continue into 2018.

4 We believe that our goals are challenging because they require strong top and bottom-line growth, which is consistent with our pay-for-performance philosophy.

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Operating revenue, comparable EPS and adjusted ROC are non-GAAP financial measures. For a reconciliation of total revenue to operating revenue, GAAP EPS to comparable EPS, and our non-GAAP elements of our adjusted \*ROC to the corresponding GAAP measure as well as the reasons why management believes these measures are useful to shareholders, refer to the "Non-GAAP Financial Measures" section on pages 57-65 of our Annual Report on Form 10-K for the year ended December 31, 2018.

Information About our Annual Meeting

RYDER SYSTEM, INC.  
11690 N.W. 105th STREET  
MIAMI, FLORIDA 33178

INFORMATION ABOUT OUR ANNUAL MEETING

You are receiving this proxy statement because you own shares of Ryder common stock that entitle you to vote at the 2019 Annual Meeting of Shareholders to be held on Friday, May 3, 2019 at 10:00 a.m. Eastern Daylight Time, at our corporate headquarters. Our Board of Directors is soliciting proxies from shareholders who wish to vote at the meeting. By using a proxy, you can vote even if you do not attend the meeting. This proxy statement describes the matters on which you are being asked to vote and provides information on those matters so that you can make an informed decision.

At the Annual Meeting, you will be asked to vote on the following six proposals. Our Board recommendation for each proposal is set forth below.

Proposal	Board Recommendation
No. Annual Meeting of Shareholders: Robert J. Eck, Robert A. Hagemann, Michael F. Hilton, Tamara L. Lundgren, Luis P. Nieto, Jr., David G. Nord, Robert E. Sanchez, Abbie J. Smith, E. Follin Smith, Dmitri L. Stockton and Hansel E. Tookes, II	FOR each director nominee
No. To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered certified public accounting firm for the 2019 fiscal year	FOR
No. To approve, on an advisory basis, the compensation of our named executive officers, which we refer to as "Say on Pay"	FOR
No. To approve the 2019 Equity and Incentive Compensation Plan	FOR
No. To approve amendments to our Restated Articles of Incorporation and By-Laws to remove supermajority voting provisions on shareholder action by written consent	FOR
No. To vote, on an advisory basis, on a shareholder proposal on an independent board chairman.	AGAINST

If you sign and return your proxy without making any selections, your shares will be voted "FOR" each of the director nominees, "FOR" Proposals 2-5 and "AGAINST" Proposal 6.

If other matters properly come before the meeting, the proxy holders will have the authority to vote on those matters on your behalf at their discretion. As of the date of this proxy statement, we are not aware of any matters that will come before the meeting other than those disclosed in this proxy statement.

Election of Directors

PROPOSAL NO. 1

ELECTION OF DIRECTORS

Based upon the recommendation of the Corporate Governance and Nominating Committee, the Board has nominated the eleven individuals listed below for election at the Annual Meeting. Under our By-Laws, directors are elected each year at the Annual Meeting. All nominees are currently directors and have been previously elected by our shareholders. As required by our mandatory retirement policy under our Corporate Governance Guidelines, Mr. John M. Berra will be retiring from the Board, effective as of the date of the Annual Meeting, and is therefore not standing for re-election.

Each director elected at the Annual Meeting will serve until Ryder's 2020 Annual Meeting of Shareholders and until he or she is succeeded by another qualified director who has been elected, or, if earlier, until his or her death, resignation or removal.

KEY FACTS ABOUT OUR BOARD

We strive to maintain a diverse and well-rounded Board that balances the institutional knowledge of tenured directors with the fresh perspectives of new members.

Board Composition and Expertise

**Director Criteria, Qualifications and Experience** We believe that each of our directors has the experience, skills, qualities and time to successfully perform his or her duties as a director and contribute to our Company's success. Our directors were nominated because each individual possesses the highest standards of personal integrity and interpersonal and communication skills, is highly accomplished in his or her field, has an understanding of the interests and issues that are important to our shareholders and is able to dedicate sufficient time to fulfilling his or her obligations as a director. Our directors, as a group, complement each other's respective experiences, skills and qualities. Our directors are diverse in age, gender, tenure, ethnic background and professional experience but together produce a cohesive body in terms of Board process, collaboration, mutual respect for differing perspectives and commitment to receiving input on all director viewpoints when evaluating critical issues and making important decisions. More information on Ryder's nomination process is set forth in the Corporate Governance and Nominating Committee section under "Board Succession Process for Directors" on page 21.

## Election of Directors

**Director Tenure, Retirement Policy and Board Refreshment** Board composition and refreshment are priorities for Ryder. The Board believes that it is desirable to maintain a mix of new and experienced directors. The Board does not believe that express limits on a director's tenure are appropriate, and values the increasing contribution of directors who, over time, have developed deeper insight into the Company and its operations. However, to encourage appropriate refreshment and the continued qualification of our Board members, our Corporate Governance Guidelines provide for review of a director's continuation of Board service each time the director is up for re-election. We also have a general policy that directors must retire immediately prior to the Annual Meeting closest to the date the director turns 72, a requirement that the Board has authority to waive in individual cases if the best interests of the Company would be served by such waiver.

### Other Policies and Practices Related to Director Service

**Limits on Other Directorships.** To ensure our directors have adequate time to serve on our Board, we permit service on no more than four other public company boards (or two other public company boards for our CEO/Chair). No director currently serves on more than three other public company boards, and our CEO only serves on one other public company board. We have determined that each director nominee has the adequate time to devote to service on our Board, carry out his or her duties and provide valuable service to the Company in his or her role as a director.

**Meeting Attendance Requirements.** Directors are expected to regularly attend Board and committee meetings.

Directors who fail to attend at least 75% of Board and committee meetings for two consecutive years must submit a letter of resignation, which the Board will determine whether to accept, taking into account the recommendation of the Governance Committee. All of our directors met the meeting attendance requirements in 2018.

**Resignation upon Change in Status.** The Board also requires directors to submit a letter of resignation upon a substantial change in the nature of the director's employment or other significant responsibilities since the time of his or her election. The Board, upon review and recommendation by the Governance Committee, will determine whether the circumstances are consistent with the criteria for Board membership and whether it is appropriate for a director to continue service on the Board.

**Impairment of Ability to Serve.** A director who experiences any other change in circumstances that may impair his or her ability to effectively serve on the Board, or that could result in negative attention to the Company or director, is required to immediately notify the Company and may be asked by the Board to submit a letter of resignation.

Each director's principal occupation and other pertinent information about his or her particular experience, qualifications, attributes and skills that led the Board to conclude that such person should serve as a director appears on the following pages.

If you are a beneficial shareholder and do not give your nominee instructions, your nominee does not have the ability to vote in favor of or against the director nominees. We therefore urge you to return your proxy card and vote your shares on this proposal.

The Board recommends a vote FOR the election of each director nominee.

Election of Directors

DIRECTOR NOMINEES

Robert J. Eck

DESCRIPTION OF BUSINESS EXPERIENCE:

Director since: Mr. Eck served as Chief Executive Officer of Anixter International, Inc. (Anixter), a global distributor of network and security solutions, electrical and electronic solutions, and utility power solutions, from May 2011

Committees: 2008 until he retired in 2018. He serves on Anixter's Board of Directors.

- Mr. Eck joined Anixter in 1989 and held roles of increasing responsibility in strategy, supply chain management, sales and marketing, and human resources. From 2007 to 2008, Mr. Eck served as Executive Vice President and Chief Operating Officer of Anixter. Prior to that position, Mr. Eck served as Executive Vice President of Enterprise Cabling and Security Solutions for Anixter from 2004 to 2007. In 2003, he served as Senior Vice President of Physical Security Products and Integrated Supply of Anixter Inc.

Compensation  
- Finance

OTHER PUBLIC BOARD MEMBERSHIPS:

- Anixter International, Inc.

QUALIFICATIONS:

Age: 60

The Board nominated Mr. Eck as a director because of his leadership experience and expertise in supply chain management, domestic and international operations, and marketing and business development, which the Board finds to be valuable skills that complement the other skills represented on our Board. In addition, Mr. Eck has prior leadership experience as President and Chief Executive Officer of a global public company. He also has experience as a director on a global public company board.

Consistent with our policies and practices related to director service, in making a determination as to Mr. Eck's nomination, the Board considered Mr. Eck's qualifications listed above, his valuable, significant contributions to the Board and Company and his demonstrated willingness and ability to commit adequate time and attention to all Board matters.

Robert A. Hagemann

DESCRIPTION OF BUSINESS EXPERIENCE:

Director since: Mr. Hagemann served as Senior Vice President and Chief Financial Officer of Quest Diagnostics Incorporated until he retired in 2013.

August 2014 Mr. Hagemann joined Quest's predecessor, Corning Life Sciences, Inc., in 1992, and held roles of increasing responsibility until he was named Chief Financial Officer of Quest in 1998. Prior to joining Corning, Mr. Hagemann held senior financial positions at Prime Hospitality, Inc. and Crompton & Knowles, Inc. He also held various positions in corporate accounting and audit at Merrill Lynch and Company and Ernst & Young.

Committees:  
- Audit  
(Chair)  
- Finance

Age: 62

OTHER PUBLIC BOARD MEMBERSHIPS:

- Graphic Packaging Holding Company
- Zimmer Biomet Holdings, Inc.

QUALIFICATIONS:

The Board nominated Mr. Hagemann as a director because of his leadership experience and expertise in finance/accounting, business development, strategy, supply chains and government contracting, which the Board finds to be valuable skills that complement the other skills represented on our Board. In addition, Mr. Hagemann has leadership experience as Chief Financial Officer of a global public company. He also has experience as a director on global public company boards, including serving on audit, compensation and research/innovation/technology committees.

The Board has determined that Mr. Hagemann qualifies as an audit committee financial expert.

Consistent with our policies and practices related to director service, in making a determination as to Mr. Hagemann's nomination, the Board considered Mr. Hagemann's current service on the board of two other public companies. Mr. Hagemann was renominated based on his qualifications listed above, his



valuable, significant contributions to the Board and Company and his demonstrated willingness and ability to commit adequate time and attention to all Board matters.

Election of Directors

Michael F. Hilton

**CURRENT PRINCIPAL OCCUPATION:**  
 Director since: Mr. Hilton serves as President and Chief Executive Officer of Nordson Corporation, a position he  
 July 2012 has held since he joined Nordson in 2010. Nordson engineers, manufactures and markets products  
 Committees: and systems used for dispensing adhesives, coatings, sealants, biomaterials and other materials in a  
 - Compensation wide variety of end markets. Mr. Hilton has publicly announced that he intends to retire from his  
 - Corporate position as President and CEO of Nordson by the end of 2019.

**DESCRIPTION OF BUSINESS EXPERIENCE:**  
 Governance & Nominating Prior to joining Nordson, Mr. Hilton served as Senior Vice President and General Manager of Air  
 Products & Chemicals, Inc. from 2007 until 2010 with specific responsibility for leading the  
 company's global Electronics and Performance Materials segment. Mr. Hilton joined Air Products  
 in 1976, where he held roles of increasing responsibility in a variety of management and operations  
 positions. Air Products serves customers in industrial, energy, technology and healthcare markets  
 worldwide with a unique portfolio of atmospheric gases, process and specialty gases, performance  
 materials, equipment and services.

**OTHER PUBLIC BOARD MEMBERSHIPS:**  
 • Nordson Corporation  
 • Lincoln Electric

**QUALIFICATIONS:**  
 Age: 64 The Board nominated Mr. Hilton as a director because of his leadership experience and expertise  
 in global operations, strategy development, business to business marketing, and oversight of large  
 and diverse business units, which the Board finds to be valuable skills that complement the other  
 skills represented on our Board. In addition, Mr. Hilton has leadership experience as a Chief  
 Executive Officer of a global public company. He also has experience as a director on two global  
 public company boards, including serving on audit and governance committees.  
 Consistent with our policies and practices related to director service, in making a determination as  
 to Mr. Hilton's nomination, the Board considered Mr. Hilton's current role as CEO of another  
 public company and service on the board of his company and one other public company. Mr.  
 Hilton was renominated based on his qualifications listed above, his valuable contributions to the  
 Board, his in-depth knowledge of the Company gleaned from his years of service on the Board,  
 and his demonstrated willingness and ability to commit adequate time and attention to all Board  
 matters.

Tamara L. Lundgren

**CURRENT PRINCIPAL OCCUPATION:**  
 Director since: Ms. Lundgren serves as President and Chief Executive Officer of Schnitzer Steel Industries, Inc., a  
 October 2012 position she has held since 2008. Schnitzer Steel is one of the largest manufacturers and exporters  
 Committees: of recycled ferrous metal products in the United States with approximately 100 operating facilities  
 - Audit in the United States, Puerto Rico and Canada.

**DESCRIPTION OF BUSINESS EXPERIENCE:**  
 Governance & Nominating Ms. Lundgren joined Schnitzer Steel in 2005 as Chief Strategy Officer and subsequently served as  
 Executive Vice President and Chief Operating Officer from 2006 until 2008. Prior to joining  
 Schnitzer Steel, Ms. Lundgren was a managing director at JP Morgan Chase in London and  
 managing director at Deutsche Bank AG in New York and London. Before joining Deutsche Bank,  
 Ms. Lundgren was a partner at the law firm of Hogan & Hartson, LLP in Washington D.C.

**OTHER PUBLIC BOARD MEMBERSHIPS:**  
 • Schnitzer Steel Industries  
**OTHER RELEVANT EXPERIENCE:**

- Member of the Board of Directors of Federal Reserve Bank of San Francisco
- Executive Committee member of the U.S. Chamber of Commerce

**QUALIFICATIONS:**

The Board nominated Ms. Lundgren as a director because of her leadership experience and expertise in global operations, strategy, finance and corporate law, which the Board finds to be valuable skills that complement the other skills represented on our Board. In addition, Ms. Lundgren has leadership experience as President and Chief Executive Officer of a global public company. She also has experience as a director on a global public company board.

The Board has determined that Ms. Lundgren qualifies as an audit committee financial expert. Consistent with our policies and practices related to director service, in making a determination as to Ms. Lundgren's nomination, the Board considered Ms. Lundgren's current role as CEO of another public company and service on the board of her company. Ms. Lundgren was renominated based on her qualifications listed above, her valuable, significant contributions to the Board and Company and her demonstrated willingness and ability to commit adequate time and attention to all Board matters.

Election of Directors

Luis P. Nieto, Jr.

DESCRIPTION OF BUSINESS EXPERIENCE:

Director since: Mr. Nieto served as President of the Consumer Foods Group for ConAgra Foods Inc. from 2007 until he retired in 2009.

February 2007: Mr. Nieto joined ConAgra in 2005 and held various leadership positions, including President of the Meats Group and Refrigerated Foods Group. ConAgra is one of the largest packaged food companies in North America. Prior to joining ConAgra, Mr. Nieto was President and Chief Executive Officer of the Federated Group, a leading private label supplier to the retail grocery and foodservice industries, from 2002 to 2005. From 2000 to 2002, he served as President of the National Refrigerated Products Group of Dean Foods Company. Prior to joining Dean Foods, Mr. Nieto held positions in brand management and strategic planning with Mission Foods, Kraft Foods and the Quaker Oats Company. Mr. Nieto is the President of Nieto Advisory LLC, a consulting firm and is affiliated with Akoya Capital Partners.

Committees: - Audit  
- Finance (Chair)

OTHER PUBLIC BOARD MEMBERSHIPS:

- AutoZone, Inc.

QUALIFICATIONS:

Age: 63

The Board nominated Mr. Nieto as a director because of his leadership experience and expertise in finance, operations, supply chains, brand management, marketing and strategic planning, which the Board finds to be valuable skills that complement the other skills represented on our Board. In addition, Mr. Nieto has leadership experience in positions of executive oversight and senior management at a global public company. He also has experience as a director on a global public company board, including serving on audit and governance committees.

The Board has determined that Mr. Nieto qualifies as an audit committee financial expert.

Consistent with our policies and practices related to director service, in making a determination as to Mr. Nieto's nomination, the Board considered Mr. Nieto's current service on the board of another public company. Mr. Nieto was renominated based on his qualifications listed above, his valuable, significant contributions to the Board and Company and his demonstrated willingness and ability to commit adequate time and attention to all Board matters.

David G. Nord

CURRENT PRINCIPAL OCCUPATION:

Director since: Mr. Nord serves as Chairman, President and Chief Executive Officer of Hubbell Incorporated, an international manufacturer of electrical and electronic products for a broad range of non-residential and residential construction, industrial and utility applications. Mr. Nord has held this position since March 2018

Committees: - May 2014, and prior to that served as President and Chief Executive Officer of Hubbell since January 2013.

Compensation - Finance

DESCRIPTION OF BUSINESS EXPERIENCE:

Age: 61

Mr. Nord joined Hubbell in 2005 as Senior Vice President and Chief Financial Officer, and subsequently served as President and Chief Operating Officer from 2012 to 2013. Prior to joining Hubbell, Mr. Nord held various senior financial positions at United Technologies Corporation, including Vice President and Controller as well as Vice President of Finance and Chief Financial Officer of Hamilton Sundstrand Corporation, one of its principal subsidiaries.

OTHER PUBLIC BOARD MEMBERSHIPS:

- Hubbell Incorporated

QUALIFICATIONS:

The Board nominated Mr. Nord as a director because of his leadership experience, expertise in global operations and strong financial acumen, which the Board finds to be valuable skills that complement the other skills represented on our Board. In addition, Mr. Nord has leadership experience as President and CEO of a global public company. He also has experience as a director on a global public company board.

Consistent with our policies and practices related to director service, in making a determination as to Mr. Nord's nomination, the Board considered Mr. Nord's current role as CEO of another public company and service on the board of his company. Mr. Nord was nominated based on his qualifications listed above and his willingness and ability to commit adequate time and attention to all Board matters.

Election of Directors

Robert E. Sanchez

**CURRENT PRINCIPAL OCCUPATION:**

Director since: Mr. Sanchez currently serves as Chair and Chief Executive Officer of Ryder System, Inc.

**DESCRIPTION OF BUSINESS EXPERIENCE:**

January 2013 Board Chair Mr. Sanchez was appointed Chair of Ryder's Board in May 2013. He was appointed President and Chief Executive Officer in January 2013, at which time he was also elected to Ryder's Board. Mr. Sanchez joined Ryder in 1993 and has served in positions of increasing responsibility, including a broad range of leadership positions in Ryder's business segments. Mr. Sanchez served as President and Chief Operating Officer from February 2012 to December 2012. Prior to that position, he served as President of Global Fleet Management Solutions, Ryder's largest business segment, from September 2010 to February 2012. Mr. Sanchez also served as Executive Vice President and Chief Financial Officer from October 2007 to September 2010; as Executive Vice President of Operations, U.S. Fleet Management Solutions from October 2005 to October 2007; and as Senior Vice President and Chief Information Officer from January 2003 to October 2005. Mr. Sanchez has been a member of Ryder's Executive Leadership team since 2003.

**OTHER PUBLIC BOARD MEMBERSHIPS:**

- Texas Instruments

**OTHER RELEVANT EXPERIENCE:**

- Member of the Board of Directors of the Truck Renting and Leasing Association

**QUALIFICATIONS:**

Age: 53

The Board nominated Mr. Sanchez as a director because of his leadership experience and expertise in transportation, supply chains/logistics, global operations, finance and information technology, which the Board finds to be valuable skills that complement the other skills represented on our Board. He has leadership experience based on years of broad-based, diverse senior management experience at Ryder, including serving as President and Chief Operating Officer, Division President of Ryder's largest business segment, Chief Financial Officer and Chief Information Officer. He also has experience as a director on a global public company board, including serving as compensation committee chair.

Consistent with our policies and practices related to director service, in making a determination as to Mr. Sanchez's nomination, the Board considered Mr. Sanchez's current role as CEO of Ryder and service on the board of another public company. Mr. Sanchez was renominated based on his qualifications listed above, his valuable, significant contributions to the Board and Company and his demonstrated willingness and ability to commit adequate time and attention to all Board matters.

Abbie J. Smith

**CURRENT PRINCIPAL OCCUPATION:**

Director since: Ms. Smith serves as the Boris and Irene Stern Distinguished Service Professor of Accounting at the University of Chicago Booth School of Business.

**DESCRIPTION OF BUSINESS EXPERIENCE:**

July 2003 Committees: Ms. Smith joined the faculty of the University of Chicago Booth School of Business in 1980 upon completion of her Ph.D. in Accounting at Cornell University. The primary focus of her research is corporate restructuring, transparency and corporate governance. She was nominated for a 2005 Smith Breeden Prize for her publication in The Journal of Finance and has received a Marvin Bower Fellowship from the Harvard Business School, a McKinsey Award for Excellence in Teaching and a GE Foundation Research Grant.

Age: 65

**OTHER PUBLIC BOARD MEMBERSHIPS:**

- Dimensional Investment Group Inc.
- DFA Investment Dimensions Group Inc.
- HNI Corporation

**OTHER RELEVANT EXPERIENCE:**

- Trustee of certain Chicago-based UBS Funds

**QUALIFICATIONS:**

The Board nominated Ms. Smith as a director because of her leadership experience and expertise in business, accounting and corporate governance, which the Board finds to be valuable skills that complement the other skills represented on our Board. In addition, Ms. Smith has an accomplished educational background with extensive academic and teaching experience in business, accounting and corporate governance. She also has experience as a director on global public company boards, including serving as lead independent director and member of audit and governance committees.

The Board has determined that Ms. Smith qualifies as an audit committee financial expert.

Consistent with our policies and practices related to director service, in making a determination as to Ms. Smith's nomination, the Board considered Ms. Smith's current role as a professor of a distinguished university and service on the board of three other companies. Ms. Smith was renominated based on her qualifications listed above, her valuable, significant contributions to the Board and Company and her demonstrated willingness and ability to commit adequate time and attention to all Board matters.

Election of Directors

E. Follin Smith

**DESCRIPTION OF BUSINESS EXPERIENCE:**

Director since: Until May 2007, Ms. Smith served as the Executive Vice President, Chief Financial Officer and  
 July 2005 Chief Administrative Officer of Constellation Energy Group, Inc., then the nation's largest  
 Committees: competitive supplier of electricity to large commercial and industrial customers and the nation's  
 - Compensation largest wholesale power seller. Ms. Smith joined Constellation Energy Group as Senior Vice  
 (Chair) President, Chief Financial Officer in June 2001 and was appointed Chief Administrative Officer in  
 - Corporate December 2003.  
 Governance & Before joining Constellation Energy Group, Ms. Smith was Senior Vice President and Chief  
 Nominating Financial Officer of Armstrong Holdings, Inc., the global leader in hard-surface flooring and  
 ceilings. Prior to joining Armstrong, Ms. Smith held various senior financial positions with  
 General Motors, including Chief Financial Officer for General Motors' Delphi Chassis Systems  
 division.

**OTHER PUBLIC BOARD MEMBERSHIPS:**

- A past director of Kraft Foods Group (until July 2015)
- A past director of Discover Financial Services (until May 2014)

**QUALIFICATIONS:**

Age: 59 The Board nominated Ms. Smith as a director based on her leadership experience and expertise in  
 finance, human resources, risk management, legal and information technology, which the Board  
 finds to be valuable skills that complement the other skills represented on our Board. In addition,  
 Ms. Smith has leadership experience serving as Chief Financial Officer and Chief Administrative  
 Officer of global public companies. She also has experience as a director on other global public  
 company boards, including serving on audit, governance and risk committees.  
 Consistent with our policies and practices related to director service, in making a determination as  
 to Ms. Smith's nomination, the Board considered Ms. Smith's past experience as a CFO and  
 service on other company boards. Ms. Smith was renominated based on her qualifications listed  
 above, her valuable, significant contributions to the Board and Company and her demonstrated  
 willingness and ability to commit adequate time and attention to all Board matters.

Dmitri L. Stockton

**DESCRIPTION OF BUSINESS EXPERIENCE:**

Director since: Mr. Stockton most recently served as Senior Vice President and Special Advisor to the Chairman of  
 March 2018 General Electric Company (GE) from 2016 until his retirement in 2017. GE is a multinational  
 Committees: industrial company that provides power and water, aviation, oil and gas, healthcare, appliances and  
 - lighting, energy management, transportation and financial services.  
 Compensation Mr. Stockton joined GE in 1987 and held various positions of increasing responsibility during his 30  
 - Finance year tenure. From 2011 to 2016, Mr. Stockton served as Chairman, President and Chief Executive  
 Age: 54 Officer of GE Asset Management, a global asset management company affiliated with GE, and as  
 Senior Vice President of GE. From 2008 to 2011, he served as President and Chief Executive Officer  
 for GE Capital Global Banking and Senior Vice President of GE in London, UK. He previously also  
 served as President and Chief Executive Officer for GE Consumer Finance for Central and Eastern  
 Europe.

**OTHER PUBLIC BOARD MEMBERSHIPS:**

- Deere & Company
- Stanley Black & Decker
- Target Corporation

**QUALIFICATIONS:**

The Board nominated Mr. Stockton as a director because of his leadership experience and his  
 expertise in risk management, governance, finance and asset management, which the Board finds to  
 be valuable skills that complement the other skills represented on our Board. In addition, Mr.



Stockton also has leadership experience in positions of executive oversight and senior management from his tenure at GE, as well as experience as a director on public company boards. Consistent with our policies and practices related to director service, in making a determination as to Mr. Stockton's nomination, the Board considered Mr. Stockton's current service on the Board of three other public companies. Mr. Stockton was nominated based on his qualifications listed above and his willingness and ability to commit adequate time and attention to all Board matters.

Election of Directors  
Corporate Governance Framework

Hansel E. Tookes, II

DESCRIPTION OF BUSINESS EXPERIENCE:

Director since: Mr. Tookes served as President of Raytheon International until he retired from Raytheon Company  
September 2002 in December 2002.

Lead Independent Director Committees: - Audit - Corporate Governance & Nominating (Chair)  
Mr. Tookes joined Raytheon in September 1999 as President and Chief Operating Officer of Raytheon Aircraft Company. He was appointed Chief Executive Officer in January 2000, Chairman in August 2000 and became President of Raytheon International in May 2001. Prior to joining Raytheon in 1999, Mr. Tookes served as President of Pratt & Whitney's Large Military Engines Group since 1996. He joined Pratt & Whitney's parent company, United Technologies Corporation, in 1980. Mr. Tookes was a Lieutenant Commander and military pilot in the U.S. Navy and later served as a commercial pilot with United Airlines.

OTHER PUBLIC BOARD MEMBERSHIPS:

- Corning Incorporated
- Harris Corporation
- NextEra Energy, Inc. (formerly FPL Group, Inc.)

QUALIFICATIONS:

Age: 71

The Board nominated Mr. Tookes as a director because of his leadership experience and expertise in global operations, the transportation industry, the U.S. military and government contracting, which the Board finds to be valuable skills that complement the other skills represented on our Board. In addition, Mr. Tookes has leadership experience in positions of executive oversight and senior management at global public companies. He also has experience as a director on global public company boards, including serving as governance committee chair and member of audit, compensation, finance and executive committees.

The Board has determined that Mr. Tookes qualifies as an audit committee financial expert. Consistent with our policies and practices related to director service, in making a determination as to Mr. Tookes' nomination, the Board considered Mr. Tookes' current service on the board of three other public companies. Mr. Tookes was renominated based on his qualifications listed above, his valuable, significant contributions to the Board and Company and his demonstrated willingness and ability to commit adequate time and attention to all Board matters.

CORPORATE GOVERNANCE FRAMEWORK

We maintain a Governance page in the Investors area of our website at <http://investors.ryder.com>, which includes our Corporate Governance Guidelines and the following additional materials relating to corporate governance:

Principles of Business Conduct

Committee charters

Board - background and experience

Board committees - current members

How to contact our directors

The Corporate Governance Guidelines set forth our governance principles relating to, among other things:

The Board's annual strategic direction review

Director independence (including our director independence standards)

Director qualifications and responsibilities

Board and leadership structure

Director resignation policy

Director compensation

CEO and senior management succession

CEO evaluation and compensation

**Board and committee evaluations**

The Principles of Business Conduct apply to our officers, employees and Board members and cover all areas of professional conduct including conflicts of interest, confidentiality, compliance with law and mechanisms to report known or suspected wrongdoing. Any waivers to our Principles of Business Conduct for Board members or our executive officers granted by the Governance Committee will be posted on our website or disclosed in a public filing made with the Securities and Exchange Commission (SEC).

Table of Contents Ryder System, Inc. | 2019 Proxy Statement 14

---

Board of Directors

**BOARD OF DIRECTORS**

Director Independence

11 of the 12 Directors are Independent

Independence

It is our policy that a substantial majority of the members of our Board and all of the members of our Audit Committee, Compensation Committee, Corporate Governance and Nominating Committee and Finance Committee qualify as independent under the New York Stock Exchange (NYSE) corporate governance listing standards.

To assist in making independence determinations, our Board has adopted director independence standards, which are included as part of our Corporate Governance Guidelines and are available on our Investors website at <http://investors.ryder.com>. Our director independence standards set forth certain transactions or relationships that the Board has determined will not, by themselves, be deemed to create a material relationship for the purpose of determining director independence. However, the Board will consider all relationships and transactions with our directors, even those that meet these standards, to determine whether the particular facts or circumstances of the relationship or transaction would impair the director's independence.

2019 Independence Review

In preparation for our 2019 Annual Meeting, the Board undertakes an annual review of director independence, which includes a review of each director's responses to questionnaires asking about any and all relationships with the Company. This review is performed in accordance with our Corporate Governance Guidelines and is designed to identify and evaluate any transactions or relationships between a director or any member of his or her immediate family and the Company or members of our senior management.

In the ordinary course of business, transactions may occur between us and entities with which some of our directors are or have been affiliated. In connection with its evaluation of director independence, our Board identified and reviewed several transactions that occurred during 2018 between us and companies where our directors or family members of our directors serve as executive officers.

Specifically, Mr. Eck, Mr. Hilton, Ms. Lundgren, and Mr. Nord have served or currently serve as executives of companies that lease vehicles or receive other services from us, or provide services or products to us, such as maintenance equipment or parts. We reviewed each of these commercial relationships and found that all transactions between us and the relevant companies were made in the ordinary course of business and negotiated at arm's length. Furthermore, each of these commercial relationships was below the threshold set forth in our director independence standards (i.e., one percent of such other company's consolidated gross revenues for such year or \$1 million, whichever is greater). As a result, our Board determined that none of these commercial relationships impaired the independence of the relevant director.

Additionally, the Board reviewed charitable donations and contributions made by the Company to tax-exempt organizations where our directors serve as a trustee or director. Specifically, Ms. Lundgren serves on the board of a tax-exempt organization to which the Company makes or has made contributions. We reviewed this relationship and found that all contributions made by the Company were made in the ordinary course, at arm's length and consistent with our policies and procedures. Furthermore, this relationship was below the threshold set forth in our director independence standards (i.e., one percent of such organization's consolidated gross revenues for such year or \$250,000, whichever is greater). As a result, our Board determined that this relationship does not impair Ms. Lundgren's independence.

Based on its independence review and after considering the transactions described above, the Board determined that each of the following directors (which together constitute all members of the Board other than Mr. Sanchez) is independent: John M. Berra, Robert J. Eck, Robert A. Hagemann, Michael F. Hilton, Tamara L. Lundgren, Luis P. Nieto, Jr., David G. Nord, Abbie J. Smith, E. Follin Smith, Dmitri L. Stockton and Hansel E. Tookes, II. No family relationships exist among our directors and executive officers.

Board of Directors

**SHAREHOLDER ENGAGEMENT AND COMMUNICATIONS WITH THE BOARD**

Our Board and management are committed to engaging with our shareholders and obtaining their views and input on performance, governance, executive compensation and any other matters important to our shareholders.

**Board-Driven Engagement and Board Reporting.** Our Governance Committee oversees the shareholder engagement process and reviews and assesses shareholder input. As part of this process, the Committee regularly provides updates to the full Board on shareholder engagement efforts and feedback.

**Year-Round Engagement.** Ryder conducts routine shareholder outreach during and outside of the proxy season, so that the Board and Company remain informed on the issues that our shareholders tell us matter most to them. We provide institutional investors with opportunities to provide feedback to our Board and senior management through our participation in formal events, one-on-one meetings and group meetings throughout the year. Annually, our Chief Legal Officer and Corporate Secretary reaches out to our shareholders representing at least half of our outstanding shares to discuss Ryder's corporate governance and compensation profile and any other shareholder concerns. We also seek shareholder feedback prior to making any material compensation or governance changes and when we are considering whether to support or enact provisions requested in a shareholder proposal.

**Engagement Participants.** Our Board Chair and CEO, Chief Legal Officer and Corporate Secretary, and/or Vice President of Corporate Strategy and Investor Relations participate in regular meetings with shareholders. When appropriate, other Board members, including our Lead Independent Director, Governance Committee Chair and other Committee Chairs, also participate in the meetings. For instance, in 2017, our Lead Independent Director and Governance Committee Chair and Compensation Committee Chair participated in the shareholder engagement meetings when we were considering material governance changes requested by shareholders as well as changes to our executive compensation program.

**Transparency and Informed Governance Enhancements.** Our Governance Committee and full Board regularly review our governance practices and policies with an eye towards continual improvement. In addition to considering shareholder feedback obtained through our engagement process, our Board regularly reviews the voting results of our shareholder meetings, governance and proxy voting policies of our shareholders who publish their policies, other published materials reflecting shareholder views, governance practices of our peers and other companies similar in size to Ryder, and current trends in corporate governance.

**Summary of Ryder's 2018 Shareholder Engagement**

<sup>4</sup> During the summer and fall of 2018, we sought feedback from shareholders holding over 53% of our shares, including our top 20 shareholders, on Ryder's governance and compensation profile.

<sup>4</sup> This engagement outreach was in addition to over a hundred other meetings and discussions that management and investor relations held with shareholders since the 2018 Annual Meeting.

<sup>4</sup> None of the shareholders whom we reached out to expressed any concerns, which we believe indicates that shareholders have been pleased with recently implemented governance changes.

Board of Directors

Actions Taken as a Result of Shareholder Engagement

- 4 Provided shareholders with the right to act by written consent in 2018
- 4 Commenced annual elections for all directors beginning in 2018
- 4 Moved to three-year performance periods and fixed three-year targets in the LTIP beginning with 2018 awards
- 4 Implemented a balanced proxy access right in 2016
- 4 Adopted double-trigger vesting upon a change of control in our Equity Plan in 2016 (eliminating our single-trigger vesting provisions)
- 4 Commenced disclosing on an annual basis our political contributions policy and annual direct corporate contributions to political candidates on our website beginning in 2015
- 4 Eliminated supermajority voting provisions from our By-Laws regarding removal of directors, amendment of certain provisions of our Articles of Incorporation and By-Laws and approval of certain business combinations with interested shareholders beginning in 2014
- 4 Periodically publish a corporate sustainability report beginning in 2012
- 4 Commenced disclosure of carbon emissions and energy data through the Carbon Disclosure Project beginning in 2008

Shareholder Communications with the Board. Shareholders and other interested parties can communicate with our independent directors as a group through an external toll-free hotline number at 1-800-815-2830 (7 days a week/24 hours a day), through the Governance page in the Investors area of our website at <http://investors.ryder.com>, or by mailing their communication to: Independent Directors, c/o Corporate Secretary, Ryder System, Inc., 11690 N.W. 105th Street, Miami, Florida 33178. Any communications received from interested parties in the manners described above will be collected and organized by our Corporate Secretary and will be periodically, and in any event prior to each regularly-scheduled Board meeting, reported and/or delivered to our independent directors. The Corporate Secretary will not forward spam, junk mail, mass mailings, service complaints or inquiries, job inquiries, surveys, business solicitations or advertisements, or patently offensive or otherwise inappropriate materials to the independent directors. Correspondence relating to some of these matters, such as service issues, may be distributed internally for review and possible response. The procedures for communicating with our independent directors as a group are available in the Investors area of our website at <http://investors.ryder.com>, on the Governance page.

Our Audit Committee has established procedures for the receipt, retention and treatment of complaints regarding questionable accounting, internal control, financial improprieties or auditing matters. Any of our employees or members of the general public may communicate concerns about any of these matters confidentially to any supervisor or manager, the Chief Legal Officer, the Vice President of Internal Audit or the Chief Compliance Officer, or on a confidential and/or anonymous basis by way of a third party toll-free hotline number (1-800-815-2830), web-based portal ([helpline.ryder.com](http://helpline.ryder.com)), e-mail ([ethics@ryder.com](mailto:ethics@ryder.com)), or via e-mail to members of our Audit Committee ([audit@ryder.com](mailto:audit@ryder.com)). All of these reporting mechanisms are publicized in the Investors area of our website at <http://investors.ryder.com>, in our Principles of Business Conduct, through in person and on-line compliance training, and location posters. Upon receipt of a complaint or concern, a determination will be made whether it pertains to accounting, internal control, financial improprieties or auditing matters and, if it does, it will be handled in accordance with the procedures established by the Audit Committee. A summary of all complaints of whatever type received through the reporting mechanisms are reported to the Audit Committee at each regularly-scheduled Audit Committee meeting. Matters requiring immediate attention are promptly forwarded to the Chair of the Audit Committee.

**BOARD MEETINGS**

The Board held six regular meetings and two special meetings in 2018. Each of the directors attended at least 75% of the aggregate number of meetings of the Board and committees on which the director served in 2018. Our independent directors meet in outside directors session without management present as part of each regularly-scheduled Board meeting. Our Lead Independent Director presides over these outside directors sessions.

We expect our directors to attend our Annual Meeting of Shareholders. All of our directors attended the 2018 Annual Meeting.

## BOARD LEADERSHIP STRUCTURE

Ryder combines the positions of CEO and Board Chair. Ryder believes that the CEO, as a Company executive, is in the best position to fulfill the Chair's responsibilities, including those related to identifying emerging issues facing Ryder, communicating essential information to the Board about Ryder's performance and strategies, and proposing agendas for the Board. As detailed in his biography above, Mr. Sanchez has over 25 years of experience with the Company, during which time he has held many senior executive leadership positions. We believe his in-depth knowledge of the Company and his extensive executive and management experience makes him uniquely well positioned to lead the Board in developing and monitoring the strategic direction of the Company. Ryder believes that its Board leadership structure is enhanced by the independent leadership provided by our Lead Independent Director. The Board has developed the role of a strong Lead Independent Director to facilitate and

[Table of Contents](#) Ryder System, Inc. | 2019 Proxy Statement 17

---

Board of Directors

strengthen the Board's independent oversight of Company performance, strategy and succession planning, and uphold effective governance standards. Ryder's Corporate Governance Guidelines establish that the Board members shall appoint a Lead Independent Director every five years, although the Board has discretion to deviate from this cycle when it determines it is in the best interests of the Company to do so. Our current Lead Independent Director is Hansel E. Tookes, II, who has served in the position since 2015. The Board believes that Mr. Tookes' in-depth knowledge of our business and historical developments gleaned from his years on our Board, his past executive leadership experience at a public company, and his willingness and ability to devote the time required to serve in this role, make him exceptionally well qualified to serve as our Lead Independent Director.

The Lead Independent Director's duties include the following:

Lead Independent Director

Duties and Practices

- 4 Presides at all meetings of the Board at which the Chair is not present, including outside directors sessions of the independent directors (which are held at every regular meeting)
- 4 Serves as the liaison between the CEO/Chair and the independent directors and works with the Chair to make sure that all director viewpoints are considered and that decisions are appropriately made
- 4 Serves as the liaison between the Board and management to ensure the Board obtains the materials



and information  
it needs  
Requests and  
previews  
information  
4 sent to the  
Board, as  
necessary  
Develops  
meeting  
agendas for the  
Board, in  
collaboration  
with the Chair  
4 and Chief Legal  
Officer, to  
ensure that  
topics requested  
by the  
independent  
directors are  
included  
Has authority to  
4 call meetings of  
the independent  
directors  
Is available for  
consultation  
and direct  
communication  
4 with  
shareholders to  
discuss  
concerns and  
expectations,  
upon request  
Engages with  
other  
independent  
directors to  
4 identify matters  
for discussion at  
outside  
directors  
sessions  
Oversees  
4 annual CEO  
evaluation  
4 Serves as our  
Governance  
Committee

Chair and oversees the Board's annual evaluation process and the search process for new director candidates

#### BOARD COMMITTEES

The Board has four standing committees: Audit, Compensation, Corporate Governance and Nominating and Finance. All of the committees are composed entirely of independent directors who meet in outside directors sessions without management present as part of each regularly-scheduled committee meeting. Each committee evaluates its performance annually. The tables below provides current membership and 2018 meeting information for each committee:

We have adopted written charters that set forth each committee's responsibilities and provide for periodic review of each charter and annual evaluation of each committee's performance. The charters grant each committee the authority to obtain the advice and assistance of, and receive appropriate funding from us for, outside legal, accounting or other advisors as a committee deems necessary to fulfill its obligations. The specific powers and responsibilities of the committees are set forth in more detail in their charters, which are available on the Governance page in the Investors area of our website at <http://investors.ryder.com>.

At the end of each year, the committees review and approve agenda schedules for the following year. The agenda schedules outline the various topics the committees will consider during the year to ensure they adequately fulfill their committee charter responsibilities. The committees consider other topics during the year as needed to fulfill their responsibilities. Our Chief Legal Officer works closely with the Board Chair, Lead Independent Director and Committee Chairs to ensure that information presented to the committees with respect to items discussed and/or approved is clear and comprehensive.

[Table of Contents](#) Ryder System, Inc. | 2019 Proxy Statement 18

---

Audit Committee

AUDIT COMMITTEE

Members

Robert A. Hagemann (Chair) Tamara L. Lundgren Luis P. Nieto, Jr. Abbie J. Smith Hansel E. Tookes, II

Key Responsibilities

4 Appointing, overseeing and determining the compensation and independence of our independent registered certified public accounting firm

4 Approving the scope of the annual audit and the related audit fees

4 Reviewing the scope of internal audit's activities and performance of the internal audit function

4 Reviewing and discussing the adequacy and effectiveness of internal control over financial reporting with internal audit and the independent registered certified public

4 accounting  
 4 firm  
 4 Overseeing  
 4 investigations  
 4 into  
 4 accounting  
 4 and financial  
 4 complaints  
 4 and Ryder's  
 4 global  
 4 compliance  
 4 program  
 4 Reviewing  
 4 audit results,  
 4 financial  
 4 disclosures  
 4 and earnings  
 4 guidance  
 4 Reviewing,  
 4 discussing and  
 4 overseeing the  
 4 process by  
 4 which the  
 4 Company  
 4 assesses and  
 4 manages risk  
 4 Reviewing  
 4 and  
 4 overseeing  
 4 matters  
 4 relating to  
 4 accounting,  
 4 auditing and  
 4 financial  
 4 reporting  
 4 practices and  
 4 policies

Independence and Financial  
 Expertise

4 All members  
 4 are  
 4 independent  
 4 All members  
 4 are financial  
 4 experts

Audit Committee Processes and Procedures

Meetings. Our Chief Financial Officer, Controller, Vice President of Internal Audit, Chief Legal Officer, Chief Compliance Officer and representatives of our independent registered certified public accounting firm participate in Audit Committee meetings, as necessary and appropriate, to assist the Audit Committee in its discussion and analysis of the various agenda items. The Audit Committee also meets regularly in executive session with our Chief Financial Officer, Vice President of Internal Audit, Controller, Chief Compliance Officer, Chief Legal Officer and

representatives of our independent registered certified public accounting firm.

#### Independence and Financial Expertise

The Board reviewed the background, experience and independence of each of the Audit Committee members based in part on the directors' responses to a questionnaire relating to their relationships, background and experience. Based on this review, the Board determined that each member of the Audit Committee:

meets the independence requirements of the NYSE's corporate governance listing standards and our director independence standards;

meets the enhanced independence standards for audit committee members required by the SEC;

is financially literate, knowledgeable and qualified to review financial statements; and

qualifies as an "audit committee financial expert" under SEC rules.

[Table of Contents](#) Ryder System, Inc. | 2019 Proxy Statement 19

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Compensation Committee

COMPENSATION COMMITTEE

Members

E. Follin Smith (Chair) John M. Berra Robert J. Eck Michael F. Hilton David G. Nord\* Dmitri L. Stockton\*

Key Responsibilities

- 4      Overseeing, reviewing and approving our executive and director compensation plans, policies and programs
- 4      Considering industry trends, benchmark data and whether compensation actions support key business objectives and pay for performance philosophy
- 4      Approving compensation actions for direct reports to the CEO and recommending compensation actions for the CEO for consideration by the independent directors
- 4      Reviewing and discussing the results of the shareholder advisory vote on executive compensation (and the frequency of such vote) and

4 considering  
whether to  
recommend  
any  
adjustments to  
policies and  
practices based  
on the vote  
results  
Reviewing and  
assessing  
compensation  
policies from a  
risk  
management  
perspective  
Overseeing the  
preparation of  
the  
Compensation  
Discussion and  
Analysis and  
4 determining  
whether to  
recommend it  
for inclusion in  
this proxy  
statement

Independence

4 All members  
are  
independent

\*Messrs. Nord and Stockton became members of the Compensation Committee when they were appointed to the Board on March 1, 2018.