

Introduction

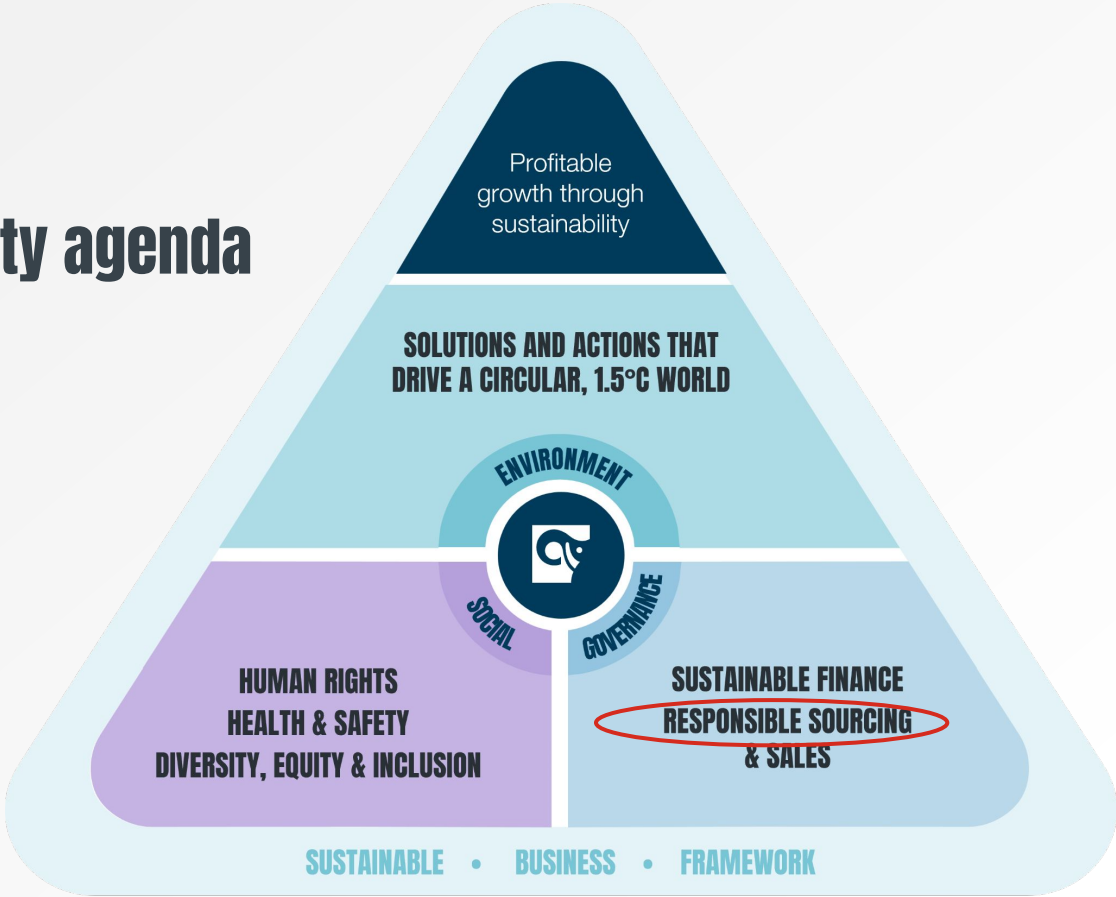
Responsible sourcing at Cargotec

Content

- ▶ Cargotec's sustainability ambition (Hiab, Kalmar, MacGregor)
- ▶ Responsible sourcing programmes
 - Supply chain decarbonisation
 - Hazardous substances management
 - Responsible minerals
 - Business Partner Code of Conduct and assessments



Cargotec's sustainability agenda



Responsible sourcing: vision and key priorities

Vision and ambitions

Industry leader in supplier sustainability to enable future growth:

- › Stringiest sustainability requirements
- › Pioneer sustainable solutions
- › Sustainability requirements as baseline
- › Supplier development to reach higher ESG maturity level

Key priorities

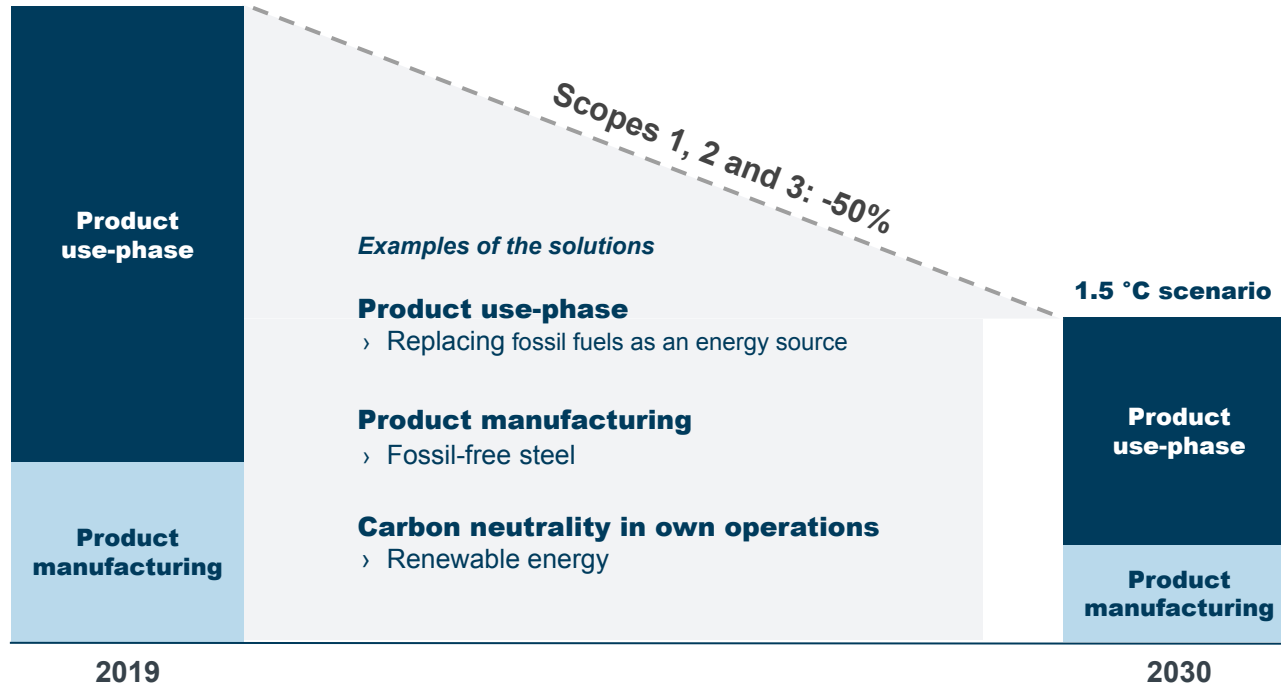
1. Decarbonise supply chain
2. Reduce hazardous substances
3. Source critical minerals responsibly
4. ESG due diligence and continuous improvement

Programmes to address key priorities

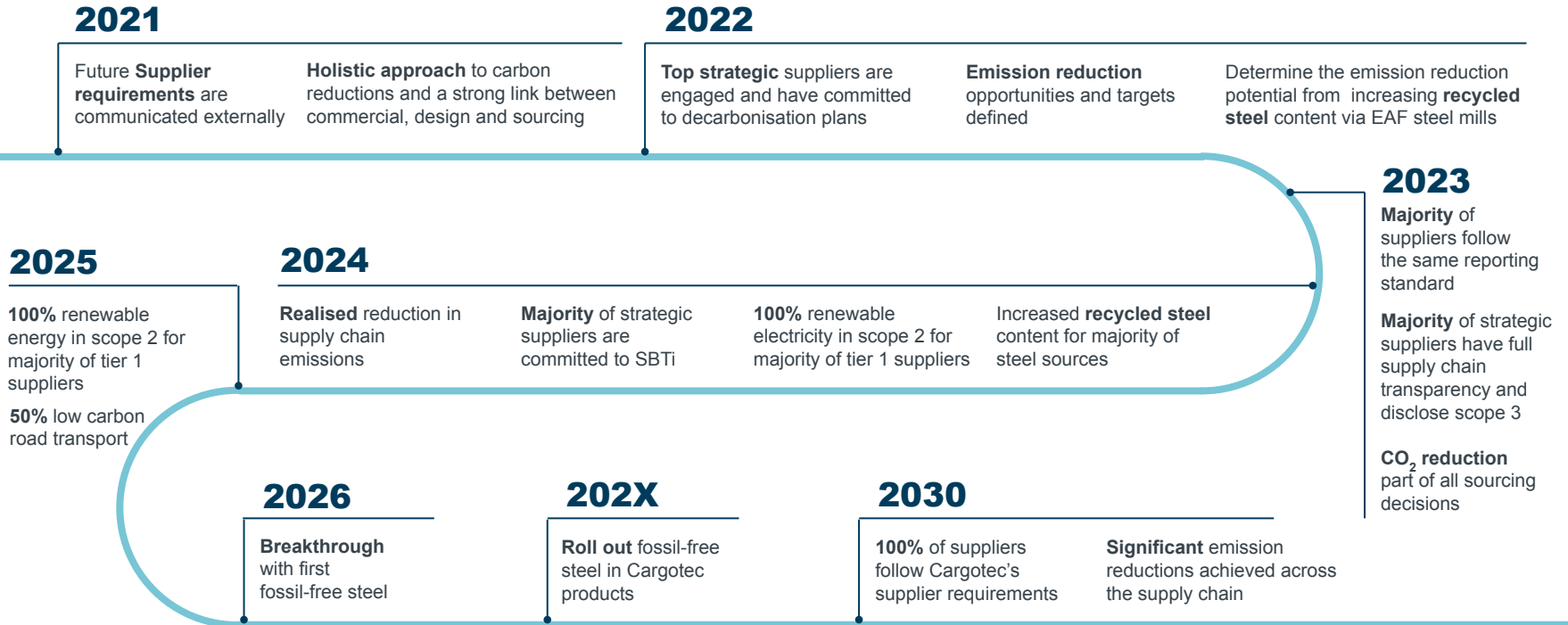
1. Supply chain decarbonisation
2. Hazardous substances management
3. Responsible minerals
4. Business Partner Code of Conduct and assessments

Supply chain decarbonisation

Intelligent cargo handling is the solution to cut CO₂ emissions in our value chain by 50%



By 2030 we will deliver significant reductions in the supply chain and all suppliers will follow Cargotec requirements



Supply chain decarbonisation

WHY?

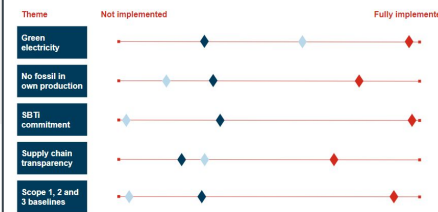
- **Science-based target** (50% reduction by 2030, including scope 3 upstream)
- **Key legislation:**
 - EU Corporate Sustainability Due Diligence Directive (including national due diligence legislation)
 - EU Taxonomy
- **Customer** requests
- Cargotec Business Partner Code of Conduct
- **Investor** requirements (CDP report, sustainability indices)



HOW?

- Supplier engagement tool with last year **data on scope 1, 2 and 3 emissions**
- CO₂ emissions reduction **plan to support 50% reduction** target of Cargotec, focus:
 - Low carbon steel
 - Renewable energy
 - Circularity

Suppliers are at different maturity levels



WHAT?

- **50% reduction of supply chain CO₂ emissions** (scope 3 upstream) by 2030 (vs 2019 baseline)
- Set up **circular economy** models

Material (Scope 3)

This section covers steel needed to make other sustainable materials and calculates the impact of materials used in CARGOTEC products. Please filter material account calculations to at maximum about 80% of the weight, stated i.e. in kg in major products that use in Cargotec Bay.

Material	Material grade	Material Type	Raw origin material origin	Unit
Carbon Steel	S42	Steel rebar	INDIA	SLA MET
Carbon Steel	S152	Steel section	INDIA	SLA MET
Carbon Steel	S192	Steel section	INDIA	INDIA'S QUAT
Carbon Steel	S192	Steel section	INDIA	QUAT
Carbon Steel	S192	Steel section	INDIA	QUAT

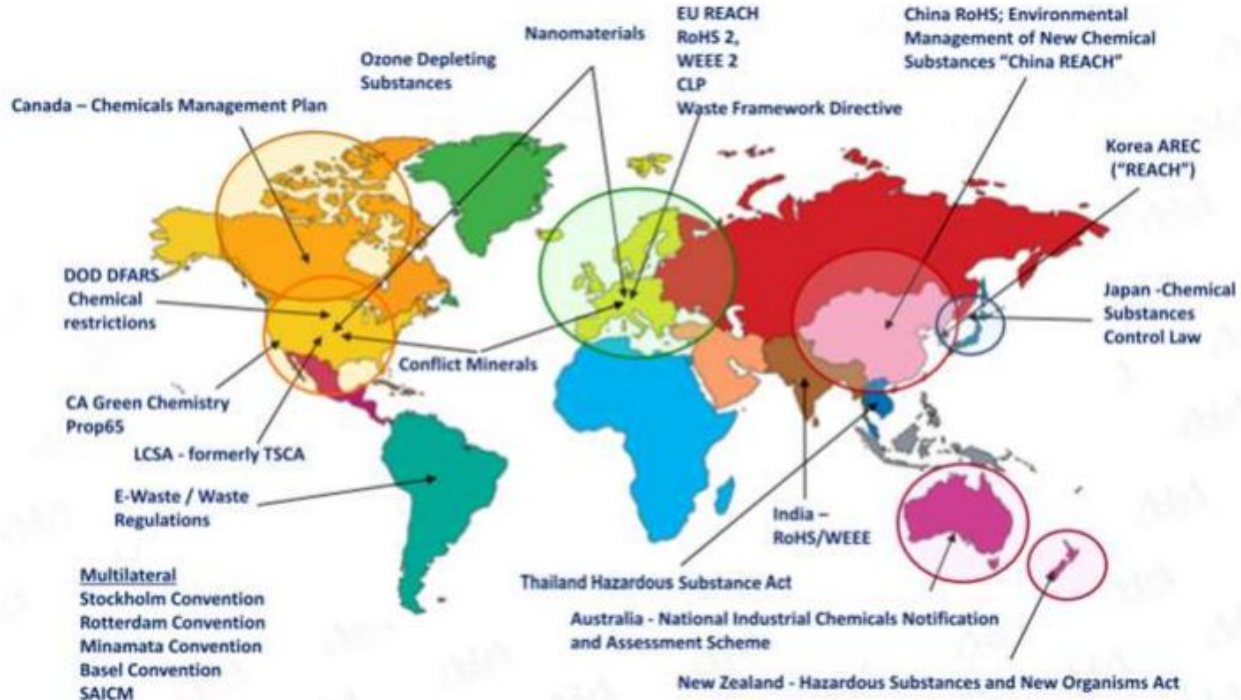
Energy and emissions (Scope 1 + 2)

Material	Material grade	Material Type	Raw origin material origin	Unit
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An aerial photograph of a port or industrial yard. The scene is dominated by a large number of colorful shipping containers stacked in rows. The containers are in various colors including orange, yellow, green, blue, and white. A road with white lane markings curves through the center of the yard. In the background, there are more containers and some industrial structures. The overall lighting is somewhat dim, suggesting an overcast day or a shaded area.

Hazardous substances management

Worldwide examples of regulations related to chemicals



Hazardous substances management

WHY?

- **Legal compliance:**
 - EU REACH SVHC's (Substances of Very High Concern) and mandatory SCIP reporting (Substances of Concern In articles as such or in complex objects [Products])
 - EU Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH)
 - EU restrictions on persistent organic pollutants (POPs)
 - EU Battery directive
 - US Toxic Substances Control Act (TSCA) restrictions, including Phenol, Isopropylated Phosphate (PIP)
 - Global restrictions of hazardous substances (RoHS)
 - EU Taxonomy (DNSH = Do no significant harm)
- **Customer** requests and contractual obligations
- Cargotec Business Partner Code of Conduct

HOW?

- Registration on the BOMcheck platform to share **up-to-date declarations** on:
 - ROHS
 - REACH SVHCs
 - REACH restrictions
 - POPs
 - TSCA restrictions

WHAT?

- **Transparency** to fulfill compliance and reporting obligations
- Program to **reduce hazardous substances** in Cargotec products long term

Responsible minerals

Conflict minerals background

Situation





- Democratic Republic of Congo (DRC) – armed groups take over the mines
- Atrocities (over 5.4 million people killed since 1990s)

Legal response

- July 2010 – US Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) signed by Barack Obama: Obligation to publicly disclose the country of origin of minerals and due diligence measures
- August 22, 2012 – final rules on Section 1502 of the Dodd-Frank Act concerning disclosure and reporting the use of specific conflict minerals (3TGs) from the DRC and adjoining countries issued by SEC
- OECD DD Guidance for Responsible Supply Chain of Minerals from Conflict Affected and High Risk Areas published end of 2010
- EU Conflict Minerals regulation: Enter into force in 2019, apply from January 2021: mandatory reporting for importers of 3TGs (over defined threshold) and voluntary disclosure for downstream companies
- Discussions on mandatory due diligence law in EU (CSDDD = Corporate Sustainability Due Diligence Directive)



The 3TGs: application examples

Metal (3TGs)	Industries	Applications
Tin 	<ul style="list-style-type: none">▪ Electronics▪ Automotive▪ Industrial Equipment▪ Construction	<ul style="list-style-type: none">▪ Solder for joining pipes and circuits▪ Tin plating of steel▪ Alloys
Tantalum 	<ul style="list-style-type: none">▪ Electronics▪ Medical Equipment▪ Industrial Tools▪ Aerospace	<ul style="list-style-type: none">▪ Capacitors▪ Carbide tools▪ Jet engine components
Tungsten 	<ul style="list-style-type: none">▪ Electronics▪ Lighting▪ Industrial Machinery	<ul style="list-style-type: none">▪ Metal wires, electrodes and electrical contacts▪ Heating and welding applications
Gold 	<ul style="list-style-type: none">▪ Jewelry▪ Electronics▪ Aerospace	<ul style="list-style-type: none">▪ Jewelry▪ Electroplating and IC wiring

EU Battery Regulation summary

CHAPTER I – General Provisions	<ul style="list-style-type: none"> Objectives, definitions, free movement of batteries within EU
CHAPTER II – Sustainability & Safety Requirements	<ul style="list-style-type: none"> Restrictions hazardous substances, e.g. mercury, cadmium, lead Requirements on carbon footprint Requirements on recycled content Performance, durability and safety requirements Removability and replaceability
CHAPTER III – Labelling & information requirements	<ul style="list-style-type: none"> Labelling requirements (main characteristics, safety, lifetime, charging capacity, etc) Battery management system to monitor battery health
CHAPTER IV – Conformity assessment	<ul style="list-style-type: none"> Conformity assessment procedures EU Declaration of conformity
CHAPTER V – Notified authorities, bodies	<ul style="list-style-type: none"> Requirement relating to notifying authorities, charged with designating notified bodies to do conformance assessments
CHAPTER VI – Obligations of Economic Operators	<ul style="list-style-type: none"> Manufacturer labelling and declaration of conformity Supply Chain due diligence requirements ESG – Importer designation of authorized representatives
CHAPTER VII – Management of waste batteries	<ul style="list-style-type: none"> Register of producers Extended producer responsibility + collection & waste targets Requirements on treatment facilities – BATs, waste hierarchy + recycling efficiencies & targets Obligations for repurposing/remanufacturing batteries
CHAPTER VIII – Digital Battery Passport	<ul style="list-style-type: none"> Battery Passport
CHAPTER IX - Market Surveillance	<ul style="list-style-type: none"> Procedures for market surveillance and safeguards
CHAPTER X & XI – Green procurement & other measures + delegation	<ul style="list-style-type: none"> Obligation for public buyers to apply environmental criteria Procedure for restriction of substances EC empowered to adopt Delegated Acts

Applies to all batteries, and products with a battery, that are placed on the EU market.

Particularly important for Cargotec:

Chapter II: Restricted substances, recycled content (Cobalt, Lead, Lithium, Nickel), carbon footprint

Chapter VI: Mandatory ESG due diligence for Cobalt, Natural Graphite, Nickel and Lithium

Chapter VIII: Digital Battery passport – with all required information

Responsible minerals (conflict and battery minerals)

WHY?

- Key legislation:
 - EU Battery Regulation
 - EU/ US conflict minerals law
 - EU Corporate Sustainability Due Diligence Directive (and national legislations)
 - OECD Guidelines for for Multinational Enterprises
- Customer requests
- Cargotec Business Partner Code of Conduct
- Responsible Minerals Initiative membership

HOW?

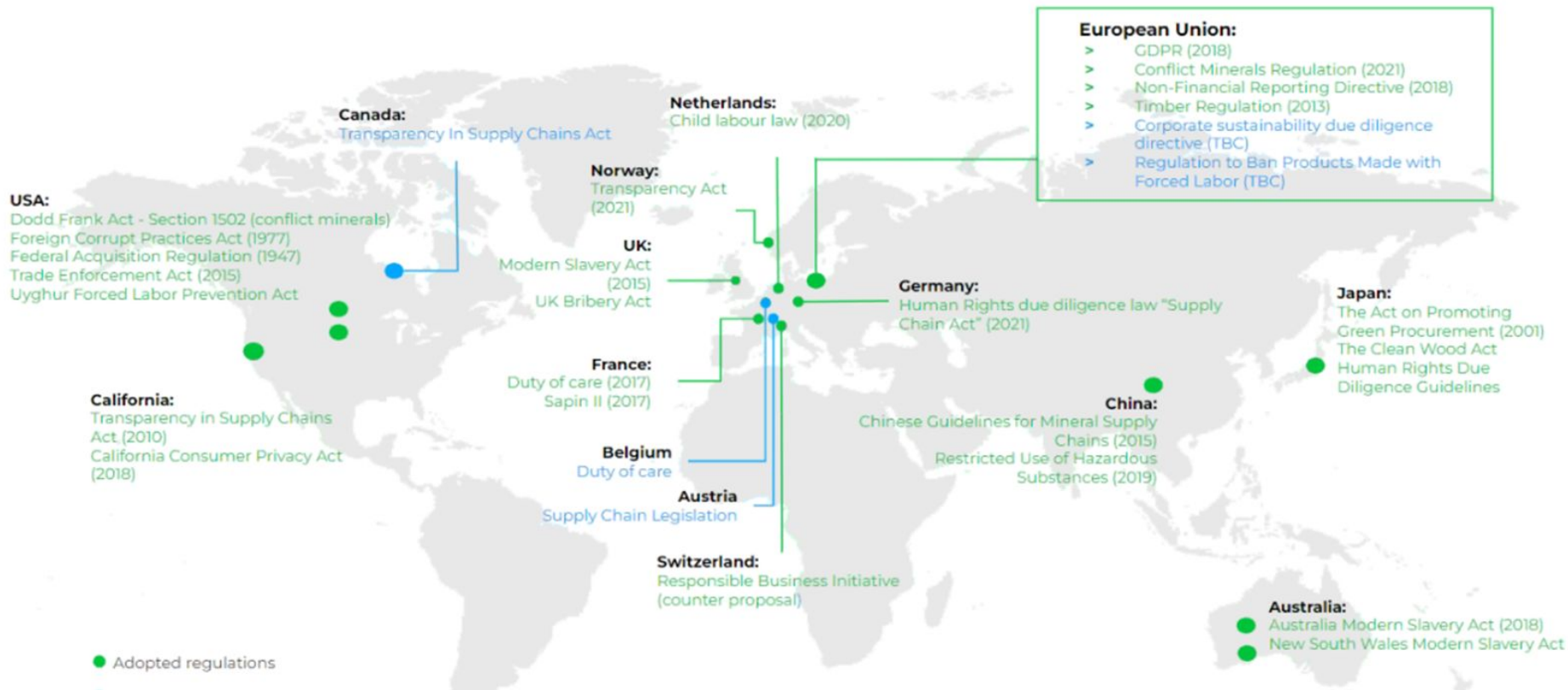
- **Report** and secure only **conformant smelters and refines**:
 - CMRT (Conflict Minerals reporting Template) for 3TGs
 - EMRT (Extended Minerals Reporting Template) for Cobalt
- Battery passport following new EU law

WHAT?

- **Safeguard responsible sourcing of 3TGs** (Tin, Tantalum, Tungsten and Gold) and battery minerals (**Cobalt** as first priority)
- Full compliance with future regulations

Business Partner Code of Conduct and assessments

Worldwide Regulations Related to Supply Chain Due Diligence

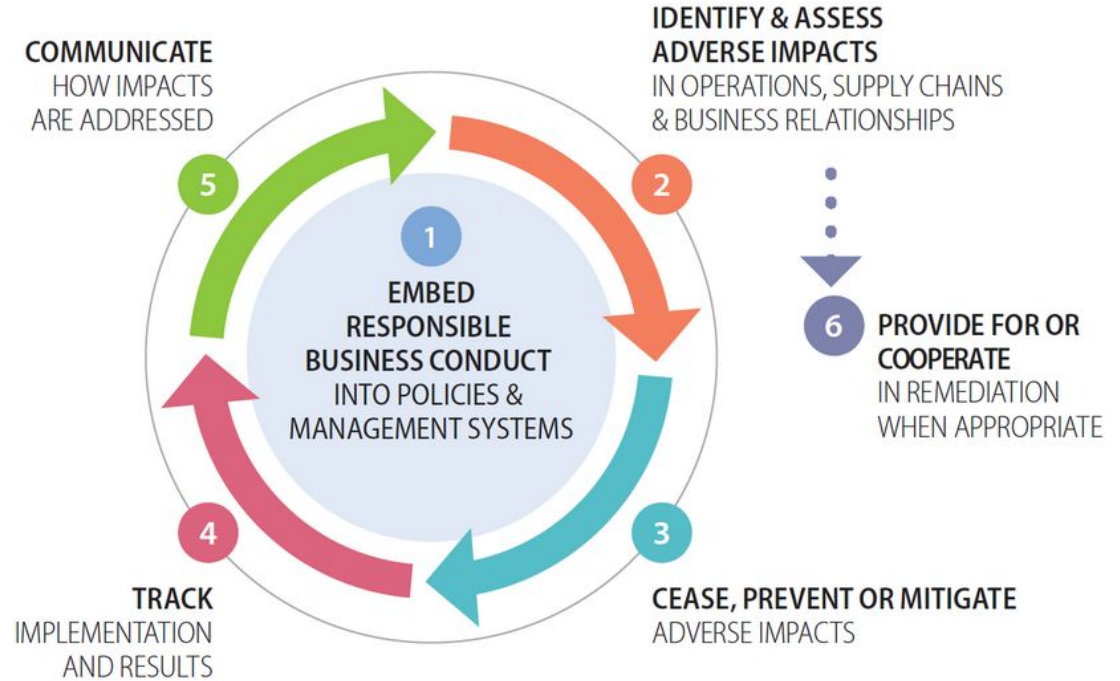


New EU / UK due diligence legislations

Law*	Human rights	Environment	Specifics	Lobbying deadline	Timing report
 Draft Directive on Sustainable Corporate Due Diligence	X	X		May 23	2025
			Forest Risk Commodities		2025
	X	X	Raw Materials		2024
	X	X	Governance		2024
 In Force German Due Diligence Law	X	X			2024
	X				2023
	X		Minerals & Metals		2024
	X				2023
	X	X			2024
			Forest Risk Commodities		>2025

* EU Due Diligence Directive will result in regional differences in legislation; already now further discussions in Austria, Belgium, Spain & Luxembourg

Due diligence according to OECD Guidelines: Companies should be able to “know and show”



Code of Conduct and assessments

WHY?

- **Key legislation & voluntary guidelines:**
 - EU CSDDD (and all national due diligence legislation)
 - EU Taxonomy (social safeguards)
 - OECD Guidelines for Multinational Enterprises
 - UN Global Compact & UN Guiding Principles on Business and Human Rights (UNGPs)
 - ILO Declaration on Fundamental Principles and the Rights at Work
 - UN Sustainable Development Goals (SDGs)
- **Customer requests and contractual obligations**
- **Cargotec Business Partner Code of Conduct**
- **Investor requirements**
- **Sustainability ratings and indices**

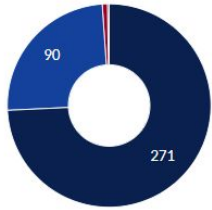
HOW?

- Sustainability self-assessment (SAQ 5.0) via Supplier Assurance (NQC) platform
- Sustainability onsite audits → SAQ 5.0 F score or risk country suppliers

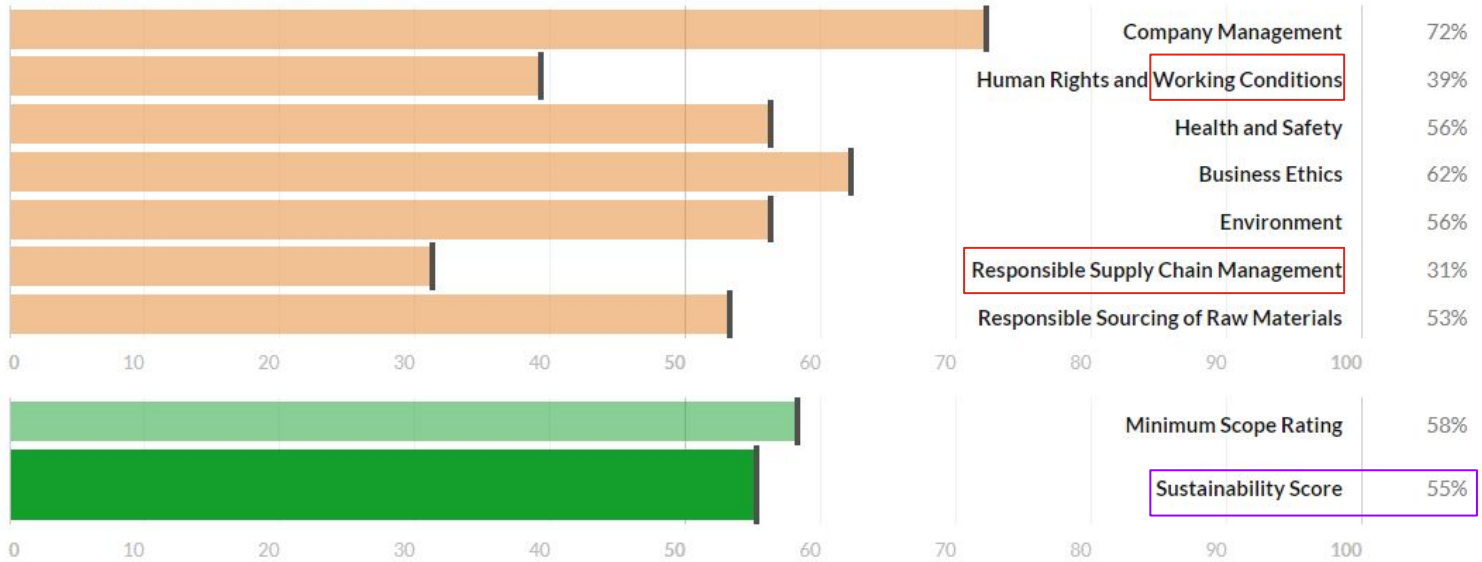
WHAT?

- **Transparency** and understanding ESG risks in supply chain
- Driving **improvement** of sustainability maturity level

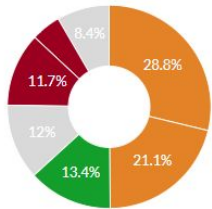
2023 Supplier Self-assessments results (NQC platform)



Sustainability score breakdown by section



^ Questionnaire awards



- C - 28.8%
- D - 21.1%
- B - 13.4%
- U - 12%
- E - 11.7%
- F - 4.7%
- No award - 8.4%

