

REMUNERATION OF CARGOTEC LEADERSHIP TEAM 2020 (EXCLUDING CEO)

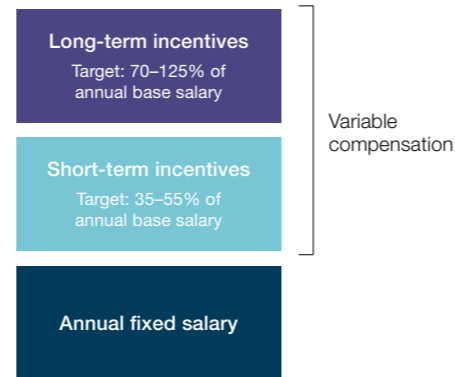
Decision-making procedure

Cargotec's compensation and benefits policy is applied in determining the total remuneration of Cargotec's Leadership Team. The policy is approved by the Board of Directors (Board). Based on a proposal by the CEO and Board's Nomination and Compensation Committee (NCC), the Board decides on the annual base salary, short-term incentive programmes and benefits of the Leadership Team. In addition, the Board decides on long-term incentive programmes and on the target group and allocation of such programmes based on a proposal by the NCC.

Remuneration structure

The total target remuneration structure of the Leadership Team comprises a fixed base salary including fringe benefits and incentive plans, for which both short- and long-term targets have been defined. The variable salary component consists of a share-based incentive programmes linked to the company's long-term targets, as well as short-term incentive programme. Relevant market practices are closely followed when defining the remuneration elements.

Total target remuneration



Short-term incentives

Annual Bonus Programme:

Programme purpose	To reward and incentivise achievement of financial, strategic, operational and sustainability targets aligned with Cargotec's business strategy.
Performance period	1 year, no bonus deferral applied.
Performance criteria	Cargotec or Business Area specific financial targets and strategic individual targets.
Maximum earning opportunity	70–110% of annual base salary. Varies by role.

Cargotec's annual performance management process links strategic targets, performance and pay:



Long-term incentives

Ongoing share-based incentive programmes as of March 2021:

Programme	2019	2020	2021	2022	2023	2024
2019–2021 Performance Share Programme	Measuring period 1: - Service gross profit	Measuring period 2: - Comparable operating 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				€		
2019 Restricted Shares Programme						

€ = share delivery / incentive payment.

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.

Performance period	Performance period 2019-2020 + ownership and value creation period 2021; in total 3-year long-term incentive programme.
Performance criteria	Cargotec or Business Area specific financial targets.
Maximum earning opportunity	70–250% of annual base salary. Varies by role.

2020–2024 share-based incentive 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.

Performance period	3 years.
Performance criteria	Cargotec or Business Area specific financial targets.
Maximum earning opportunity	140–250% of annual base salary. Varies by role.

Other share-based incentive programmes in which selected Leadership Team members are participating:

- 2019 Restricted Shares Programme
- 2019–2022 Matching Share Programme
- 2020 Restricted Share Unit Programme

Purpose and operation of the other share-based incentives

2019 Restricted Shares Programme

Restricted shares incentive programme is targeted to key persons selected by the Board. The vesting criteria in the 2019 programme is the fulfillment of a two-year service condition. Reward is granted and paid in Cargotec class B shares in addition to which Cargotec pays taxes and tax-related expenses related to it. Rewards are paid after the end of the vesting period.

2019–2022 Matching Share Programme

Programme participants have made an investment in 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 for 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.

Share ownership recommendation

One-year gross base salary, the recommendation is to be fulfilled through refraining from transferring shares received under the Cargotec share-based incentive programmes.

Pension

Finnish members of the Leadership Team are entitled to a statutory pension. Their retirement age is determined in accordance with the statutory pension scheme in Finland. Additionally, one Finnish member has a supplemental defined contribution pension plan. The MacGregor Business Area President has a supplemental defined contribution pension plan, following the local market practice.

Severance pay

The members of the Leadership Team have a period of notice of 6 months and are entitled to compensation, for termination of employment, corresponding to 6 months' salary.

Remuneration paid in 2020

Remuneration paid during 2020, euros	Leadership Team (in aggregate)*
Annual fixed salary (base salary including fringe benefits)	2,821,611
Short-term incentives (based on 2019 performance, taxable gross amount before deduction of taxes and employment-related expenses)	1,957,329
Long-term incentives: 2018 share-based incentive programme payout (taxable gross amount before deduction of taxes and employment-related expenses)	347,297
Matching shares: 1st installment in 2020 (taxable gross amount before deduction of taxes and employment-related expenses)	639,390
Total	5,765,627

* Outi Aaltonen, Carina Geber-Teir, Antti Kaunonen, Mikael Laine, Stefan Lampa, Soili Mäkinen, Mikko Pelkonen, Mikko Puolakka, Scott Phillips, Michel van Roozendaal.

Actual number of shares delivered in 2020	Leadership Team (in aggregate)*
2018 share-based incentive programme: 2018–2019 earning period + value creation period 2020; class B shares	9,876
2019–2022 Matching Share Programme: 1st installment in 2020; class B shares	20,640
Total	30,516

Actual number of shares granted in 2020	Leadership Team (in aggregate)*
2020 share-based incentive programme: 2020–2022 earning period; On target performance, net number of class B shares. Additionally, a cash portion to cover taxes and employment-related expenses.	54,255
2020 Restricted Share Unit Programme; net number of class B shares. Additionally, a cash portion to cover taxes and employment-related expenses.	33,845
Total	88,100