CARGOTEC REMUNERATION REPORT 2021

This Remuneration Report sets out how Cargotec Corporation ("Company") has implemented its Remuneration Policy in 2021. This report includes information concerning remuneration of the Board of Directors ("Board") and the CEO of Cargotec between 1 January 2021 and 31 December 2021. The Report is based on the Recommendations on Corporate Governance Code 2020 in Finland as well as the provisions to the Finnish Securities Market Act and Limited Liability Companies Act.

The Report has been reviewed by the Board's Nomination and Compensation Committee ("Committee") and approved by the Board of Directors. The shareholders will make an advisory decision on the approval of the Remuneration Report at the Company's Annual General Meeting 2022.

Letter from the Chairman of the Board

Remuneration of the Cargotec governing bodies is based on the Remuneration Policy that was presented for an advisory decision at the Annual General Meeting held on 27th May 2020. Cargotec has followed the Remuneration Policy's decision making process and remuneration governance model in 2021. There haven't been any claw-backs made in 2021. Our Remuneration Policy and overall remuneration philosophy reinforces Cargotec's values and ethical principles as well as aligns remuneration with the successful delivery of our strategy and creating long-term shareholder value. The variable, performance-based incentives – short- and long-term incentive programmes (STI and LTI programmes) – are designed to be the largest component of remuneration, thereby strengthening the alignment between remuneration and company performance, and reflecting our philosophy that CEO remuneration should be closely tied to the strategy aimed at long-term value creation. Performance measures for the variable pay programmes are determined annually by the Board and they reflect our key performance indicators.

Sustainability has been one of Cargotec's guiding principles ever since the company was founded. Our determined efforts to promote sustainability continued in 2021, when we named sustainability and profitable growth as our strategic breakthrough objectives. In concrete terms, Cargotec aims to reduce the CO_2 emissions of its value chain by 1 million tons by 2024. Items that promote sustainability are also included in the Cargotec's CEO's annual incentive and remuneration arrangement.

Thanks to active and innovative product development efforts, our business areas can now offer electric products in all their product categories. I am pleased that we in this way can contribute to carbon footprint reduction in our industry and provide advanced and eco-efficient cargo and load handling products and solutions for our customers.

In 2021, the improving market situation and increasing economic activity boosted our orders received to a record level. However, as the year progressed, component shortages and global logistics challenges proved to be more difficult than what we had estimated, causing delays to our deliveries. Orders received increased by 42 percent compared to the comparison period whereas, despite the strong demand, our sales increased by only 2 percent due to lower project deliveries in Kalmar and MacGregor as well as the sale of the Navis business.

Cargotec's service business reached a new record when services sales increased by 7 percent and services orders received by 18 percent compared to the previous year. The customer interest towards eco-efficient equipment is increasing. As an example, more than a quarter of the forklift truck orders in 2021 were fully electric.

During the year Cargotec progressed in several important strategic activities. In September, we signed an agreement with SSAB to work on the introduction of fossil-free steel to the cargo handling industry, and completed the sale of the Navis business, which had an approximately EUR 230 million positive impact on Cargotec's operating profit. The proceeds enable R&D investments in the fields of electrification, digitalisation, robotisation and automation, and further investments in acquisitions.

On 1 October 2020, Cargotec Corporation and Konecranes Plc announced their combination agreement and a merger plan to combine the two companies through a merger. Extraordinary general meetings of Cargotec and Konecranes held on 18 December 2020 approved the merger. Competition authorities in the EU, UK, and US, among others, are reviewing the proposed transaction. To ensure a successful execution of the merger, Cargotec's business performance and shareholder value creation, the Cargotec CEO participates in the retention and incentive programmes.

Cargotec and Konecranes continue to actively cooperate with the competition authorities with the aim to mitigate some of these concerns raised by some competition authorities. The remaining approvals are expected to be received to allow completion of the transaction by the end of H1/2022. Until then, both companies will operate fully separately and independently. In my view the merger plan between Cargotec and Konecranes provides excellent value creation opportunities. The Future Company will eventually be a forerunner in promoting sustainable freight transport throughout our industry.

Ilkka Herlin
Chairman of the Board and Board's Nomination and Compensation Committee

Cargotec 2021 Remuneration in brief

Cargotec's Remuneration Policy's key principles were followed through 2021. For the financial period 2021, the annual fixed salary of Cargotec's CEO Mika Vehviläinen was EUR 704,795 including fringe benefits. In addition, he received the following variable pay programme payments: Short-term incentive payout of EUR 764,452 (2020 annual bonus programme, payout is based on 2020 performance) and long-term incentive payout of EUR 163,962 (2019 performance share programme, payout is based on 2019-2020 performance). Additionally he received a matching share payout of EUR 820,406. Total Remuneration paid to the CEO in 2021 was (2020): 2,453,614 Euros (1,637,694 Euros).

In 2021, the CEO participated in the following variable pay programmes (pay-for performance):

- 2021 Annual Bonus Programme (STI): Achievement EUR 179,608 / 20% of the maximum of the maximum. Programme purpose to reward and incentivise achievement of financial and strategic targets aligned with Cargotec's business strategy.

- 2020-2022 Performance Share Programme: Achievement 4,125 class B shares / 51% of the maximum from the measuring period 2021 (incentive payment in 2023 after the measuring period 2022).

- 2021-2023 Performance Share Programme: Achievement 0 class B shares / 0% of the maximum from the measuring period 2021 (incentive payment in 2024 after the measuring periods 2022 and 2023).

- Purpose of the performance share programmes is to commit the CEO to the long-term interests of the company and shareholder alignment through share-based incentives.

Additionally, the CEO participated in the 2019–2022 Matching Share Programme. In the merger-related remuneration, the CEO participated in a retention programme and 2020 Restricted Share Unit Programme.

The purpose of the performance share programmes is to commit the CEO to the long-term interests of the company and shareholder alignment through share-based incentives.

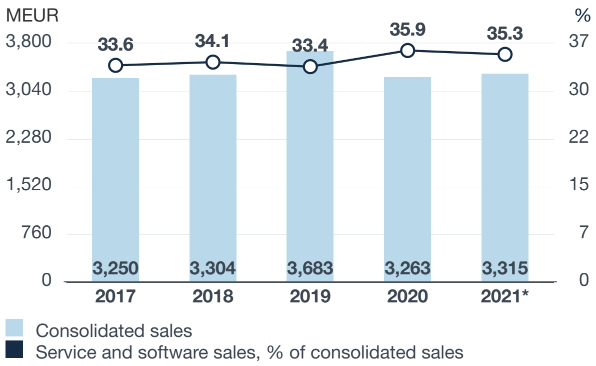
Based on the decision of the AGM of 24 March 2021, the Board's annual remuneration remained unchanged in 2021.

Development of Financial Performance and Remuneration

5-year Development of Financial Performance

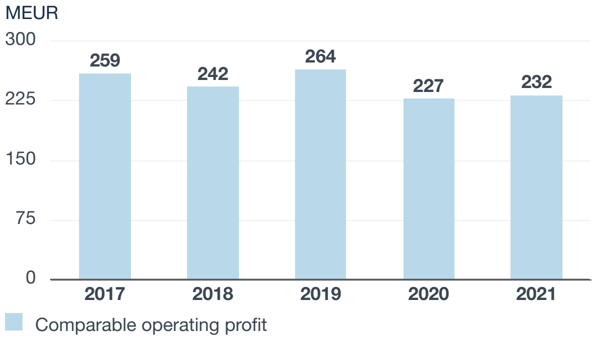
The following graphs summarise Cargotec's key financial and shareholder return performance indicators in the last 5 years. The CEO's financial performance targets in the variable pay programmes are aligned with Cargotec's financial performance and strategic targets.

SERVICE AND SOFTWARE SALES, % OF CONSOLIDATED SALES

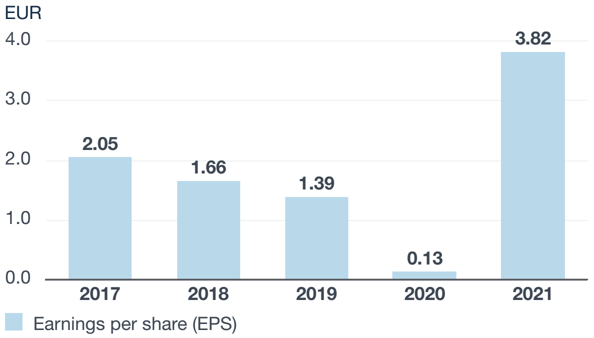


* Software sales include automation software and, until 1 July 2021, the strategic business unit Navis

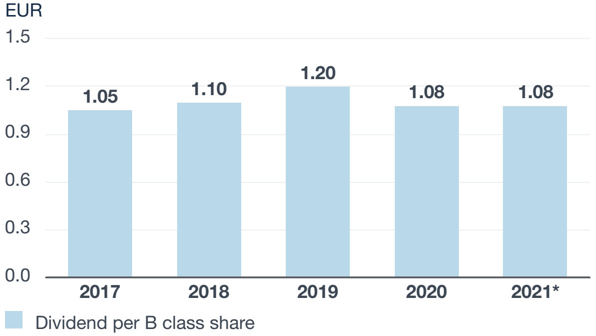
COMPARABLE OPERATING PROFIT, M€



EARNINGS PER SHARE (EPS), €

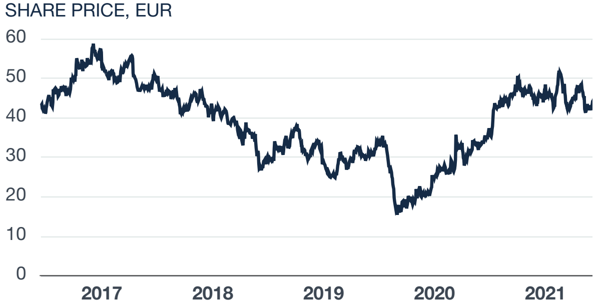


DIVIDEND PER CLASS B SHARE, €



* Boards proposal for dividend

SHARE PRICE 2017–2021



5-year Development of Remuneration

Development of paid CEO Remuneration in euros

	2017	2018	2019	2020	2021
Fixed salary[1]	706,860	701,190	699,659	650,958	704,795
Short-term incentives (STI)[2]	575,505	340,184	124,344	580,942	764,452
Long-term incentives (LTI)	797,666[3]	1,821,328[4]	715,784[5]	106,506[6]	163,962[7]
Restricted shares	258,280	-	-	-	-
Matching shares	-	-	-	299,289[8]	820,406[9]
Supplemental pension	500,000	500,000	0	0	0
Total remuneration	**2,838,311**	**3,362,702**	**1,539,787**	**1,637,694**	**2,453,614**
Development					
Base salary	0%	0%	0%	0%	0%
Total remuneration	18.8%	18.5%	-54.2%	6.4%	49.8%

[1] Annual fixed salary includes base salary, holiday pay and fringe benefits. Monthly base salary EUR 55,000 during the period of 1 January 2017–31 December 2021.
[2] Short-term incentive payment based on previous year performance.
[3] Performance Share Programme, performance period 2014–2016.
[4] Performance Share Programme, performance period 2015–2017.
[5] Performance Share Programmes, performance period 2016–2018 and performance period 2017-2018 (2019 ownership and value creation period).
[6] Performance Share Programme, performance period 2018–2019 (2020 ownership and value creation period).
[7] Performance Share Programme, performance period 2019–2020 (2021 ownership and value creation period).
[8] Matching Share Programme, 1st installment in 2020.
[9] Matching Share Programme, 2nd installment in 2021.

Development of paid Board Remuneration in euros

	2017	2018	2019	2020	2021
Chairman annual fee					
Development	85,000 (+6.3 %)	85,000 (0%)	85,000 (0%)	85,000 (0%)	85,000 (0%)
Vice chairman annual fee					
Development	60,000 (+9.1%)	60,000 (0%)	60,000 (0%)	60,000 (0%)	60,000 (0%)
Board member annual fee					
Development	45,000 (+12.5%)	45,000 (0%)	45,000 (0%)	45,000 (0%)	45,000 (0%)

Development of employee base salary (median)

	2017	2018	2019	2020	2021
Median year-on-year development	+3.0%	+2.9%	+3.0%	0.0%	+3.0%

CEO PAID COMPENSATION DEVELOPMENT AND BREAKDOWN

According to the Cargotec's Remuneration Policy, our variable pay programmes promote pay-for-performance and this is clearly seen also from the CEO's actual incentive payouts in the past five years. During this period the CEO's base salary development has been 0%, as for the Cargotec's employees globally the median year-on-year increase has been around 3%. For the Board members the latest annual fee increase was implemented in 2017.

Remuneration of the Board of Directors in 2021

Cargotec Board Remuneration 1 January–31 December 2021

Director	Committee memberships	Annual fee in euros	Meeting fees in euros	Total in euros[1]	Number of class B shares obtained as remuneration[2]
Ilkka Herlin, Chairman	Nomination and Compensation Committee, Chairman Audit and Risk Management Committee, Member	85,000	24,000	109,240	544
Tapio Hakakari, Vice Chairman[3]	Nomination and Compensation Committee, Member	60,000	18,000	78,240	384
Teuvo Salminen[3]	Audit and Risk Management Committee, Chairman	60,000	19,000	79,000	384
Jaakko Eskola	Nomination and Compensation Committee, Member	45,000	14,000	59,000	288
Peter Immonen	Nomination and Compensation Committee, Member	0	5,000	5,000	0
Teresa Kemppi-Vasama	Nomination and Compensation Committee, Member	45,000	19,000	64,000	288
Johanna Lamminen		45,000	15,000	60,000	288
Casimir Lindholm		45,000	12,000	57,000	288
Kaisa Olkkonen	Audit and Risk Management Committee, Member	45,000	19,000	64,000	288
Heikki Soljama		45,000	14,000	59,000	288
Total		**475,000**	**159,000**	**634,480**	**3,040**

[1] Including annual Board remuneration, meeting attendance fees and fringe benefits for the period of 1 January 2021–31 December 2021.
[2] 30% of the Annual Fee is paid as Cargotec class B shares. The value of the shares is included in the Annual Fee in Euros.
[3] Received an additional 150,000 Euros compensation for the merger-related preparation work, not included in the figures above.
[4] Until 23. March 2021.

Shareholders resolved on the Board Remuneration in the Annual General Meeting of 2021 as follows.

- Chairman EUR 85,000
- Vice Chairman EUR 60,000
- Chairman of the Audit and Risk Management Committee EUR 60,000
- Other Board members EUR 45,000
- Of the total annual remuneration, 30 percent is paid in Cargotec’s class B shares and the rest in cash
- Additionally, a meeting fee of EUR 1,000 is paid for attendance of meetings of the Board and its committees

Remuneration of the CEO

Application of Performance Criteria in 2021

The CEO participated in the following variable pay programmes in 2021 (short- and long-term incentive programmes):

Programme	Purpose	Performance period	Earning opportunity	Performance measures	Achievement
STI: 2020 Annual Bonus Programme	To reward and incentivise achievement of financial, strategic, operational and sustainability targets aligned with Cargotec's business strategy	2021	Maximum 130% of annual base salary	2021 comparable operating profit (MEUR), 2021 operative cash flow (m€). Strategic individual targets: 1) Sustainability strategy; 2) Integration plan and transaction readiness.	EUR 179,608 / 20% of the maximum. Incentive payment in April 2022.
LTI: 2020–2022 Performance Share Programme	To commit CEO to the long-term interests of the company and offer a competitive, ownership-based reward scheme	Measuring period 2021	Maximum 24,400 class B shares from performance period 2020–2022	2021 service gross profit (MEUR)	4,125 class B shares / 51% of maximum for the measuring period 2021. Incentive payment by April 2023 after measuring period of 2022.
LTI: 2019–2021 Performance Share Programme		Measuring period 2021	Maximum 23,100 class B shares from performance period 2021–2023	2021 comparable operating profit (MEUR)	0 class B shares / 0% of maximum of maximum for the measuring period 2021. Incentive payment by April 2024, after the measuring periods 2022 and 2023.

Share-Based Incentives

CEO's share-based incentive framework:

- Annually rolling Performance Share Programmes for steering and achieving strategic targets
- Other programmes:
  - Matching Share Programme for retention and share ownership
  - Restricted Share Unit Programme for merger completion and retention

CEO's share-based incentive programmes in 2021:

Programme	2019	2020	2021	2022	2023	2024
2019–2021 Performance Share Programme	Measuring period 1: - Comparable operating profit	Measuring period 2: - Service gross profit	€			
2020–2022 Performance Share Programme		Measuring period 1: - Comparable operating profit	Measuring period 2: - Service gross profit	Measuring period 3: - TBD	€	
2021–2023 Performance Share Programme			Measuring period 1: - Comparable operating profit	Measuring period 2: - TBD	Measuring period 3: - TBD	€
2019–2022 Matching Share Programme	Share investment	€	€	€		
2020 Restricted Share Unit Programme				€		

€ = share delivery / incentive payment.

Purpose and operation of the CEO's share-based incentives:

2017–2020 share-based incentive programme

The Performance Share Programme consists of three annually granted incentive programme periods in which rewards are conditional on the fulfilment of a three-year service condition (calendar years 2017–2019, 2018–2020 and 2019–2021) and performance conditions during the first two years that are tied to financial targets and separately set for each year. The reward is granted and settled in Cargotec class B shares on top of which Cargotec pays taxes and tax-related expenses. The reward related to each incentive programme period is paid after two years based on fulfillment of the vesting criteria and is subject to approximately one-year lock-up period.

2020–2024 Performance Share Programme

The Performance Share Programme includes three performance periods, calendar years 2020–2022, 2021–2023 and 2022–2024. Each performance period includes one to three measuring periods. One measuring period can be three calendar years at maximum, which is the total length of one performance period. The reward is granted and settled in Cargotec class B shares on top of which Cargotec pays taxes and tax-related expenses. No reward will be paid, if a key employee's employment or service ends before the reward payment.

2019–2022 Matching Share Programme

Programme participants have made an investment to Cargotec shares at the inception of the programme and receive an equivalent amount of shares in accordance with the matching share programme. The reward is granted and settled in Cargotec class B shares on top of which Cargotec pays taxes and tax-related expenses. The vesting condition related to matching shares is tied to working condition so that one third of the reward is earned annually over the three year period after which the vested shares have a lock-up period of one year except the shares vested during the last year for which there is no lock-up period.

2020 Restricted Share Unit Programme

The Restricted Share Unit Programme 2020 is intended to function as a bridge programme for the transition period before the completion of the Merger. The aim of the programme is to align the objectives of the shareholders and the key employees, to secure business continuity during the transition period, and to retain key employees at the company. The reward from the programme is conditional to the completion of the Merger. In addition, the reward is based on a valid employment or service and the continuity of the employment or service during the waiting period. The reward is granted and settled in Cargotec class B shares on top of which Cargotec pays taxes and tax-related expenses. Shares received as a reward in the Programme may not be sold, transferred, pledged or otherwise assigned during the 12-month lock-up period. The lock-up period begins on the date following the completion of the Merger.

Summary of Granted, Earned and Paid Share-Based Incentives to the CEO in Connection to the Reporting Period

Programme	Performance Period	Grant Date	Payment Date	Vesting Date	Performance Criteria	Awarded Shares Net pcs maximum	Achieved Reward as % of maximum	Net Shares Earned pcs
2020–2022 Performance Share Programme	2020–2022	8 April 2020	By April 2023	April 2023	2021 service gross profit; 2022 decided by the Board	24,400	Measuring period 2021: 51%	Measuring period 2021: 4,125
2021–2023 Performance Share Programme	2020–2023	13 April 2021	By April 2024	April 2024	2021 comparable operating profit; 2022 and 2023 to be decided by the Board	23,100	Measuring period 2021: 0%	Measuring period 2021: 0
2019–2021 Performance Share Programme	2019–2020	10 April 2019	By April 2021	31 December 2021	2019 comparable operating profit; 2020 service gross profit	23,100	Programme in total: 7%	Programme in total: 1,650
2019–2022 Matching Share Programme	2019–2022	1 March 2019	2nd installment paid by the company on 31 March 2021 3rd and last installment by April 2022	For the 2nd installment restriction period until 31 March 2022	Personal share investment and continuous shareholding	24,770	1/3 of total matching shares delivered in 2020	8,256

In addition to the earned shares, the company pays a cash portion to cover taxes and employment-related expenses.
In the Performance Share Programmes the grant value is maximum 230% of the annual base salary in accordance with the Remuneration Policy.

Remuneration of the CEO in 2021

Fixed Salary	Supplemental Pension Payment	Paid Annual Short-term Incentive	Paid Long-Term Incentive	Paid Matching Shares	Total Paid Remuneration in 2021
704,795	0	764,452	163,962	820,406	2,453,614

Paid annual short-term incentives

Programme	Performance Period	Earning opportunity as a % of base salary target / max	Performance measures	Achieved Reward as % of maximum	Remuneration in EUR
STI: 2020 Annual Bonus Programme	2020	65% / 130%	2020 full year and 2nd half comparable operating profit (m€), 2020 full year and 2nd half operative cash flow (m€)	85%	764,452

Paid share-based incentives

Programme	Performance Period	Earning opportunity	Financial performance measure	Achieved Reward as % of maximum	Remuneration
LTI: 2019-2021 Performance Share Programme	2019–2020	Maximum 23,100 class B shares	2019 comparable operating profit (m€), 2020 service gross profit (m€)	7%	1,650 net shares / EUR 163,962
Matching Share Programme 2019-2022	2020 matching (2nd installment by the company)				8,256 net shares / EUR 820,406

Pension

The CEO Mika Vehviläinen's pension is provided according to the statutory Finnish Employees Pensions Act. Additionally, Mr Vehviläinen is entitled to a supplemental defined contribution pension benefit in Finland. According to the renewed pension agreement in 2020, the CEO is entitled to retire at the age of 65. If the CEO's service ends before the retirement age of 65 determined in the pension agreement, the CEO is entitled to begin taking the supplemental pension at the age of 62. No supplemental pension contributions have been paid in 2021.

Merger related retention programme

To ensure Cargotec's business performance, successful execution of the Merger, and shareholder value creation in 2021, Cargotec has extended a retention incentive programme to the CEO Mika Vehviläinen in 2020. The value of the retention programme is EUR 1,500,000, and the payment under the programme will be paid as a one-off payment to the CEO's supplemental pension plan under the new pension agreement after the completion of the Merger. The payment is subject to the following preconditions: the Merger is completed, the CEO continues in the service of the company, he has not served a notice of termination prior to the completion of the Merger and has performed his duties according to his contract.

STRUCTURE OF PAID COMPENSATION IN 2021