

Cargotec remuneration statement 2014

The remuneration statement presents Cargotec's remuneration principles and the remuneration paid to members of the Board, President and CEO and the Executive Board in 2014. The statement also describes details of Cargotec's incentive plans.

Board of Directors

The Annual General Meeting (AGM) decides on the remuneration of members of the Board of Directors, on the basis of a proposal made by the Board's Nomination and Compensation Committee. In determining such remuneration, the Committee takes account of the Board members' responsibilities and obligations towards the company. Furthermore, the Committee compares the Board's remuneration packages to those paid by other companies of the same size operating in a comparable business environment.

Based on the decision of the AGM of 18 March 2014, the Board's annual remunerations for the year 2014 are as follows:

- Chairman: EUR 80,000
- Vice Chairman: EUR 55,000
- Chairman of the Audit and Risk Management Committee: EUR 55,000
- Other Board members: EUR 40,000

In addition, a fee of EUR 1,000 is paid for attendance of meetings of the Board and its committees.

Of the total annual remuneration, 30 percent is paid in Cargotec's class B shares and the rest in cash. The shares will be purchased at market price on a quarterly basis. Board members must keep the shares they have obtained as annual remuneration under their ownership for at least two years from the day they obtained them.

The Board members receive only remuneration related to their Board and Committee memberships and Board work from the company. Board members are not included in Cargotec's short-term or long-term incentive programmes.

Remuneration paid to Board members in 2014 is shown in the following table.

Member of the Board	Remuneration for Board membership and Board work, EUR*	Number of class B shares obtained as remuneration**
Ilkka Herlin, Chairman	97,240	848
Tapio Hakakari, Vice Chairman	66,740	583
Jorma Eloranta, member	47,500	423
Peter Immonen, member	50,500	423
Antti Lagerroos, member	51,500	423
Teuvo Salminen, member	68,000	583
Anja Silvennoinen, member	53,000	423
Total	434,480	3,706

* Including annual remuneration, meeting attendance fees and fringe benefits

** Value included in remuneration for Board membership and Board work

President and CEO and the Executive Board

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

The total remuneration structure of the President and CEO and the Executive Board 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 programme and an option programme, both linked to the company's long-term targets, as well as short-term bonus.

In 2014, the short-term bonus plan included financial and strategic individual targets. Based on the 2014 short-term incentive plan, the maximum annual bonus level for President and CEO **Mika Vehviläinen** is 120 percent of the annual base salary. For Business Area Presidents the maximum annual bonus level is 100 percent and for the other members of the Executive Board it is 80 percent of the annual base salary. The bonus payout based on 2014 targets will be made in 2015.

For the financial period 2014, the base salary of Cargotec's President and CEO Mika Vehviläinen was EUR 619,297 including fringe benefits. In addition he received a short-term bonus payout of EUR 628,000. The President and CEO is covered by Cargotec's share-based incentive programmes, option programme and short-term incentive programme. Cargotec's Board of Directors has granted Mika Vehviläinen 60,500 Cargotec 2010A stock options.

The monetary remuneration paid to the President and CEO and the Executive Board members in 2014 is stated in the table below.

	Base salary including fringe benefits, EUR	Short-term bonus payout, EUR
President and CEO Mika Vehviläinen	619,297	628,000
Other members of the Executive Board*	1,474,979	222,967

* Eeva Sipilä, Mikko Pelkonen, Olli Isotalo, Mikael Laine (as of 7 April 2014), Roland Sundén (as of 1 May 2014), Eric A. Nielsen (until 12 June 2014).

The members of the Executive Board are entitled to a statutory pension. Their retirement age is determined in line with the statutory pension scheme. For the Finnish members of the Executive Board, the statutory retirement age is 63 years in accordance with the current legislation.

The members of the Executive Board have a period of notice of 6 months and are entitled to compensation, for termination of employment, corresponding to 6 to 12 months' salary.

The total number of shares and stock options granted to the President and CEO Mika Vehviläinen and the Executive Board is summarised in the following table. Realisation of the shares and stock options is based on the earnings criteria described in the section "Long-term incentive plan".

Number of shares and stock options granted	President and CEO Mika Vehviläinen	Other members of the Executive Board
2014		
Share-based incentive programme, earnings period 2014–2016, on target performance, class B shares (gross, before deduction of taxes and employment related expenses)	18,523	26,266
Restricted shares programme, class B shares (gross, before deduction of taxes and employment related expenses)	11,121	19,713
2013		
Share-based incentive programme, earnings period H2 2013, on target performance, class B shares, number of class B shares (net)	11,500	21,900
2012		
Share-based incentive programme, earnings period 2012–2014, class B shares (gross)		20,000
2011		
Option programme, 2010B stock options		16,000
Share-based incentive programme, earnings period 2011–2013, class B shares (gross)		15,000
2010		
Option programme, 2010A stock options	60,500	17,500
Share-based incentive programme, earnings period 2010–2012, class B shares (gross)		14,000

Shares and stock options delivered to the Executive Board in 2014

The following table summarises the actual number of class B shares and stock options delivered to the President and CEO and other members of the Executive Board in 2014.

Number of shares and stock options delivered in 2014	President and CEO Mika Vehviläinen	Other members of the Executive Board
2013 Share-based incentive programme	3,183	2,443
2010B stock options	0	1,280

Long-term incentive plan

Share-based incentive programme 2014

In February 2014, the Board of Directors approved a new incentive programme for key personnel of Cargotec. The purpose of the programme is to increase Cargotec's profitability and shareholder value in the long term by attracting and retaining the required talent. The number of participants is 70 persons.

The programme consists of two phases. The first phase includes specific financial performance targets for the year 2014 (Cargotec Corporation or business area specific operating profit and working capital). The second phase consists of an additional earnings multiplier, which is based on Cargotec's market value, including both class A and class B shares, at the end of a three-year performance period in 2016. The second phase serves to align the interests to that of the shareholders as well as retention. Eligible participants need to be employed by Cargotec in the beginning of 2017.

The potential reward will be delivered in Cargotec class B shares in the beginning of 2017. Gross reward, before deduction for the applicable taxes and employment related expenses, is in range of 25–120 percent of annual base salary for on target performance.

As a part of total compensation, additional restricted share grants can be allocated for selected few key employees during 2014–2016, including Executive Board members. Gross reward, before deduction for the applicable taxes and employment related expenses, is in range of 50–60 percent of annual base salary. Threshold levels for financial performance are set annually by the Board of Directors.

Earnings period	Earnings criteria	Target group	Outcome
Phase 1: 2014	Cargotec Corporation or business area specific operating profit and working capital	70 participants, including Executive Board members	53 participants will be rewarded
Phase 2: 2014– 2016	Cargotec market value (A and B shares)		

Share-based incentive programme 2013

In August 2013, the Board of Directors approved a share-based incentive programme for key personnel of Cargotec. The purpose of the programme is to encourage the key persons to work to increase long-term shareholder value and also to commit them to the company. The programme consists of an earnings period based on the H2 2013 financial performance and a holding period of approximately two years following the performance period.

The minimum earnings criterion was corporate operative cash flow of EUR 127.8 million for H2 2013, which was fulfilled. Additionally, business area specific earnings criterion was fulfilled by one business area. 20 participants of the total 43 were rewarded and the reward was delivered in Cargotec class B shares. In total 26,684 class B shares were delivered in spring 2014 and will be released in two tranches during year 2015 after restriction period.

Earnings period	Earnings criteria	Target group	Outcome
H2 2013	Cargotec corporation and business area specific operative cash flow	43 participants, including Executive Board members	20 participants were rewarded

Share-based incentive programme 2010

In March 2010, the Board of Directors decided to establish a share-based incentive programme for Cargotec executives. This programme aimed to ensure the alignment of shareholders' objectives with those of executives, in order to increase the value of Cargotec, while committing the executives to the company and offering them a competitive incentive programme based on ownership in the company.

The programme includes three earnings periods, each lasting for three calendar years, which commence in 2010, 2011 and 2012. The Board of Directors decided on the target group, earnings criteria and the targets to be established for them, as well as the maximum amount of payable reward for each earnings period.

The minimum earnings criteria for the earnings periods were not fulfilled and hence there was no payout based on any of the three earnings periods. Information concerning the share-based incentive programme's earnings criteria and target group is summarised in the table below.

Earnings period	Earnings criteria	Target group	Outcome
2010–2012	Operating profit margin and sales for financial year 2012	Executive Board in spring 2010	Targets not fulfilled
2011–2013	Operating profit margin and sales for financial year 2013	Executive Board in spring 2011	Targets not fulfilled
2012–2014	Operating profit and sales for financial year 2014	Executive Board in spring 2012	Targets not fulfilled

Option programme 2010

The Annual General Meeting 2010 confirmed that stock options will be issued to the key personnel of Cargotec and its subsidiaries. This programme was intended to encourage key personnel to engage in long-term work in increasing the company's shareholder value, as well as to commit key personnel to the employer. The maximum total number of stock options in the programme was 1,200,000. On an annual basis, in the spring of the years 2010 (2010A stock options), 2011 (2010B stock options) and 2012 (2010C stock options), the Board decided on the programme's target group, earnings criteria and option issuance.

In the spring of 2010, 2010A stock options were issued to 54 persons, including the members of Cargotec's Executive Board. In the case of the 2010A stock option, the share subscription price was EUR 21.35 per share (the trade volume weighted average price of the company's class B share on NASDAQ OMX Helsinki Ltd during the period 8–19 March 2010). Any annual dividends paid are deducted from the subscription price. 2010A stock options entitling to 400,000 Cargotec class B shares, either new or treasury shares held by the company, were subject to a criterion regarding the operating profit for 2010. Since the operating profit target was fulfilled, share subscription for all 400,000 2010A stock options granted began in April 2013, as per the programme terms and conditions.

In the spring of 2011, the Board issued 2010B stock options to nearly 80 persons, including the members of Cargotec's Executive Board. In the case of the 2010B stock option, the share subscription price was EUR 31.23 per share (the trade

volume weighted average quotation of the class B share on NASDAQ OMX Helsinki Ltd during 14–25 March 2011). Any annual dividends paid are deducted from the subscription price. 2010B stock options entitle their holders to subscribe for a total maximum of 400,000 class B shares in Cargotec, either new or treasury shares held by the company. The earnings criteria for 2010B stock option included a provision on the operating profit for 2011 and the target was partly fulfilled. In March 2014, the Board of Directors decided to cancel a total of 378,864 2010B stock options held by Cargotec. For the rest 21,136 2010B stock options share subscription began in April 2014, as per the programme terms and conditions.

In the spring of 2012, the Board issued 2010C stock options to nearly 80 persons, including the members of Cargotec's Executive Board. In the case of the 2010C stock option, the share subscription price was EUR 28.80 per share (the trade volume weighted average quotation of the class B share on NASDAQ OMX Helsinki Ltd during 26 March–6 April 2012). Any annual dividends paid are deducted from the subscription price. 2010C stock options would have entitled their holders to subscribe for a total maximum of 400,000 class B shares in Cargotec, either new or treasury shares held by the company. The minimum earnings criterion for 2010C stock options subscription to commence was 2012 operating profit of EUR 230 million. In March 2014, the Board of Directors decided to cancel a total of 400,000 2010C stock options held by Cargotec as the earnings criteria for the stock options were not fulfilled.

If the employment terminated before the share subscription period began, the participant lost the right to the options.

The subscription periods and earnings criteria for Cargotec's option programme's are as follows:

	Subscription price, dividends deducted, EUR (as of 31 Dec 2014)	Subscription period	Earnings criteria	Number of stock options for subscription
2010A stock options	18.60	1 April 2013–30 April 2015	Operating profit 2010	400,000
2010B stock options	29.09	1 April 2014–30 April 2016	Operating profit 2011	21,136