

# **CARGOTEC ECO PORTFOLIO**

**Summary of criteria**

# Cargotec's eco portfolio criteria are structured in line with the EU Taxonomy

The EU Taxonomy establishes a classification system to define which economic activities are environmentally sustainable. The regulation, which has six environmental objectives, requires disclosure of the share of environmentally sustainable revenue, capex and opex. To be in line with these requirements, Cargotec has revised the structure and criteria of its eco portfolio<sup>1</sup>.

As Cargotec's business activities are not a perfect match with any of the sectors covered by the Taxonomy, the company has taken an active approach to interpreting the taxonomy-eligibility of its activities. In Cargotec's interpretation, 63% of its business activities were eligible (i.e. relevant to the regulation) under the climate change mitigation objective in 2022, which means they have the potential to be taxonomy-aligned (i.e. sustainable). However, Cargotec can also substantially contribute to the objective of transitioning to a circular economy (to be finalised by the EU). We are confident that all our activities can be considered eligible once the objective for transitioning into a circular economy is finalised.

In 2022, the eco portfolio was updated to reflect the two objectives above, now covering two categories: climate solutions and circular solutions. Our climate solutions are compatible with the greenhouse gas emission reductions needed in the 1.5°C scenario, whereas our circular solutions will contribute to the transition to a circular economy by promoting resource efficiency throughout the value chain. As the EU Taxonomy's circular economy objective is not yet finalised, only Cargotec's climate solutions are currently considered taxonomy-aligned. This means that the sales of our climate solutions are equal to the KPI of our total taxonomy-aligned revenue.

In this document, Cargotec has made public a summary of the updated eco portfolio criteria, informed by the EU Taxonomy's Substantial Contribution criteria. As the Do No Significant Harm and Minimum Social Safeguards criteria focus on corporate compliance rather than the products themselves, they are not included in the public summary for the time being. This is a living document that will be updated as needed.

<sup>1</sup> Cargotec's eco portfolio highlights equipment and solutions that have the potential to support our customers' sustainability targets. Cargotec's target is to double the eco portfolio sales growth compared to traditional products. We have reported on our eco portfolio sales since its establishment in 2017. For more information, see [cargotec.com](https://www.cargotec.com).

Table:  
Summary of Cargotec's updated eco portfolio criteria (aligned with EU Taxonomy's Substantial Contribution criteria)

Substantial contribution to climate change mitigation	
<b>Climate solutions</b>	<p><b>Equipment</b></p> <p>Climate solutions include equipment that are:</p> <ol style="list-style-type: none"> <li>1. Zero-emission equipment or</li> <li>2. Low-emission equipment, including transitional equipment</li> </ol> <p>And:</p> <ul style="list-style-type: none"> <li>• The equipment shall not be dedicated to transporting fossil fuels.</li> <li>• GHG savings are calculated in accordance with ISO 14067:2018 and verified by an independent third party.</li> </ul> <p>Definitions:</p> <p><b>Zero-emission equipment:</b> equipment with no tailpipe emissions</p> <p><b>Low-emission equipment:</b> equipment that provides substantial life-cycle GHG emission savings aligned with the 1.5°C pathway. Low-emission equipment shall demonstrate -42% GHG savings by 2030, -63% by 2035 and -90% by 2050 compared to best performing alternative in 2020</p> <p><b>Transitional equipment:</b> equipment that provides GHG emission savings but is insufficient in reaching the 1.5°C pathway's 2030 target. Transitional equipment shall demonstrate -17% GHG savings by 2024. Transitional equipment is included when it is considered the best performing solution with no better options, given the technological and economic feasibility. Transitional equipment is included in the eco portfolio until the end of the strategy period (2024) and re-evaluated thereafter.</p>
	<p><b>Services</b></p> <p>Climate solutions include the following type of services (to be reassessed after final criteria is published by the EU Commission):</p> <ol style="list-style-type: none"> <li>1. Maintenance related to zero-emission and low-emission equipment</li> <li>2. Sale of wearable spare parts related to zero-emission and low-emission equipment</li> </ol>
	<p><b>Software</b></p> <p>Climate solutions include software that enables GHG emission reductions.</p> <p>There shall be a clear rationale explaining the GHG savings of the software. The rationale shall clarify the magnitude of the software's climate footprint (GHG emissions) compared to its climate handprint (GHG emission reductions enabled).</p>
Substantial contribution to transition to a circular economy	
<b>Circular solutions</b>	<p><b>Equipment</b></p> <p>Circular solutions include</p> <ol style="list-style-type: none"> <li>1. Used equipment</li> </ol>
	<p><b>Services</b></p> <p>Circular solutions include the following type of services (to be reassessed after final criteria is published by the EU Commission):</p> <ol style="list-style-type: none"> <li>1. Services related to repair, refurbishment and/or remanufacturing of equipment.</li> <li>2. Sale of spare parts</li> </ol>